Responsible Entity
Centro MCS Manager Limited
ABN 69 051 908 984

Centro
Retail Trust

Centro Retail Limited
ABN 90 114 757 783
Centro Retail Trust
ARSN 104 931 928

20 October 2011

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
Sydney NSW 2000

Dear Sir,

Centro Retail Trust (ASX:CER) 22 November 2011 meetings

The attached are the securityholder documents for the general meeting of CER securityholders to be held on 22 November 2011, which have now been dispatched.

Yours faithfully

E. Hourigan

Elizabeth Hourigan
Company Secretary

Centro
Retail Trust

5 OCTOBER **2011**

Explanatory Memorandum
Centro Retail Limited and Centro Retail Trust

In relation to Centro Retail Australia
Centro Retail Limited (CRL) ABN 90 114 757 783 and
Centro Retail Trust ARSN 104 931 928 (CRT) (together, CER)

2011

Your vote is important

You should read this Explanatory Memorandum in full together with the Disclosure Document and the enclosed Notices of Meeting and proxy forms before deciding whether or not to vote in favour of the CER Aggregation Resolutions to facilitate the Aggregation referred to in this Explanatory Memorandum.

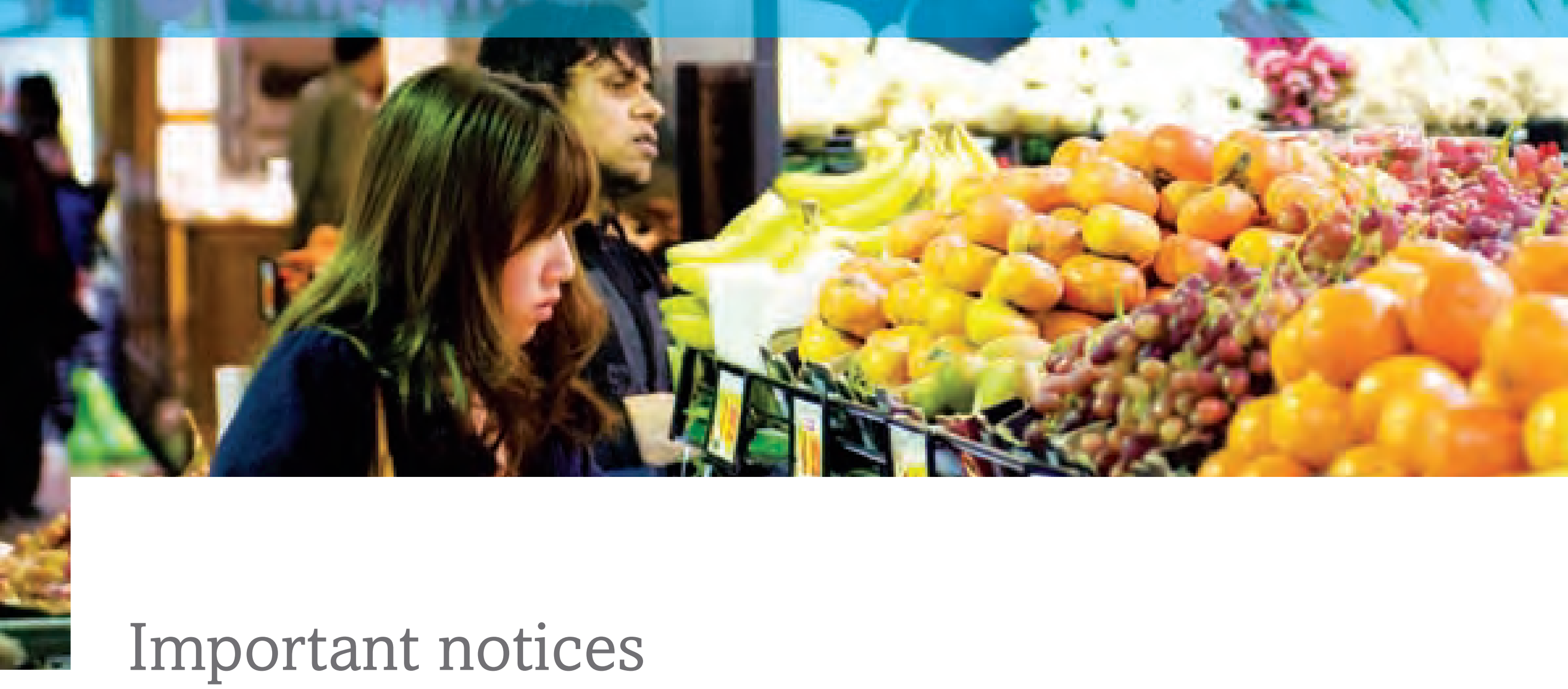
The Independent Expert has concluded that the Aggregation is in the best interests of CER Securityholders.

The CER Board (other than those directors who are also directors of CNP and who make no recommendation) unanimously recommend that you vote in favour of all CER Aggregation Resolutions, in the absence of a Superior Proposal.

Issued by Centro Retail Limited (ABN 90 114 757 783) and Centro MCS Manager Limited (ABN 69 051 908 984)
as the responsible entity for Centro Retail Trust (ARSN 104 931 928)

Contents

Contents



Important notices

What is this document?

This Explanatory Memorandum provides CER Securityholders with information about the proposed aggregation of CER, CAWF and DHT (**Aggregation Funds**), by way of Stapling, to form Centro Retail Australia.

This Explanatory Memorandum should be read with the Notices of Meeting (which form part of this Explanatory Memorandum) and the Disclosure Document that accompanied this document. The Disclosure Document provides an overview of each of the Aggregation Funds as well as a detailed overview of Centro Retail Australia.

CER Securityholders who are registered on the CER Securityholder Register at the Voting Entitlement Date will have the right to vote on the CER Aggregation Resolutions, subject to the voting exclusions set out in the CER Notices of Meetings. This Explanatory Memorandum, the CER Notices of Meetings and the Disclosure Document contain important information to assist CER Securityholders in deciding how to vote on the CER Aggregation Resolutions.

The CER Aggregation Resolutions will be considered at the CER Securityholder Meetings to be held on Tuesday, 22 November 2011 at 10.00 am, at the Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria, 3000.

This Explanatory Memorandum has been prepared by Centro Retail Limited (ABN 90 114 757 783) (**CRL**) and Centro MCS Manager Limited (ABN 69 051 908 984) (**CRT RE**) as the responsible entity of Centro Retail Trust (ARSN 104 931 928)(**CRT**).

Definitions and abbreviations

Unless otherwise defined in this Explanatory Memorandum, terms and abbreviations used in this Explanatory Memorandum have defined meanings which are set out in the Glossary in Section 14.

Regulatory information

A copy of this Explanatory Memorandum and the Disclosure Document have been lodged with the Australian Securities and Investments Commission (**ASIC**) and provided to the Australian Securities Exchange (**ASX**). None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Explanatory Memorandum or the Disclosure Document referred to in this Explanatory Memorandum.

This Explanatory Memorandum and the Disclosure Document together comprise the explanatory statement for the CRL Members' Scheme, for the purpose of section 412(1) of the Corporations Act. These documents are required to be sent to CRL Shareholders in relation to the CRL Members' Scheme. A draft copy of this Explanatory Memorandum and the Disclosure Document was provided to ASIC on 31 August 2011 for the purposes of section 411(2) of the Corporations Act.

CRL has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the CRL Members' Scheme, if ASIC considers that the Aggregation is a transaction to which section 411(17) could apply. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire CRL Members' Scheme process. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Date to approve the CRL Members' Scheme.

The Court has ordered the convening of the CRL Members' Scheme Meeting pursuant to section 411(1) of the Corporations Act. The convening of the CRL Members' Scheme Meeting by the Court does not constitute endorsement by the Court of, or any expression of opinion by the Court on, the CRL Members' Scheme.

Statement of Past Performance

This Explanatory Memorandum includes information regarding the past performance of CER. CER Securityholders should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-looking statements

This Explanatory Memorandum contains forward-looking statements in relation to the financial performance and strategy of CER on the basis that Aggregation does not proceed.

The forward-looking statements included in this Explanatory Memorandum are made only as at the date of this Explanatory Memorandum.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of CRT RE and CRL and their Directors. The forward-looking statements contained in this Explanatory Memorandum reflect the expectations of CRT RE and CRL concerning future results and events at the date of this Explanatory Memorandum and are not and cannot be guarantees of future performance. The actual results or outcomes for CER may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements or forecasts.

Other than as required by law, although they believe that there is a reasonable basis for the forward-looking statements, none of CRT RE, CRL or any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward-looking statements in this Explanatory Memorandum will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

Subject to any obligations under the Corporations Act or ASX Listing Rules, CRL and CRT RE and the Directors of each of those entities disclaim any obligation or undertaking to disseminate after the date of this Explanatory Memorandum any update or revisions to any forward-looking statements to reflect any change in expectations in relation to any of those statements or any change in circumstances, events or conditions on which any of those statements are based.

The risk factors in Section 6 of this Explanatory Memorandum, and in Section 5 of the Disclosure Document, or other factors (which could be unknown, unpredictable or result from a variation in the assumptions underlying any forecasts), could cause actual results to differ materially from those expressed, implied or projected in any forward-looking statements or forecasts.

None of CER or any other person (including any officer of CER, any employee of the CNP Group, any person named in this Explanatory Memorandum or any person involved in the preparation of it) gives any representation, assurance or guarantee (express or implied) that the results, performance or achievements expressed in or implied by the forward-looking statements in this Explanatory Memorandum will actually occur.

Notice to foreign persons

This Explanatory Memorandum and the Disclosure Document do not in any way constitute an offer of securities or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the New Stapled Securities or CATS or otherwise to permit an offering of New Stapled Securities or CATS in any jurisdiction outside of Australia and New Zealand.

This Explanatory Memorandum and the Disclosure Document do not constitute an offer of New Stapled Securities for sale in the United States and the New Stapled Securities may not be offered or sold in the United States absent registration or exemption from registration. No offering of New Stapled Securities is made in the United States by CER.

For the purposes of the Aggregation, Ineligible Overseas Securityholders are those Securityholders whose address as at the Aggregation Record Date, as shown on the CER Securityholder Register is a place outside of Australia and New Zealand and their respective external territories (and this exclusion applies to all United States securityholders). The Aggregation Funds will also issue any securities to which an Ineligible Overseas Securityholder would otherwise have been entitled under Aggregation to the Sale Nominee appointed by the Aggregation Funds. The Sale Nominee must sell those securities in such manner and at such price and on such other terms as the Sale Nominee determines in good faith (and at the risk of the Ineligible Overseas Securityholders). There is no assurance as to the amount that may be realised by any such nominee. Any sale will be subject to the risks associated with listed securities (including volatility in trading prices) and the potential dilutive impact of issues of New Stapled Securities under the CATS. Ineligible Overseas Securityholders will be paid their pro rata portion of the net sale proceeds after deducting any applicable brokerage, Stamp Duty and other taxes and charges.

Ineligible Overseas Securityholders should also note that on the Aggregation Implementation Date:

(a) the existing shares and units in the Aggregation Funds that are held by an Ineligible Overseas Securityholder on the Aggregation Record Date, together with all rights and entitlements attaching to an Ineligible Overseas Securityholder as at the Aggregation Implementation Date, will be compulsorily transferred to the Sale Nominee without the need for any act by the Ineligible Overseas Securityholder; and

(b) the Aggregation Funds will issue to the Sale Nominee any securities to which the Ineligible Overseas Securityholder would otherwise have been entitled under Aggregation.

The Sale Nominee must sell all those securities referred to in paragraphs (a) and (b) above following the Aggregation Implementation date in such manner and at such price and on such other terms as the Sale Nominee determines in good faith (and at the risk of the Ineligible Overseas Securityholder). The New Stapled Securities to be sold by the Sale Nominee will be sold on market and there can be no assurance as to the price at which the New Stapled Securities will be sold. In particular, there is a risk of volatility in the market price of New Stapled Securities in the period following the implementation of Aggregation. The Sale Nominee will pay to each Ineligible Overseas Securityholder its pro rata proportion of the net proceeds of the sale of those Securities after deducting any applicable brokerage, Stamp Duty and other taxes and charges.

Further detail in relation to this process is set out in Section 8.10 of this Explanatory Memorandum. The risks associated with the potential price volatility of New Stapled Securities after the Aggregation Implementation Date are set out in Sections 3.12 and 6.2.4.

Financial Information

Financial information included in this Explanatory Memorandum and the Disclosure Document has been prepared in accordance with the Australian Accounting Standards (with exceptions noted in Section 7 of this Explanatory Memorandum) and may not be comparable to the financial statements prepared in accordance with accounting standards in jurisdictions outside Australia.

Electronic Explanatory Memorandum

This Explanatory Memorandum and the Disclosure Document may also be viewed online at www.cerinvestor.com.au. If you access the electronic version of this Explanatory Memorandum or the Disclosure Document you should ensure that you download and read this Explanatory Memorandum as well as the Disclosure Document in their entirety.

Paper copies of this Explanatory Memorandum and the Disclosure Document can be obtained free of charge by calling the CER Securityholder information line on toll-free 1300 785 534 (+61 2 9191 5974 for overseas callers) or by emailing investor@centro.com.au.

Warning to New Zealand investors

The warning statement below is required under the Securities (Mutual Recognition of Securities Offering – Australia) Regulations 2008 (New Zealand) and relates to the offer under this document, which is made pursuant to those Regulations in New Zealand.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offering – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Voting decisions and investment

The information contained in this Explanatory Memorandum is general only and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual CER Securityholder or any other person. The information in this Explanatory Memorandum should not be relied upon as the sole basis for any investment decision in relation to the CRL Members' Scheme, your CER Stapled Securities or New Stapled Securities. Before making any investment decision in relation to the CRL Members' Scheme, your CER Stapled Securities or New Stapled Securities, including any decision by CRL Shareholders to vote in favour of or against the CRL Members' Scheme or by CER Securityholders to vote in favour of the CER Aggregation Resolutions at the CER Securityholder Meetings, you should consider whether that decision is appropriate in light of your particular needs, objectives and financial circumstances. If you are in any doubt about what you should do, please consult your financial, taxation or other professional adviser(s).

Privacy

CER (including any replacement RE of CRT from time to time) and any of their service providers, including any relevant Security Registrar (**Recipients**), may collect "personal information" as that term is defined in the Privacy Act 1988 (Cth)) (**Privacy Act**). The purposes of collection of the personal information are to enable:

- the Aggregation to be implemented in the manner described in this Explanatory Memorandum and the Disclosure Document; and
- the subsequent operation of the Centro Retail Australia.

Without this information, the Recipients may be unable to give effect to the Aggregation or operate Centro Retail Australia.

Personal information may be disclosed by a Recipient to another Recipient, a Recipient's security registrar and service providers, authorised security brokers and to their related bodies corporate. CER Securityholders and other individuals whose personal information has been collected have certain rights to access personal information that has been collected and should contact the Centro Privacy Officer at privacy@centro.com.au, in the first instance, if they wish to request access to the personal information.

CER Securityholders and other individuals whose personal information has been collected may be sent material (including marketing material) approved by the Recipients in addition to general corporate communications. You may elect not to receive marketing material by contacting the Centro Privacy Officer at privacy@centro.com.au.

If you have any complaints or queries about the privacy of your information please contact the Centro Privacy Officer at privacy@centro.com.au or:

Privacy Officer
Centro Properties Group
Centro the Glen
235 Springvale Road
Glen Waverley, Victoria, 3150.

Currency references

All monetary references in this Explanatory Memorandum are references to Australian dollar values unless otherwise noted.

Date of Explanatory Memorandum

This Explanatory Memorandum is dated 5 October 2011.

1. Introduction

1.1 What is this document?

This document is an Explanatory Memorandum containing information to enable CER Securityholders to determine how to vote on the CER Aggregation Resolutions to give effect to Aggregation of CER, CAWF and DHT to form Centro Retail Australia.

1.2 Actions required of CER Securityholders

1.2.1 Read the documents

You should read this Explanatory Memorandum, the Disclosure Document and the CER Notice of Meetings in full before making a decision on how to vote on the CER Aggregation Resolutions.

If you have any questions, please contact the toll-free CER Securityholder information line on 1300 785 534 (+61 2 9191 5974 for overseas callers) or email your question to investor@centro.com.au.

1.2.2 Consider and consult

You should consider all advantages, disadvantages, risks and other information relating to the Aggregation in light of your own investment objectives and personal circumstances.

You should also seek your own independent advice on the Aggregation, if required.

1.2.3 Vote on the CER Aggregation Resolutions

It is very important that you vote on the CER Aggregation Resolutions which are set out in the CER Notices of Meetings.

The CER Aggregation Resolutions will be considered at the CER Securityholder Meetings which are comprised of the CRL Members' Scheme Meeting and the general meetings of CER Securityholders. The meetings will be held immediately after each other on Tuesday, 22 November 2011 commencing at 10.00 am at the Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria.

CER Securityholders who are registered on the CER Securityholder Register on the Voting Entitlement Date may vote at the CER Securityholder Meetings.

If you cannot vote in person at the CER Securityholder Meetings, you can vote by proxy by signing the personalised proxy forms that accompany this Explanatory Memorandum. For your proxy vote to be considered you must return the signed proxy forms to Link Market Services Limited (**CER Security Registry**) by 10.00 am on Sunday 20 November 2011, by:

- posting them to Centro Retail Trust c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 2000, Australia;
- faxing them to the CER Security Registry on +61 2 9287 0309;
- lodging them online at www.linkmarketservices.com.au (in which case it will be assumed you have signed your proxy form if it is lodged in accordance with the instructions on the website); or
- delivering them to the CER Security Registry at Level 12, 680 George Street, Sydney NSW 2000.

Once you have voted, you do not need to do anything else.

1.2.4 Key dates

Event	Date and Time
Latest date and time for lodgement of Proxy Forms	10.00 am Sunday, 20 November 2011
Voting Entitlement Date (for determining entitlement to vote at the CER Securityholder Meetings)	Sunday, 20 November 2011
CER Securityholder Meetings	10.00 am Tuesday 22 November 2011

Anticipated Timetable

Event	Indicative Date and Time
Second Court Date to approve the Senior Debt Schemes, CRL Members' Scheme and seek Second Judicial Advice	Thursday, 24 November 2011
Effective Date and last day of trading in CER Stapled Securities	Friday, 25 November 2011
Commencement of trading in New Stapled Securities on a deferred settlement basis	Monday, 28 November 2011
Aggregation Record Date for determining entitlement to receive New Stapled Securities	Tuesday, 6 December 2011
Aggregation Implementation Date	Tuesday, 13 December 2011
Dispatch of Holding Statements for New Stapled Securities	Tuesday, 13 December 2011
Commencement of trading in New Stapled Securities on a normal settlement basis	Wednesday, 14 December 2011

All dates and times stated in this Explanatory Memorandum are references to the time in Melbourne, Victoria, Australia.

All dates and times after the CER Securityholder Meetings are indicative only. The actual dates and times will depend on many factors outside the control of CRL and CRT RE, including the Court approval process, and the satisfaction or, where appropriate, waiver of the Conditions Precedent.

The anticipated timetable set out above has been prepared on the assumption that Aggregation and the CNP Debt Cancellation effectively occur contemporaneously, namely on the Aggregation Implementation Date. CER Securityholders should note that this may not be the case, as under the Implementation Agreement, the CNP Debt Cancellation will be implemented contemporaneously with or shortly after Aggregation. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, it is expected, as at the date of this Explanatory Memorandum, to occur within approximately 5 Business Days). Aggregation will only occur if the Senior Debt Schemes are unconditional and have become effective at the time Aggregation is implemented. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, CNP may hold New Stapled Securities for a period before they are transferred to the Senior Lenders under the Senior Debt Schemes in connection with the CNP Debt Cancellation.

The actual dates and times will depend on many factors outside the control of CRL and CRT RE, including the Court approval process, and the satisfaction or, where appropriate, waiver of the Conditions Precedent. In particular, Aggregation is subject to the Condition Precedent that resolutions by securityholders in CNP (**CNP Securityholders**) and by the Hybrid Lenders to approve the Hybrid Debt Schemes are passed.

1.
Introduction

In the event that there is a Failed CNP Junior Stakeholder Vote (but the other Conditions Precedent are satisfied, and subject to certain other conditions being satisfied), the Extended Aggregation Period will commence. The Extended Aggregation Period is a further period of 60 days agreed between the parties to allow for the Conditions Precedent to Aggregation to be satisfied or waived and for Aggregation to occur. This 60 day Extended Aggregation Period may be terminated earlier by notice in writing by any of CER, CAWF and DHT on or after 14 December 2011 (unless extended by agreement of the parties). There can be no guarantee that the relevant Conditions Precedent will be satisfied or waived by 14 December 2011 or by the end of the Extended Aggregation Period. In the event that the Conditions Precendent are not satisfied or waived by the end of the Extended Aggregation Period, either the Extended Aggregation Period will be extended or Aggregation will not proceed. Further details of the Extended Aggregation Period are set out in Section 8.4 of this Explanatory Memorandum.

Any changes to the above timetable (including as a result of the Extended Aggregation Period and any revised timetable for the implementation of Aggregation) will be notified on CER's website (www.cerinvestor.com.au), and announced on ASX.

1.3 Overview of Aggregation

Aggregation is a series of transactions under which:

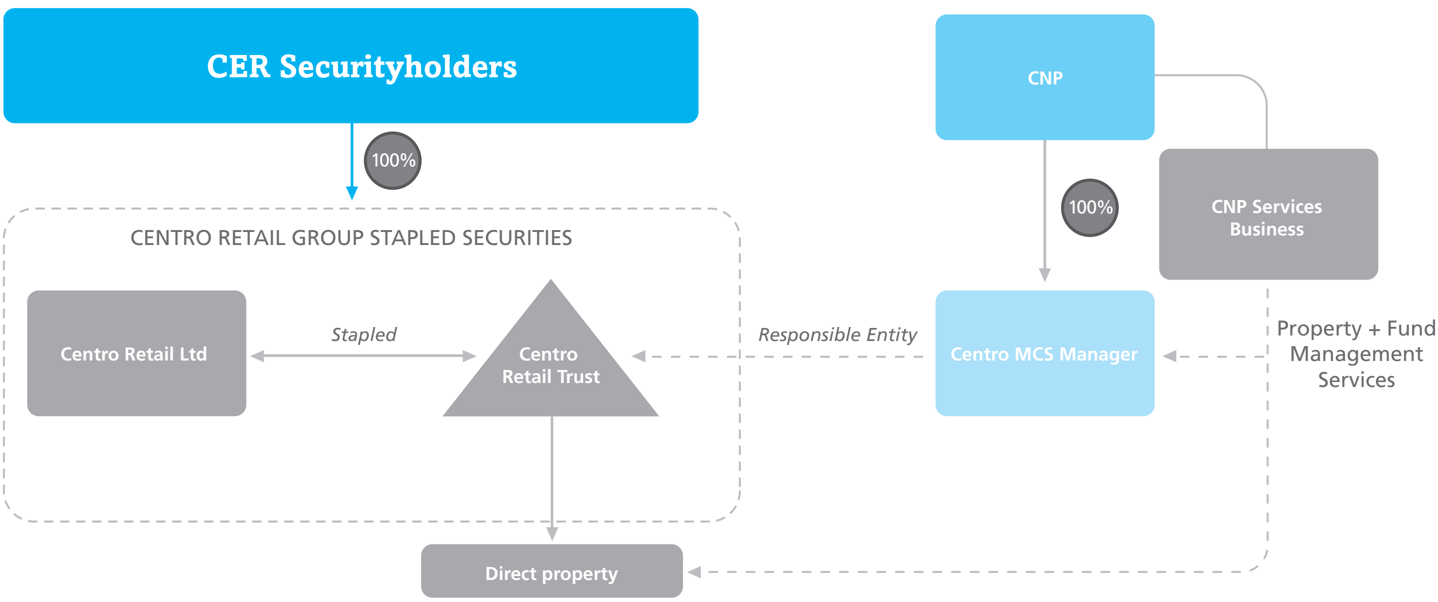
- the assets of CER will be combined with the assets of CAWF and DHT (two other Centro Managed Funds) by way of a Stapling of Securities issued by each of CER, CAWF and DHT (**the Aggregation Funds**) to form a new economic entity called Centro Retail Australia;
- Centro Retail Australia will acquire the existing Services Business of CNP so that it will be able to provide its own funds management and property management services and will no longer pay management fees to CNP; and
- Centro Retail Australia will acquire substantially all of the remaining Australian assets of CNP and certain real property assets and managed fund investments from other Centro Managed Funds.

Aggregation is subject to the CER Securityholders approving the CER Aggregation Resolutions and to other Conditions Precedent. The Conditions Precedent to Aggregation are described in Section 8.3 of this Explanatory Memorandum.

If Aggregation proceeds, CER Securityholders will exchange their existing CER Stapled Securities for New Stapled Securities in Centro Retail Australia on the basis of one New Stapled Security for each 5.80 CER Stapled Securities held by them on the Aggregation Record Date (anticipated to be Tuesday, 6 December 2011).

The following diagrams illustrate the current structure of CER and the structure of Centro Retail Australia if Aggregation proceeds.

CER pre-Aggregation:



Centro Retail Australia ownership and operational structure post-Aggregation and CNP Debt Cancellation:

OWNERSHIP[1]

- 73.9%[2] Dispersed holders/ Former Senior Lenders
- 14.5% External CER Investors
- 11.6%[2] DPF / DPF Investors

Aggregation to form Centro Retail Australia

RESPECTIVE CONTRIBUTION BY AGGREGATION FUNDS

Stapled entities

CER (CRL, CRT)
- Direct property interests valued at $1.7 billion

CAWF
- Direct property interests valued at $2.3 billion

DHT
- Centro MCS Syndicates co-investments, collectively valued at $0.4 billion

Assets acquired

CPT Assets
- Direct property
- Centro MCS Syndicates co-investments
- CSIF-A Interests
- Related party loans, working capital balances and interest rate swap agreements

Services Business
- Property management, development, leasing and funds management services

Syndicate Assets
- Interests in two direct properties

CENTRO RETAIL AUSTRALIA ASSETS AND INCOME COMPOSITION[3]

Centro Retail Australia (c.$3.4 billion in total equity) — Profiled in Section 4

Services Business — 13% of income (Section 4.4): 5% from the direct property portfolio; 8% from the Centro MCS Syndicates co-investments

Direct property portfolio 43 Australian shopping centres, valued at $4.4 billion	81% of Income	Section 4.3
Centro MCS Syndicates co-investments 27 Centro MCS Syndicates (61 properties valued at $2.6 billion)	6% of Income	Section 4.5

Notes:

1 Expected ownership percentage of New Stapled Securities. Senior Lenders and DPF/DPF Unitholders will also hold CATS.

2 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF/DPF Unitholders could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 of the Disclosure Document for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or DPF Unitholders acquire under Aggregation in their capacity as CER Securityholders.

3 Income figures in the figure above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8 of the Disclosure Document. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. CER believes this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, Services Business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in table 7.9 of the Disclosure Document).

2. Chairman's letter

5 October 2011

Dear CER Securityholder,

Aggregation to create Centro Retail Australia

On 9 August 2011, CER announced that it had entered into an Implementation Agreement with Centro Properties Group (**CNP**), CNP's Signing Senior Lenders and other Centro Managed Funds to create a new listed Australian retail shopping centre property trust (**Centro Retail Australia**), subject to CER Securityholder approval and other conditions. The creation of Centro Retail Australia involves:

- combining the assets of CER, CAWF and DHT (**Aggregation Funds**) by way of Stapling;
- acquiring the funds and property management business (**Services Business**) from CNP; and
- acquiring substantially all of the Australian property and other assets from CNP and certain real property and managed fund investments from other Centro Managed Funds,

(together, the **Aggregation**).

On the Aggregation Implementation Date, Securityholders in each of the Aggregation Funds on the Aggregation Record Date will receive New Stapled Securities based primarily on the relative adjusted net equity value of the Aggregation Fund as at 31 December 2010. CER Securityholders will hold, in aggregate, approximately 29.4% of New Stapled Securities on issue immediately following the Aggregation Implementation Date. External CER Securityholders (who are not CNP or a Centro Managed Fund) will hold, in aggregate, approximately 14.5% of New Stapled Securities on issue immediately following the Aggregation Implementation Date. New Stapled Securities will trade on ASX.

Centro Retail Australia is expected to be one of Australia's largest managers of retail shopping centres based on gross lettable area (**GLA**) and a top 10 ASX-listed Real Estate Investment Trust based on initial total equity as at the Aggregation Implementation Date. It will have an internalised management structure[4] and will own or manage $7.0 billion of quality retail shopping centres across Australia, as follows:

- a $4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further seven Australian shopping centres, together accounting for 81% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012; and
- up to a further $2.6 billion of external assets under management via the ownership of one of the largest unlisted property syndicate management businesses in Australia.

Centro Retail Australia will also hold investments in each of the Centro MCS Syndicates it will manage.

4 Internalised management structure refers to Centro Retail Australia directly employing fund and property management specialists rather than paying management fees to an external manager (which historically was the case for the Aggregation Funds where fees were paid to CNP).

The CER Board believes Aggregation presents CER Securityholders with the opportunity to secure CER's long-term future and optimise the value of its assets, while significantly minimising the uncertainty and risks that CER would face CER should Aggregation not proceed and CNP was placed into an insolvency administration.

Background

The Aggregation represents the culmination of a number of strategic reviews and the implementation of initiatives undertaken by the CER Board and management since late 2009 to address CER's complex governance, structural and operational arrangements and to improve CER's financial position and performance.

These initiatives include:

- the separation of the CER and CNP Boards and the appointment of new Directors to the CER Board, including my appointment as Chairman of the CER Board in 2009;
- the extension of CER's secured debt facilities and the introduction of new financiers;
- the closing-out of all foreign exchange hedging contracts with CNP, which materially reduced balance sheet volatility and counterparty risk; and
- the sale of CER's US portfolio for US$4.3 billion, which resulted in CER's assets now comprising Australian-only investments, and which further strengthened CER's balance sheet, with the $520 million of net proceeds reducing look-through gearing to 45.6% as at 30 June 2011.

CER also partially repaid the CSIF-B (club facility) in July 2011 and fully repaid a further $155.4 million facility on 20 September 2011 (the **CMBS Facility**), which reduced CER's look-through gearing to around 40.7%.

However, these initiatives, have not completely removed the short term challenges and risks facing CER which are set out below. The CER Board has been active in considering a range of alternatives to address these risks and challenges and deliver the best possible result for CER Securityholders. For further information on alternative strategies considered by the CER Board and its advisers, refer to Section 3.1 of this Explanatory Memorandum.

What is the rationale for the Aggregation?

CER has made significant progress in its restructure and recapitalisation process, and its Australian assets have continued to perform strongly at an operational level. However, a number of potential risks and structural challenges still remain for CER, which would be addressed or mitigated by Aggregation:

- impending debt maturities – CER or entities in which CER has an investment have $463.3 million of external debt maturing by the end of 2011. While CER's gearing has reduced significantly, obtaining long-term refinancing of these remaining debt facilities at competitive margins may still be challenging given CER's predominantly 50% ownership interests in assets and the uncertainties surrounding CNP. CER is currently in advanced discussions with its financiers for extensions of these maturing debt facilities to 31 August 2012, but there can be no certainty that extensions will be successfully negotiated on acceptable terms.

A new financing package for Centro Retail Australia is intended to be put in place upon Aggregation implementation. The Aggregation Funds are in advanced negotiations with a number of banks to agree the terms of a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of these facilities remains subject to full credit approvals, documentation, satisfaction of conditions precedent to the refinancing and repricing and withdrawal risks, particularly if material changes in market conditions arise between the date of this Explanatory Memorandum and the implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions.

See Section 3.5 of this Explanatory Memorandum for further details.

- external management arrangements – CER is currently externally managed by CNP, both at a property and fund level, which exposes CER to the risks of a CNP insolvency. Aggregation will result in the internalisation of management functions, removing uncertainties relating to the future of CNP and aligning the interests of the manager with all stakeholders;
- partial asset interests – CER's portfolio comprises predominantly 50% ownership interests in assets, which may restrict CER's ability to allocate capital to these assets or consider other capital transactions (such as developments) due to co-owners' consents being required in certain circumstances and/or the capital availability or investment objectives of these co-owners differing to those of CER. Aggregation will provide a structure that will be better positioned to capitalise on growth opportunities; and
- remaining linkages to CNP – apart from management arrangements with CER, CNP is also a majority investor in CER, and a property and fund manager to, and substantial investor in CPT Manager Limited, the RE of CAWF, the co-owner of, the majority of CER's assets. If the Aggregation does not proceed, it is considered likely that Insolvency Administrators will be appointed to CNP and Centro MCS Manager (CRT RE) in its personal capacity. The appointment of an Insolvency Administrator to CNP would result in an indeterminate period of significant uncertainty for CER. This may impact upon the value of CER's assets and the trading price of CER Stapled Securities.

  Section 3.9 of this Explanatory Memorandum sets out further details of the possible consequences of a CNP insolvency.

As well as addressing these issues, Aggregation will also result in a simplification of CER's asset ownership structure and provide CER Securityholders with an economic interest in a quality portfolio of retail shopping centre assets, predominantly wholly-owned by Centro Retail Australia and anchored by the large supermarket chains and other mainly non-discretionary retailers. If Aggregation proceeds, Centro Retail Australia is expected to have:

- significant platform size and scale, which assists in building and maintaining relationships with key retailers, including the ability to offer these tenants solutions on a national scale;
- subject to availability of debt financing, credit approvals, documentation and the satisfaction of conditions precedent, new debt facilities with longer term maturities and a moderate level of gearing;
- an experienced property management team that has effectively managed the portfolio during difficult market conditions and continued to achieve strong property income growth over the past three years;
- the potential for long-term value enhancement through the strategic management of the property portfolio, including a development pipeline of approximately $400 million; and
- an established Services Business that will manage one of Australia's largest unlisted retail property syndicate businesses, with total funds under management of up to $7.0 billion.

For further information on the rationale and benefits of the Aggregation for CER Securityholders, refer to Section 6.1 of this Explanatory Memorandum.

Alternate options considered

A key aspect of the restructure and recapitalisation process undertaken by CER has been the consideration of viable options available to CER, including those that do not involve Aggregation. Over recent months, the CER Board and its advisers have undertaken detailed exploration and analysis of these options. These options included CER continuing in its current form conducting a sale of some, or all, of its assets and undertaking an equity raising. Further information is contained at Section 3.1 of this Explanatory Memorandum.

All of these options involved some degree of commercial risk, including the option of continuing in its current form.

Further, in order to undertake any of the potential alternative strategies for CER, the cooperation or consent of some or all of CNP, the Senior Lenders and other Centro Managed Funds would be required. Without the cooperation or consent of these parties, pursuing these potential alternatives would have involved an unacceptably high level of execution risk.

Based upon an assessment of the commercial and execution risks involved with each of these options, the strategic objectives of CER and their respective comparative benefits (including financial benefits), the CER Board has determined that Aggregation is in the best interests of CER Securityholders.

What happens if the Aggregation does not proceed?

If the Aggregation does not proceed, CER Stapled Securities will initially remain quoted on ASX and CER Securityholders will continue to be exposed to the benefits and risks associated with an investment in CER.

The existing commercial and contractual arrangement with CNP will also remain in place, under which CNP is:

- a substantial securityholder of CER, holding, directly or indirectly, 50.7% of CER Stapled Securities on issue;
- the owner of Centro MCS Manager (the CRT RE) and the entities which provide property management services to CER's investments; and
- the majority investor in the co-owners of CER's half-owned assets.

If Aggregation does not proceed, it is considered likely that CNP will become managed by an Insolvency Administrator. It is also considered likely that an Insolvency Administrator would be appointed to various entities which hold CAWF's 50% co-ownership interest in many of CER's co-owned real property assets.

Given the commercial and contractual relationships between CER and CNP, and that Centro MCS Manager (the CRT RE) which is also the RE of a number of other Centro Managed Funds, has guaranteed the debt of CNP to the Senior Lenders in its own capacity and granted security in favour of the Senior Lenders in its own capacity, there are potential risks to CER associated with an insolvency administration of CNP. The appointment of an Insolvency Administrator to CNP will result in a period of significant instability and uncertainty for CER. While it is not possible to predict with any certainty the likely outcome for CER, there could be a reduction in the value of CER and of CER Stapled Securities if the Aggregation does not proceed.

In the event that Aggregation does not proceed and an Insolvency Administrator is appointed to CNP, there is the possibility that an Insolvency Administrator would also be appointed to Centro MCS Manager in its personal capacity. While the Senior Lenders have no recourse to the assets of CER, if an Insolvency Administrator was appointed to Centro MCS Manager, the Board of CRT RE may no longer be in control of the operations of Centro MCS Manager and can give no assurances as to the likely actions of any Insolvency Administrator appointed to Centro MCS Manager.

Further details are set out in Section 3.9 of this Explanatory Memorandum.

What is the Independent Expert's opinion?

The Independent Expert has concluded that the Aggregation is fair and reasonable to and in the best interests of external CER Securityholders and that the acquisition of the CNP Assets is fair and reasonable to external CER Securityholders. External CER Securityholders are all CER Securityholders other than CNP and its associates. CER Securityholders should read the Independent Expert's Report (contained in Section 10) in full before making their own determination on the merits of Aggregation.

What is the CER Board's recommendation?

The CER Board has concluded that the Aggregation is in the best interests of CER Securityholders.

Accordingly, the CER Board (other than those directors who are also directors of CNP and who make no recommendation) unanimously recommend that CER Securityholders vote to approve the Aggregation in the absence of a Superior Proposal.

In recommending the Aggregation, the CER Board considered:

- the impact on CER and CER Securityholders of the uncertainty and instability that would face CER if Aggregation did not proceed;
- the advantages, disadvantages, impacts and risks of the Aggregation detailed in Section 6 of this Explanatory Memorandum;
- the potential alternative options for CER and the commercial, execution and financial risks and benefits associated with these; and
- the opinion of the Independent Expert.

Disadvantages, risks and other impacts of Aggregation

Aggregation will affect the nature of your investment in CER and carries risks for CER Securityholders, including risks associated with an investment in Centro Retail Australia. These risks, disadvantages and impacts are set out in Sections 3.11, 3.12, 6.2 and 6.3 of this Explanatory Memorandum and include the following:

- Centro Retail Australia has not previously traded as an aggregated fund and as such there is no trading history for the New Stapled Securities;
- Centro Retail Australia is exposed to risks associated with ownership and management of retail property and the value of Centro Retail Australia's portfolio can go down as well as up, depending upon macroeconomic conditions and the profile and financial performance of Centro Retail Australia's tenants;
- as a co-investor in and provider of fund and property management services to the Centro MCS Syndicates business, Centro Retail Australia is exposed to the performance of unlisted property funds and the appetite of investors to remain in such funds;
- the market price of the New Stapled Securities could be affected by decisions of any individual securityholder holding a significant stake, including those of former CNP senior lenders, and is not guaranteed to reflect net asset value of the portfolio;
- The Syndicates management business involves a number of risks, including risks relating to the termination and rollover of Syndicates, the risk of the loss of management rights of the Syndicates, and refinancing risks; and
- Any further issue of New Stapled Securities to the holders of CATS will dilute the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities is not currently known but is limited by the Share Cap. The Cap is equivalent to 20.0% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to any adjustments for any reorganisation or the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV Per New Stapled Security (as defined in Section 10 of the Disclosure Document). Refer to Section 10 of the Disclosure Document for further information and examples.

However, in many cases, the risks associated with an investment in Centro Retail Australia are similar to those currently faced by CER Securityholders in relation to CER.

You should read Sections 3.11, 3.12, 6.2 and 6.3 of this Explanatory Memorandum carefully before making a decision as to how to vote.

Your vote is important

In order to proceed, the Aggregation requires the approval of CER Securityholders. This Explanatory Memorandum and Disclosure Document contain important information about the Aggregation, including the reasons for the CER Board's recommendation (other than those Directors who are also Directors of CNP and who make no recommendation) and a summary of the advantages, disadvantages, impacts and risks associated with the Aggregation and with having an investment in Centro Retail Australia. I urge you to read the materials carefully and vote either by proxy or in person at the CER Securityholder Meetings to be held at 10.00 am on Tuesday, 22 November 2011, at the Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria. For your proxy vote to be considered, it must be lodged by 10.00 am on Sunday 20 November 2011.

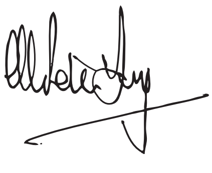
Further information

If you have any questions in relation to the Aggregation, please call the toll-free CER Securityholder information line 1300 785 534 (+61 2 9191 5974 for overseas callers) between 9.00 am and 5.00 pm, Monday to Friday, or email your question to investor@centro.com.au and/or visit the investor centre of the CER website at www.cerinvestor.com.au.

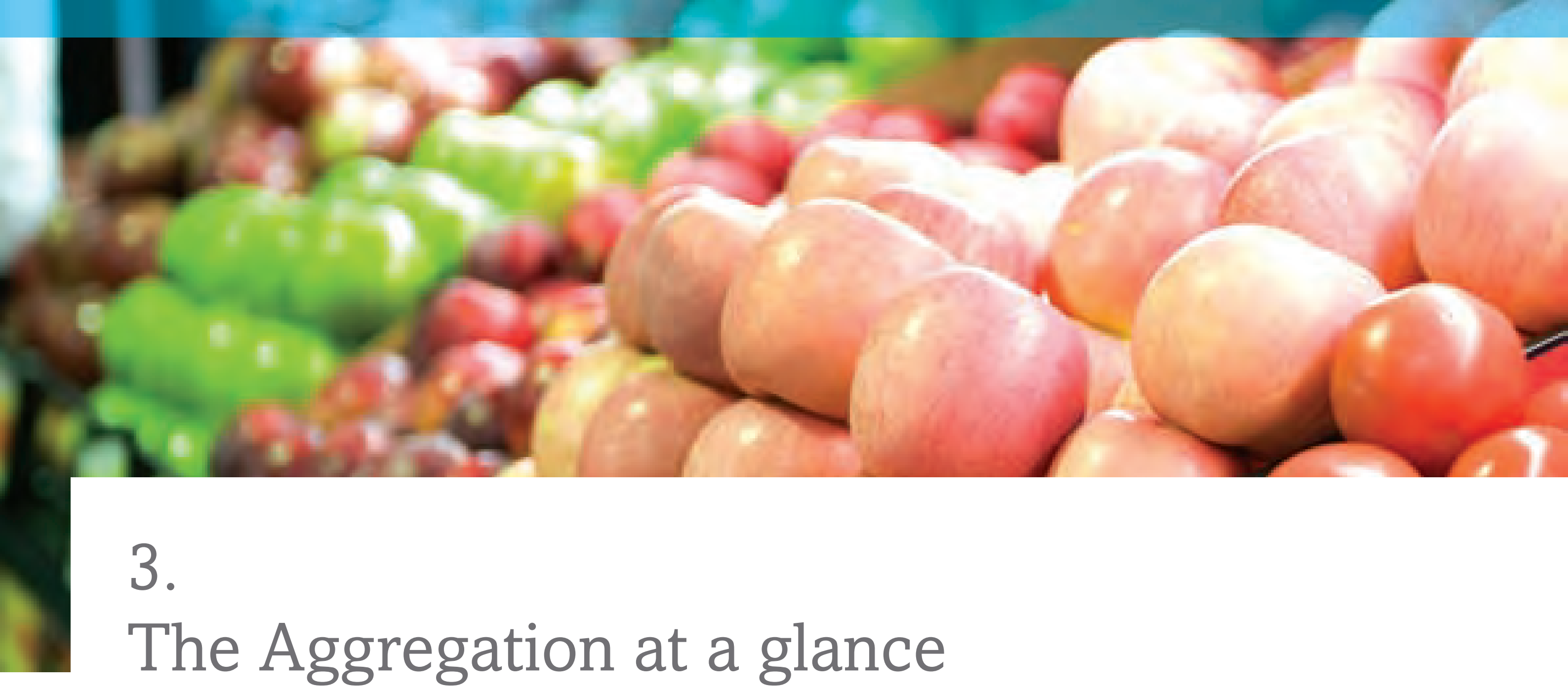
Conclusion

On behalf of the CER Directors, I am pleased to present the Aggregation proposal to you. We believe it represents the next logical step in CER's restructure and recapitalisation process. I thank you for your continued support and encourage you to vote in favour of all CER Aggregation Resolutions.

Yours sincerely,



W. Peter Day
Chairman



3. The Aggregation at a glance

3.1 Background and Alternatives to the Aggregation for CER

The CER Board, in conjunction with its advisers, considered potential alternative strategies for CER over a period of several months, including the following principal options:

- continuing in its current form;
- replacing CER's responsible entity and continuing in its current form;
- selling some, or all, of CER's assets; and
- undertaking an equity raising.

All options considered involved varying degrees of commercial risk.

Further, in order to undertake any of the potential alternative strategies, the co-operation or consent of some or all of CNP, the Senior Lenders and other Centro Managed Funds would be required. Without the co-operation or consent of these parties, CER cannot unilaterally implement any of these potential alternative strategies, or can only implement them with an unacceptably high level of execution risk.

The co-operation or consent of some or all of these parties was unlikely to be forthcoming in respect of the potential alternatives for CER given, amongst other things, the terms of the financing arrangements between CNP and the Senior Lenders. The CER Board carefully considered these circumstances when assessing the relative advantages, disadvantages, impacts and risks of the Aggregation.

The CER Board was also aware that CER faced a number of structural and financial risks and uncertainties in the short to medium term. These included:

- the need for CER or entities in which CER has an investment to refinance or extend $463.3 million of external debt maturing by the end of 2011;
- the requirement of CAWF, the co-owner of a number of CER's properties, to refinance or extend $757.2 million of debt by the end of 2011; and
- the uncertainty surrounding CNP and the impact that a CNP insolvency would have on CER as a result of CNP's position as a substantial securityholder, a substantial investor in the co-owners of CER assets and the provider of funds management, property management and leasing services to CER.

The CER Board considered that Aggregation, if implemented, would address these structural and financial risks and uncertainties in a manner that was in the best interests of CER Securityholders.

Further details of the consequences for CER if Aggregation does not proceed is contained in Section 3.9 of this Explanatory Memorandum.

The inability to unilaterally undertake alternatives (or the risks in attempting to do so), and the advantages of, and commercial and execution risks involved with, the Aggregation, when compared to the commercial and execution risks of alternatives, the likely impact on CER and CER Securityholders of the uncertainty and instability for CER if Aggregation did not proceed and the advantages of the available alternatives have been considered by the directors (other than those directors of CNP and who make no recommendation) in making their recommendation that the Aggregation is in the best interests of CER Securityholders.

3.2 Aggregation Summary

Key elements of the Aggregation include:

1. Combination of the Aggregation Funds

- the Securities of CER, CAWF and DHT will be combined by way of Stapling to form Centro Retail Australia;
- each Securityholder in the Aggregation Funds at the time that Aggregation is implemented will receive New Stapled Securities based primarily on the relative adjusted net equity of the Aggregation Funds at 31 December 2010 (subject to certain adjustments to reflect changes since 31 December 2010). A New Stapled Security will comprise one share in CRL, one unit in CRT, one unit in CAWF and one unit in DHT and will trade as a single stapled security on ASX; and
- as a CER Securityholder, you will receive 1 New Stapled Security for every 5.80 CER Stapled Securities you hold on the Aggregation Record Date. CER Securityholders will hold, in aggregate, approximately 29.4% of New Stapled Securities on issue immediately following implementation of the Aggregation. External CER Securityholders who are not CNP or a Centro Managed Fund will hold, in aggregate, approximately 14.5% of the New Stapled Securities immediately following implementation of the Aggregation.

2. Internalisation of management via the acquisition of the Services Business

- Centro Retail Australia will acquire CNP's funds and property management Services Business (for approximately $200 million) (subject to certain adjustments) and associated accrued rollover, performance, wind-up and deferred management fees (for approximately $40 million). In addition, working capital balances associated with the Services Business will be transferred to Centro Retail Australia. CNP is entitled to receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia.

3. Acquisition of property and other assets

Centro Retail Australia will acquire:

- CNP's direct property interests, managed fund investments and certain other assets (including related party loans, interest rate swap agreements entered into with CNP by other CNP group entities, working capital balances and provisions in relation to Stamp Duty Exposures[5]), for an aggregate price of $347 million (subject to certain adjustments). CNP will receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia; and
- certain property and managed fund investments from certain Centro MCS Syndicates, for $71 million. Payment is to be made in cash to the Centro MCS Syndicates.

5 The Stamp Duty provisions will effectively be transferred to Centro Retail Australia, through being taken into account in determining the Aggregation Ratios

4. CATS

- Whilst CER has not provided for any liability for the CER Class Action Litigation in its financial statements, an entitlement to CATS will be provided to the Unitholders of each of the other Aggregation Fund (i.e. CAWF and DHT) on Aggregation, to CNP (in connection with the sale of substantially all of CNP assets (excluding interests in CER, CAWF and DPF) to Centro Retail Australia and to DPF in respect of certain asset transfers. CATS will not be issued to CER Securityholders. The CATS are described in Section 10 of the Disclosure Document.

5. Debt Re-financing

- A new debt financing package for Centro Retail Australia is intended to be put in place upon Aggregation implementation. The Aggregation Funds are in negotiations with a number of banks to agree the terms of a series of debt facilities. Subject to receiving full credit approvals, documentation, satisfaction of conditions precedent to the refinancing and repricing and withdrawal risks if material changes in market conditions arise between the date of this Explanatory Memorandum and the implementation of Aggregation, the new debt facilities would be expected to provide sufficient funds to refinance or extend the existing facilities of the Aggregation Funds. However, there can be no certainty that these debt facilities will be made available on acceptable terms. In these circumstances, it is not the current intention of the CER Board that Aggregation would proceed. There may, however, be circumstances in which the CER Board would waive the relevant conditions to allow Aggregation to proceed in the absence of agreements for refinancing of the existing debt. Refer to Section 3.5 of this Explanatory Memorandum for further information.

6. New RE

- The existing Aggregation Fund REs will be replaced with CRL(1) Limited which is owned by Centro Retail Australia with new directors. As at the date of this Explanatory Memorandum, CRL (1) Limited has applied to ASIC for an Australian Financial Services Licence authorising it to be the new RE in place of the Aggregation Fund REs. However, if CRL(1) Limited does not hold an Australian Financial Services Licence at the Aggregation Implementation Date, Wholesale Responsible Entity Limited ACN 145 213 654 (which will be owned by Centro Retail Australia from Aggregation Implementation as part of the Services Business acquisition) will instead be appointed as Centro Retail Australia RE.

7. Steps after Aggregation

After Aggregation, two further key steps will occur:

- **DPF may transfer New Stapled Securities to its investors or otherwise dispose of them:** Depending on the redemption requests and elections made by DPF Unitholders, DPF will distribute either New Stapled Securities and CATS or cash proceeds from the sale of such securities, to those DPF Unitholders who request redemption of their DPF Units.
- **CNP Debt Cancellation:** If the Aggregation is effected and the Court approves the Senior Debt Schemes, CNP's Senior Debt to the Senior Lenders (which includes $2.9 billion (as at 30 June 2011) or Senior Facility Debt which matures on 15 December 2011) will be cancelled by the Senior Lenders (unless the CNP Junior Stakeholder Approvals are not obtained, in which case a portion of CNP's Senior Debt to the Senior Lenders will remain on foot). Where the CNP Junior Stakeholder Approvals are obtained, security in favour of the Senior Lenders will remain in place to secure obligations to pay to the Senior Lenders any surplus remaining following completion of the wind-down of CNP. The CNP Debt Cancellation will occur in consideration for:
  - the distribution to the Senior Lenders of those New Stapled Securities that CNP is entitled to receive in connection with its Securityholdings in CER and CAWF as at the Aggregation Record Date;
  - the distribution to the Senior Lenders of New Stapled Securities that CNP is entitled to receive from the redemption of CNP's investment in DPF Units;
  - the distribution to the Senior Lenders of New Stapled Securities that CNP is entitled to receive in connection with the sale of assets by CNP to Centro Retail Australia as part of Aggregation; and
  - the distribution to the Senior Lenders of the CATS that CNP is entitled to receive in connection with each of the above transactions,

(together, the **CNP Stapled Securities Distribution**).

Further detail on the CNP Debt Cancellation is contained in separate Explanatory Memoranda to the CNP Junior Stakeholders.

Under the Implementation Agreement, the CNP Debt Cancellation will occur contemporaneously with or shortly after Aggregation. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, it is expected, as at the date of this Document, to occur within approximately 5 Business Days. Aggregation will only occur if the Senior Debt Schemes are unconditional and have become effective at the time Aggregation is implemented. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, CNP will hold New Stapled Securities for a period before they are transferred to the Senior Lenders under the Senior Debt Schemes in connection with the CNP Debt Cancellation.

The CNP Stapled Securities Distribution may have an impact on the market price of New Stapled Securities. Additionally, any delay in the CNP Stapled Securities Distribution as a result of the CNP Debt Cancellation not being implemented contemporaneously with Aggregation may affect the number of New Stapled Securities able to be traded on ASX. Please refer to Section 6.2.4 of this Explanatory Memorandum and Section 5.5 of the Disclosure Document for further information.

3.3 Aggregation Ratios

The Aggregation Ratios used to determine the entitlement to New Stapled Securities have been calculated on the following basis:

- 31 December 2010 statutory valuations for real property assets and direct or indirect ownership interests in Centro MCS Syndicates to be contributed by the Aggregation Funds to Centro Retail Australia;
- approximately $200 million (subject to certain adjustments) for the Services Business and approximately $40 million for associated accrued rollover, performance, wind-up and deferred management fees;
- $48.5 million, which is equal to the average of the two independent valuations obtained as at 30 June 2011 (plus Stamp Duty) for the 50% interest in Centro Arndale; and
- 30 June 2011 statutory valuations for all other assets and liabilities,

in each case, subject to certain adjustments, to reflect changes since 31 December 2010. These adjustments are summarised in Section 8.7 of this Explanatory Memorandum.

If Aggregation proceeds, Securityholders in CER, CAWF and DHT will exchange their existing holdings in the relevant Aggregation Fund into an interest in New Stapled Securities. Securities on issue by each of the Aggregation Funds will be consolidated to a number reflecting the following Aggregation Ratios and a net asset value of each New Stapled Security as at Aggregation of $2.50 so that on Aggregation each Aggregation Fund will then have the same number of securities forming part of the New Stapled Securities on issue.

The Aggregation Ratios are:

- 1 New Stapled Security for every 5.80 CER Stapled Securities;
- 1 New Stapled Security for every 3.10 CAWF Units; and
- 1 New Stapled Security for every 2.51 DHT Units.

See Section 3.3 of the Disclosure Document for further details.

3.4 What are the Conditions Precedent to the Aggregation?

Aggregation is subject to CER Securityholder approval of the CER Aggregation Resolutions, the approval by the Court of the CRL Members' Scheme and the satisfaction or waiver of the numerous Conditions Precedent and approvals outlined in Sections 8.3 and 8.8 of this Explanatory Memorandum.

3.5 Debt Financing of CER and Centro Retail Australia

Debt Financing of CER or entities in which CER has an investment

CER or entities in which CER has an investment have total external borrowings of $613.31 million (as at the date of this Explanatory Memorandum). Of this amount, CER is the borrower of $260 million, with the balance being borrowed by entities in which CER has an investment or secured over assets owned by entities in which CER has an investment but without direct recourse to CER.

$463.3 million of this external debt matures by the end of 2011. CER is currently in advanced discussions with its external lenders to extend this maturing debt to 31 August 2012. As at the date of this Explanatory Memorandum, no arrangements have been entered into to extend the maturing facilities and CER can give no assurances that arrangements for the extension of this debt will be entered into or will be offered on terms acceptable to CER.

Debt Financing of Centro Retail Australia and the Centro MCS Syndicates

It is a Condition Precedent to Aggregation that agreements have been entered into for the refinancing of the existing secured debt of the Aggregation Funds and at least 90% of the Centro MCS Syndicates (measured by funds under management) (the **Refinancing Precondition**).

The Aggregation Funds are in advanced negotiations with a number of banks to agree terms of a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend the existing debt facilities of the Aggregation Funds. The provision of those facilities remains subject to credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks, especially if material changes in market conditions arise between the date of this Explanatory Memorandum and implementation of Aggregation. As credit approvals have not yet been obtained and there can be no certainty that debt facilities will be made available to Centro Retail Australia on acceptable terms and conditions or that debt will be refinanced at interest margins assumed in the financial forecasts. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Ability to refinance the Aggregation Funds and MCS Syndicates is a significant risk.

Successful refinancing is an important Condition Precedent to Aggregation. Whilst this Condition Precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the Condition Precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation.

It is possible that agreements for the refinancing of existing debt are entered into (satisfying the Refinancing Precondition) but that the conditions for the refinancing are not satisfied. In these circumstances, and subject to CER having entered into appropriate arrangements by the Aggregation Implementation Date with its existing financiers, it is likely that CER would seek to terminate the Aggregation process.

In the event that Aggregation proceeds:

- It is anticipated that Centro Retail Australia will have approximately $1.9 billion of debt for which it has granted security over its assets. It may need to access debt or equity capital markets in the future to refinance existing borrowings or may seek to do so to fund any acquisition or development opportunities. The condition of debt or equity markets at that time may hinder Centro Retail Australia's ability to access future capital, and may impact the pricing and terms of such capital.
- The proposed debt facilities for Centro Retail Australia will include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgment or settlement of the CER Class Action Litigation, resolution of disputed Stamp Duty assessments) could have a material adverse impact on Centro Retail Australia's liquidity.

3.6 Extended Aggregation Period

In the event that some or all of the CNP Junior Stakeholders do not pass the resolutions necessary to allow the CNP Asset Sale or the CNP Debt Cancellation to proceed (the approval of the CNP Assets Sale and the satisfaction of conditions to the Debt Cancellation are conditions to the Aggregation), subject to the other Conditions Precedent (other than Court approval) having been satisfied and subject to certain other conditions, the Aggregation Funds have agreed to extend the Aggregation Implementation Date for a further period of 60 days (**Extended Aggregation Period**) to allow the relevant conditions to be satisfied or waived. This 60 day period commences on the date that the relevant resolution is not passed by any of the CNP Junior Stakeholders, but may be terminated earlier by notice in writing by any of CER, CAWF and DHT on or after 14 December 2011 (unless extended by agreement in writing of the parties). Details of the Extended Aggregation Period are set out in Section 8.4 of this Explanatory Memorandum.

The CER Board cannot be certain that the relevant Conditions Precedent will be satisfied or waived before the currently anticipated end date of the Extended Aggregation Period so that Aggregation can proceed. In particular, Aggregation may not proceed even though CER Securityholders have passed the CER Aggregation Resolutions.

If the Conditions Precedent are not satisfied or waived by 14 December 2011 either the Extended Aggregation Period will be extended or Aggregation will not proceed. Accordingly, even if CER Securityholders vote in favour of the Aggregation, there can be no assurance that Aggregation can be completed if the Extended Aggregation Period is entered into.

The consequences of Aggregation not proceeding are set out in Section 3.9 of this Explanatory Memorandum.

3.7 What is the Independent Expert's opinion?

The Independent Expert has concluded that Aggregation is fair and reasonable and in the best interests of external CER Securityholders and that the terms of the acquisition of the CNP Assets are fair and reasonable to external CER Securityholder. External CER Securityholders are all CER Securityholders other than CNP and its associates. CER Securityholders should read the Independent Expert's Report (contained in Section 10) in full before making their own determination on the merits of Aggregation.

3.8 What is the CER Board's recommendation?

The CER Board (other than those Directors who are also Directors of CNP and who make no recommendation) unanimously recommend that you vote in favour of all CER Aggregation Resolutions, in the absence of a Superior Proposal.

3.9 What happens if the Aggregation does not proceed?

If the Aggregation does not proceed:

- CER Stapled Securities will remain quoted on ASX and CER Securityholders will continue to be exposed to the benefits and risks associated with an investment in CER; and
- CER will continue to have an interest in a portfolio of quality Australian retail shopping centres, with income derived predominantly from recurring rentals.

If the Aggregation does not proceed, it is likely that CNP will have an Insolvency Administrator appointed to it.

Despite the fact that CER has improved its financial position and the stability of its capital structure during the past year, the appointment of an Insolvency Administrator to CNP would result in a significant period of uncertainty and instability for CER. This is because CNP is a substantial securityholder of CER, the owner of Centro MCS Manager, the RE of CRT, and of other entities which provide property management services to CER, and is the majority investor in the co-owners of CER's half owned assets.

CER has a limited ability to address the consequences of these contractual and structural arrangements with CNP due to the following factors:

- CER has no employees or management capacity of its own and all funds management and administrative services are provided to CER by CNP's Services Business;
- CRT RE is a wholly owned subsidiary of CNP and can only be removed as RE of CRT by a vote of CER Securityholders or by court order on the application of ASIC or a CER Securityholder. CNP could vote its CER Stapled Securities on any resolution to replace CRT RE and is considered likely to vote against such replacement;
- a change of the RE of CRT to an entity which is not controlled by CNP may result in an event of default under CER's debt facilities (see the further discussion below), would result in an event of default under CNP's arrangements with the Senior Lenders, and would also result in CNP and other CNP managed funds having a right to acquire CER's co-owned property assets under existing co-ownership agreements for market value;
- property management and leasing services are provided under property management agreements between the Services Business and the property owning entities in the CNP Group structure. CER cannot unilaterally terminate these arrangements where they relate to co-owned properties; and
- CER's co-owned property assets are subject to pre-emptive rights in favour of co-owners in the event of any attempted sale of those assets by CER.

An Insolvency Administrator appointed to CNP will assume all of the existing roles and responsibilities of the current Board of CNP and has a statutory obligation to maximise returns for creditors of CNP. The current Board of CER can give no assurances as to the actions of any Insolvency Administrator appointed to CNP.

Centro MCS Manager (the RE of CRT and also the RE of a number of Centro Managed Funds) has given a guarantee of the obligations of CNP to its Senior Lenders and also granted security over the assets owned by it, in both cases in its personal capacity.

While enforcement of this guarantee and associated security will not affect the assets which Centro MCS Manager holds in its capacity as the RE for CRT (as the guarantee and security were not given by Centro MCS Manager in its capacity as RE of CRT), if Aggregation does not proceed and an Insolvency Administrator is appointed to CNP, it is likely that an Insolvency Administrator will also be appointed to Centro MCS Manager in its personal capacity.

If this is the case, the Board of CRT may no longer be in control of the operations of Centro MCS Manager and can give no assurances as to the likely outcomes arising from, or the likely actions of, any Insolvency Administrator. However, any Insolvency Administrator appointed to Centro MCS Manager would continue to have an obligation to act in the best interests of CER Securityholders while performing its duties to ensure Centro MCS Manager continued as CRT RE.

The uncertainty arising from a CNP insolvency has the potential for a loss of value for CER assets and CER Securityholders as a result of all or any of:

- a suspension for a period of time of CER Stapled Securities from trading on ASX, with investors not having any liquidity in relation to their investment in CER;
- potential volatility in the trading price of CER Stapled Securities;
- the continued right on the part of CNP to provide funds management and property management and leasing services to CER (due to the fact that Centro MCS Manager, an entity owned by CNP would remain as

the RE of CRT and because CER cannot terminate the property management agreements in respect of CER's co-owned properties without the agreement of its co-owner, which may at the relevant time have an Insolvency Administrator appointed to it) in circumstances where the Insolvency Administrator of CNP may not be able to provide the services to the appropriate standard (for example, due to an inability to retain the necessary staff);

- the appointment of Insolvency Administrators to entities which co-own properties with CER, potentially leading to a sale of those co-owners' interests;
- the appointment of Insolvency Administrators to CNP or Centro MCS Manager in its capacity as the RE of CRT resulting in events of default under CER's finance facilities;
- an Insolvency Administrator of CNP seeking to sell all or part of CNP's holding of CER Stapled Securities in the short to medium term; and
- a potential sale of CER's assets in order to satisfy CER's maturing secured debt obligations in the medium term due to difficulties in refinancing these facilities where Insolvency Administrators had been appointed to entities within the CER group. The price of any such sale would be uncertain.

However, in the event that Aggregation does not proceed:

- CRT has approximately $1 billion in equity as at 30 June 2011 and therefore, notwithstanding a potential insolvency of its RE, is likely to remain a solvent scheme, subject to its ability to meet its debts as and when they become due and payable;
- CER will continue to have pre-emptive rights under the co-ownership agreements for its co-owned properties which regulate the manner, and the price, in which interests of the co-owners can be sold and, in the case of an insolvency of a co-owner, which would entitle CER to acquire the interest of its co-owner, subject to CER being able to raise the necessary finance;
- the appointment of an Insolvency Administrator to Centro MCS Manager is likely to result in ASIC permitting Centro MCS Manager to continue to operate as RE of CRT for a period of time; and
- the expectation is that any Insolvency Administrator of Centro MCS Manager would seek to realise value by selling the management rights in respect of CER to a third party (which, depending on how the sale is structured, may require approval by CER Securityholders, including CNP). Alternatively, a CER Securityholder or potentially ASIC may apply to a court for an order changing the RE of CER.

As a consequence of:

- the structural and commercial arrangements outlined above;
- the competing rights and interests of various stakeholders in the CNP Group (in particular the Senior Lenders and the secured lenders to CER and CAWF);
- the fact that the actions of external parties (including the Senior Lenders, the secured lenders to CER, any Insolvency Administrator appointed to CNP or to Centro MCS Manager, CER Securityholders or ASIC) may significantly influence or determine any outcome for CER; and
- the fact that:
  - the terms of CER's current financing arrangements are complex and in some instances unclear;
  - events of default under CER's current financing facilities do not automatically result in these facilities becoming payable but depend on the relevant financiers determining not to grant a consent or waiver, or otherwise determining to enforce the relevant event of default; and
  - the ability of a financier not to grant a consent or waiver, or otherwise determining not to enforce the relevant event of default, will be governed by the terms of the relevant financing document, which in some cases give an absolute discretion to the financier and in other cases require the financier to act reasonably,

it is not possible to predict the exact consequences for CER in the event that Aggregation does not proceed, but is reasonable to expect that:

- Centro MCS Manager, even if an Insolvency Administrator is appointed to that entity, will remain the RE of CRT in the short to medium term, due to CNP's direct and indirect Securityholding in CER, unless Centro MCS Manager is removed as RE by court order on the application of ASIC or a CER Securityholder in accordance with the Corporations Act;
- CNP will, also in the medium term, continue to provide property management and leasing services to CER under existing property management agreements;
- there will be Insolvency Administrators appointed to the co-owners of some or all of CER's retail property investments; and
- there will be volatility in the price of CER Stapled Securities, given the likely market perception of a sale by any Insolvency Administrator appointed to CNP of a significant block of CER Stapled Securities.

3.10 Advantages of the Aggregation

The Aggregation seeks to provide enhanced value through the simplification of the CNP Group's current complex asset ownership and operational structures including by removing the structural and contractual relationships between CNP and the Aggregation Funds.

If Aggregation proceeds, Centro Retail Australia is expected to have:

- internalised management consisting of an experienced and dedicated management team and over 600 staff;
- a larger portfolio than any of the individual Aggregation Funds with predominantly 100% ownership interests in assets;
- subject to credit approvals, documentation and the satisfaction of conditions precedent, new debt facilities with longer term maturities and a moderate level of gearing; and
- enhanced flexibility to allocate capital to take advantage of growth and development opportunities.

The Aggregation is expected to provide the following benefits to CER Securityholders:

- a Centro Retail Australia forecast pro-forma cash distribution for the full year ending 30 June 2012 of 12.4 cents per New Stapled Security (equivalent to 2.1 cents per CER Stapled Security). The forecast distribution for the financial year ending 30 June 2012 is 6.4 cents per New Stapled Security (equivalent to 1.1 cents per CER Stapled Security). This forecast is based on a number of assumptions, including the availability and cost of debt financing in respect of Centro Retail Australia and the Centro MCS Syndicates. As is noted in Section 3.9 and Section 7.4, given the uncertainties around the operations and financial performance of CER in the event that Aggregation does not proceed, it is not possible to forecast the amount, if any, of a distribution by CER on a stand alone basis for the same period;
- access to directly owned interests in an additional $2.7 billion of quality retail shopping centres which, in addition to CER's existing $1.7 billion of property interests, results in a portfolio of predominantly wholly-owned regional and sub-regional retail shopping centres valued at $4.4 billion in aggregate;
- exposure to secure income streams from a portfolio of high quality shopping centres with a focus upon non-discretionary retail tenants (after Implementation, Centro Retail Australia would be the largest landlord to supermarkets Woolworths and Coles)[6];
- enhanced strategic flexibility in respect of management of assets and capital allocation decisions, by removing any impediments arising from potentially different investment objectives and financial capacity of co-owners;
- potentially improved access to, and pricing of, debt capital, given secured financiers generally prefer wholly-owned assets to be pledged as security;
- access to a potential development pipeline of approximately $400 million across Centro Retail Australia's direct property portfolio, thereby providing future growth opportunities;
- increased equity market capitalisation and equity index weighting which may result in a higher level of investor interest;
- the internalised management structure and the resolution of existing contractual and financing arrangements between CNP and CER resulting in an alignment of interests of all stakeholders;
- additional income source as the owner of one of the largest unlisted retail property syndicate businesses in Australia, with up to approximately $2.6 billion of external assets under management. Pro-Forma income for FY12, from the provision of funds and property management services to the syndicate business is forecast to be approximately $32 million. This figure excludes fees in relation to Syndicate rollovers, wind ups and refinancing; and

6 Based on 99 properties (which includes the Centro MCS Syndicates owned properties).

- as an internally managed vehicle, Centro Retail Australia will not pay management fees to its RE, although it will still incur the costs and expenses of providing management services. In addition, Centro Retail Australia will provide property management, development and leasing services for all properties in its $4.4 billion direct property portfolio, with the exception of Tuggeranong Hyperdome which is externally managed. Fees paid by CER to CNP in respect of its Australian investments have averaged $13.7 million per annum over the three years ended 30 June 2011 (as shown in the table below) and fees paid by all three Aggregation Funds to CNP in respect of their Australian investments averaged $33.6 million[7] per annum in total over the same three year period. On the basis that Aggregation did not occur, CER would have paid fees of approximately $14.1 million to CNP in respect of its Australian investments for the year ending 30 June 2012. The elimination of fees that would otherwise be payable to an external manager through the internalisation of management is a key benefit of the Aggregation for CER Securityholders.

Fee Type ($m)	2009	2010	2011
Property management, development and leasing[8]	5.9	6.0	6.3
Responsible Entity	8.3	7.2	7.3
Total	**14.2**	**13.2**	**13.6**

A futher discussion of the advantages of the Aggregation is at Section 6.1 of this Explanatory Memorandum.

3.11 Disadvantages and other impacts of the Aggregation

CER Securityholders may be disadvantaged by the Aggregation, or Aggregation may otherwise impact their investment, as follows:

- Aggregation will result in an initial reduction in the net tangible assets (**NTA**) backing per equivalent CER Stapled Security due to the acquisition of the Services Business and the write-off of transaction costs in respect of the Aggregation, including Stamp Duty and adviser costs. The purchase of the Services Business does not affect the net asset value (**NAV**) backing per equivalent CER Stapled Security and certain transaction costs would have been incurred irrespective of whether Aggregation proceeds. Other transaction costs, such as Stamp Duty, may have also existed if other restructuring initiatives had been pursued. Further, part of the payment for Services Business is effectively an upfront payment for the management fees that would have been incurred over time as an externally managed vehicle – noting, however, that Centro Retail Australia will continue to incur the costs and expenses of providing these management services.
- there will be a change in the composition of NTA per equivalent CER Stapled Security. Currently, CER's investments comprise direct interests in property. If the Aggregation proceeds, CER Securityholders will be exposed to a change in investment composition to include Centro MCS Syndicate co-investments (and associated related party loan investments) which may have different risks, benefits and return profiles to direct property investments; and
- there will be a change in the composition of the CER Securityholder Register. The 50.71% of CER Stapled Securities currently held by CNP and Centro Managed Funds will become widely held by the Senior Lenders on implementation of the CNP Debt Cancellation. This may have both positive and negative impacts, including potentially enhanced liquidity (given wider disbursement of New Stapled Securities), but may result in downward pricing pressure in the event that a large number of new holders of New Stapled Securities seek to dispose of their investment. See Section 5.5.3 of the Disclosure Document for further details and discussion.

A further discussion of the disadvantages and other impacts of the Aggregation is at Section 6.2 of this Explanatory Memorandum.

3.12 Risks of the Aggregation

Aggregation may give rise to the following risks for CER Securityholders:

- while due diligence has been carried out in relation to the CNP Assets and the relevant purchase price has taken into account provisions for various liabilities, there remains the possibility of unforeseen risks associated with the acquisition of the Services Business or the CPT Sale Property, including undisclosed or unknown liabilities of entities acquired as part of the Services Business, Stamp Duty liabilities of CNP assumed by Centro Retail Australia or obligations under the FEM for the Centro

7 Excludes property management and responsible entity fee paid by syndicates in which DHT invests.

8 Expressed on a net basis adjusted for property management fees recovered from retailers.

MCS Syndicates (see Section 4.5.3 of this Explanatory Memorandum for further details) being greater than anticipated. In particular, as part of the Services Business, CER will acquire the shares in Centro MCS Manager and the various entities which formerly provided funds management services to CER, other Centro Managed Funds and Centro MCS Syndicates. While CER's assets will not be directly exposed to any liabilities arising from the activities of Centro MCS Manager and the entities forming part of the Services Business, the management and resolution of any such claims may involve significant resources and raise reputational issues for Centro Retail Australia;

- the complexity associated with any corporate restructuring, including unforeseen commercial, tax or structuring consequences for the Aggregation;
- successful refinancing is an important Condition Precedent to Aggregation. Whilst this Condition Precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the Condition Precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. There is a risk, however, that Aggregation may proceed on finance terms other than those required by the relevant Condition Precedent to Aggregation and on which the forecasts in relation to Centro Retail Australia set out in the Disclosure Document are based, in the event that the Boards of the Aggregation Funds determine to waive the relevant Condition Precedent. Further, there is a risk that Aggregation could proceed in circumstances where there is no certainty that the facilities other than the existing CAWF, CER and CSIF facilities will be refinanced on reasonable terms or at all, notwithstanding the view of the Boards as to the prospects of refinancing;
- Aggregation may be affected or implementation of Aggregation may be prevented or delayed by the actions of third parties;
- CER Securityholders will be exchanging their investment in CER for an investment in Centro Retail Australia. Such an investment will be subject to general and specific business risks (including many of the risks associated with an investment in CER today). Importantly, the value of an investment in Centro Retail Australia could rise or fall depending on a number of factors which are beyond the control of the entities comprising Centro Retail Australia. Please refer to Section 5 of the Disclosure Document in relation to risks associated with an investment in Centro Retail Australia;
- the Aggregation is conditional upon approval by Securityholders of CER, CAWF, and DHT and various CNP stakeholders and satisfaction or waiver of certain other Conditions Precedent. The satisfaction of the relevant Conditions Precedent may require the waiver of regulatory requirements by ASX, the approval of the Court, or both. Given the number of stakeholders and approvals required there is a risk that some or all of the Conditions Precedent to Aggregation will not be satisfied or waived and Aggregation will not proceed;
- a failure by CNP Junior Stakeholders to vote in favour of the resolutions necessary to authorise the sale of the CNP Assets and the CNP Debt Cancellation may result in the appointment of an Insolvency Administrator to CNP. While the parties have agreed to allow further time to obtain these approvals as part of the Extended Aggregation Period, there is no guarantee that Aggregation or the CNP Debt Cancellation can be completed during the Extended Aggregation Period (or at all) in which case Aggregation will not proceed. The Aggregation Funds can terminate the Extended Aggregation Period by notice in writing on or after 14 December 2011, upon the occurrence of a Fiduciary Event or upon a material adverse change in certain financial metrics of an Aggregation Fund or Centro Retail Australia. If the Implementation Agreement is terminated, Aggregation will not proceed; and
- any further issue of New Stapled Securities to the holders of CATS will dilute the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities is not currently known but is limited by the Share Cap. The Share Cap is equivalent to 20.0% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to any adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Share Cap and the Pro Forma NAV Per New Stapled Security (as defined in Section 10 of the Disclosure Document). Refer to Section 10 of the Disclosure Document for further information and examples.

A further discussion of the risks of the Aggregation is at Section 6.3 of this Explanatory Memorandum.

4.
Summary of the profile of Centro Retail Australia

This section contains summary information only in relation to Centro Retail Australia. Although the Aggregation will not create a single legal entity, the effect of the Stapling will be that CER, CAWF and DHT will trade on ASX as a combined group known as Centro Retail Australia.

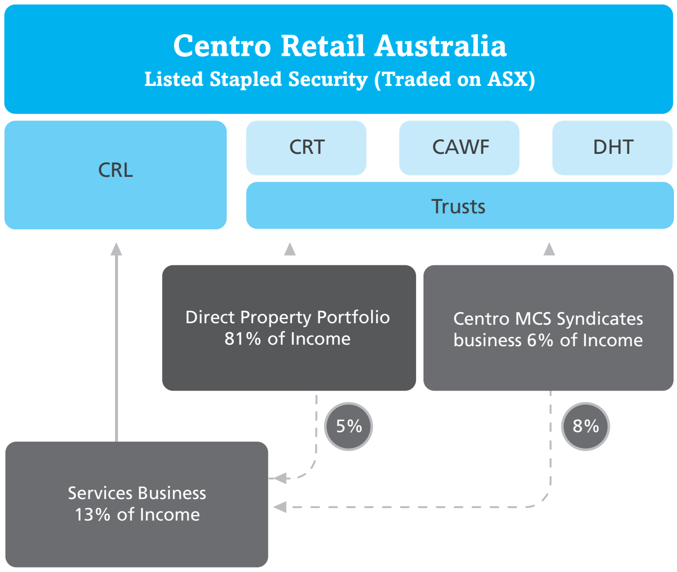
You should refer to Sections 4, 5, 6 and 7 of the Disclosure Document for more information on Centro Retail Australia's profile business, risks, board and management and financial information.

4.1 Overview

If the Aggregation proceeds, Centro Retail Australia is expected to have total equity of $3.4 billion based on book value as at the Aggregation Implementation Date, making it one of the largest Australian Real Estate Investment Trusts. It is also expected that Centro Retail Australia would become part of several equity market indexes that are significant in attracting institutional investors, and will have a strong governance structure and Board with relevant industry credentials.

The following diagram shows how Centro Retail Australia will be structured after the Aggregation is implemented[9].

Table 1.1 Centro Retail Australia structure and forecast income composition



If Aggregation proceeds, Centro Retail Australia will be a fully integrated retail property ownership and services group featuring:

- a $4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further 7 Australian shopping centres, together accounting for 81% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012;
- an experienced and dedicated internalised management team of over 600 staff directly employed by Centro Retail Australia;

9 Income figures in Table 1.1 above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8 of the Disclosure Document. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. CER believes this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, Services Business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in table 7.9 of the Disclosure Document).

- one of Australia's largest unlisted retail property syndicate businesses comprising $0.5 billion of co-investments in, and funds and property management of up to 27 Centro MCS Syndicates, which collectively own interests in 61 properties[10] valued at $2.6 billion;
- a clear investment strategy and stable capital structure with gearing[11] of approximately 40% and a weighted average maturity of three years[12] for its debt facilities; and
- forecast pro forma 2012 financial year earnings of 15.3 cents per New Stapled Security, earnings yield on equity[13] of 6.1% and a sustainable distribution policy (forecast of 6.4 cents per New Stapled Security for 2012 financial year (equivalent to 12.4 cents on a pro forma basis)).

If the Aggregation proceeds, Centro Retail Australia is expected to be one of the largest owners and managers of Australian retail property and the largest manager to Australia's leading supermarket operators[14] Woolworths and Coles. Centro Retail Australia will also be one of the largest managers of unlisted retail property funds in Australia.

Centro Retail Australia's strategy aims to deliver strong, consistent returns to investors by investing for the long term in its portfolio of Australian shopping centre's and building on its already established position as a leading manager of unlisted retail property funds. Centro Retail Australia's property management, development and leasing teams will seek opportunities to optimise returns through developments and selective acquisitions and disposals.

4.2 Board and management

The RE of Centro Retail Australia will have a Board of Directors, chaired by Dr Robert Edgar and will comprise a combination of new appointees and Directors with experience on the Boards of CER and/or CNP. Immediately following Aggregation it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors who have been appointed from the CER Board, Mr Peter Day and Mr Fraser MacKenzie, and the present Chief Executive Officer Mr Robert Tsenin in the capacity of Managing (Executive) Director. Recruitment processes are underway to facilitate the selection and appointment of up to four further new Non-Executive Directors to join the Board after Aggregation, and a new CEO. The prospective Centro Retail Australia Chairman, Dr Edgar, will oversee this Board renewal process and following Aggregation, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the new CEO and Executive Committee.

As outlined above, Mr Robert Tsenin is appointed as Interim CEO and Executive Director until his planned retirement no later than 30 June 2012. Mr Tsenin's employment may end earlier than this date, upon the commencement of employment of the new CEO of Centro Retail Australia. Members of the Executive management team, who have operationally managed the business during the restructuring and Aggregation process, will continue either in their current roles or in alternative roles taking into account the strategic and organisational needs of Centro Retail Australia. The Executive management team has wide experience and a passion for the retail property sector, and is dedicated to pursuing strong, consistent returns for investors in Centro Retail Australia. The new Centro Retail Australia CEO, in conjunction with the Centro Retail Australia Board, may however review the composition of the Executive management team at some point in the future, in line with the strategic needs of the business going forward.

Refer to Section 6 of the Disclosure Document for further details.

10 Includes five properties co-owned with Centro Retail Australia – total portfolio under management is 99 properties.

11 Gearing defined as total borrowings divided by total property and equity-accounted investment interests as at 30 June 2011.

12 Weighted average maturity for debt is the average length of time before Centro Retail Australia's proposed debt facilities will be required to be repaid or refinanced, after weighting according to the amount of debt under each facility. The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years.

13 Earnings yield is operating earnings as a proportion of net asset value (including intangibles).

14 Based on 99 properties (which includes Centro MCS Syndicate properties).

4.3 Direct Property Portfolio

The table below outlines Centro Retail Australia's Direct Property portfolio, which accounts for 81% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012.

Table 1.2 Centro Retail Australia Direct Property portfolio on Aggregation (figures as at 30 June 2011)

	Property Info								
Investments ($m)	State	Centre Type	Cap Rate	GLA sqm	Occupancy	MAT $m	Sales per sqm	Specialty Sales per sqm	Specialty Occupancy Cost inc GST
Centro Galleria	WA	Regional	6.00%	73,122	100%	482.3	6,596	10,160	16.4%
Centro The Glen	VIC	Regional	6.25%	59,161	100%	331.1	5,597	8,407	16.3%
Centro Colonnades	SA	Regional	7.25%	65,578	99.1%	286.8	4,373	5,989	17.2%
Centro Bankstown	NSW	Regional	6.75%	85,689	99.6%	416.6	4,862	7,726	18.1%
Centro Mandurah	WA	Sub Regional	7.25%	39,735	100%	354.3	8,917	9,632	12.9%
Centro Toombul	QLD	Sub Regional	8.00%	33,731	100%	205.8	6,101	6,975	15.6%
Centro Karingal	VIC	Sub Regional	7.25%	41,582	100%	229.8	5,528	7,048	12.5%
Centro Roselands	NSW	Regional	7.00%	61,439	100%	296.0	4,817	8,115	17.3%
Tuggeranong Hyperdome	ACT	Regional	7.50%	76,847	97.9%	268.9	3,499	6,636	13.4%
Centro Warriewood	NSW	Sub Regional	7.25%	22,153	100%	166.9	7,533	9,357	15.1%
Centro Warwick	WA	Sub Regional	7.75%	29,983	100%	190.3	6,346	7,536	12.6%
Centro Cranbourne	VIC	Sub Regional	7.50%	33,892	100%	192.5	5,679	8,121	11.7%
Centro Box Hill South	VIC	Sub Regional	7.75%	23,470	100%	122.4	5,215	7,170	14.6%
Centro Nepean	NSW	Sub Regional	7.50%	20,869	97.0%	175.9	8,427	8,470	11.1%
Centro Mildura	VIC	Sub Regional	8.00%	20,157	99.5%	143.7	7,127	6,472	10.0%
Victoria Gardens	VIC	Sub Regional	7.00%	31,108	99.6%	161.8	5,200	8,421	12.9%
Centro Taigum	QLD	Sub Regional	7.50%	22,798	100%	122.2	5,359	5,989	12.9%
Centro Tweed	NSW	Sub Regional	8.25%	18,549	98.3%	102.6	5,531	5,632	15.6%
Centro Box Hill North	VIC	Sub Regional	8.00%	14,232	100%	70.7	4,965	4,999	15.7%
Centro Lavington	NSW	Sub Regional	7.75%	20,052	99.3%	119.1	5,938	7,168	11.9%
Centro Mornington	VIC	Sub Regional	7.50%	11,670	99.1%	93.6	8,019	9,482	14.0%
Centro Springwood	QLD	Sub Regional	8.00%	15,431	100%	78.0	5,057	7,195	11.6%
Centro Whitsunday	QLD	Sub Regional	8.25%	22,337	95.7%	99.5	4,454	7,629	9.2%
Centro Arndale	SA	Sub Regional	8.50%	40,529	99.7%	162.0	3,997	6,484	14.9%
Centro Goulburn	NSW	Sub Regional	8.75%	13,802	97.2%	98.4	7,127	7,686	11.3%
Centro Warnbro	WA	Convenience	7.75%	11,331	100%	99.3	8,765	7,953	11.3%
Centro Karratha	WA	Sub Regional	7.75%	23,852	99.4%	246.4	10,332	9,625	8.7%
Centro Wodonga	VIC	Sub Regional	9.00%	17,587	99.7%	95.0	5,401	6,191	11.3%
Centro Armidale	NSW	Sub Regional	8.50%	14,627	100%	96.5	6,597	5,039	12.8%
Centro Somerville	VIC	Sub Regional	8.25%	16,521	99.3%	61.3	3,713	4,581	12.1%
Centro Mount Gambier	SA	Sub Regional	9.50%	12,648	98.0%	61.7	4,876	9,372	9.4%
Centro Westside	NSW	Sub Regional	9.50%	16,682	100%	108.0	6,474	8,598	7.5%
Centro Buranda	QLD	Sub Regional	7.75%	11,585	100%	75.4	6,508	7,563	12.0%
Centro Lansell	VIC	Sub Regional	9.00%	18,227	98.1%	85.7	4,701	5,473	10.0%
Centro Lutwyche	QLD	Convenience	7.75%	19,518	100%	73.8	3,779	4,579	11.5%
Centro Halls Head	WA	Convenience	8.00%	5,978	100%	36.6	6,114	5,039	12.7%
City Central	WA	Other	8.50%	13,067	100%	57.0	4,361	7,872	17.1%
Centro Albany (WA)	WA	Convenience	8.50%	12,309	99.8%	50.6	4,110	4,351	9.4%
Katherine Oasis	NT	Convenience	9.00%	7,157	99.4%	76.5	10,695	8,525	8.3%
Centro Victoria Park	WA	Convenience	8.00%	5,480	100%	59.5	10,863	5,412	12.0%
Goldfields Plaza	QLD	Convenience	9.25%	8,285	97.6%	47.3	5,715	9,269	7.2%
Centro North Shore	QLD	Convenience	7.75%	4,046	100%	43.3	10,711	5,070	13.0%
Centro Warrnambool	VIC	Convenience	8.75%	4,491	100%	37.3	8,316	6,645	6.9%
Total			**7.29%**	**1,121,307**	**99.4%**	**6,382.2**			

Current Ownership ($m)			Centro Retail Australia		
CER	CAWF	Other	$m	% of Property	% of Portfolio
307.5	307.5	0.0	615.0	100%	13.9%
205.8	205.8	0.0	411.5	100%	9.3%
148.7	148.7	0.0	297.4	100%	6.7%
0.0	277.5	0.0	277.5	50.0%	6.3%
118.1	118.1	0.0	236.1	100%	5.3%
99.2	99.2	0.0	198.4	100%	4.5%
90.0	90.0	0.0	180.0	100%	4.1%
0.0	162.9	0.0	162.9	50.0%	3.7%
0.0	157.5	0.0	157.5	50.0%	3.5%
67.3	67.3	0.0	134.6	100%	3.0%
63.8	63.8	0.0	127.5	100%	2.9%
60.0	60.0	0.0	120.0	100%	2.7%
54.3	54.3	0.0	108.5	100%	2.4%
0.0	0.0	102.0	102.0	100%	2.3%
44.9	44.9	0.0	89.7	100%	2.0%
0.0	83.5	0.0	83.5	50.0%	1.9%
38.6	38.6	0.0	77.3	100%	1.7%
36.5	36.5	0.0	73.0	100%	1.6%
30.5	30.5	0.0	61.1	100%	1.4%
30.5	30.5	0.0	61.0	100%	1.4%
27.0	27.0	0.0	54.0	100%	1.2%
26.0	26.0	0.0	52.0	100%	1.2%
24.9	24.9	0.0	49.9	100%	1.1%
0.0	48.5	48.5	97.0	100%	2.2%
24.0	24.0	0.0	48.0	100%	1.1%
47.5	0.0	0.0	47.5	100%	1.1%
0.0	47.0	0.0	47.0	50.0%	1.1%
20.8	0.0	20.8	41.5	100%	0.9%
19.5	0.0	19.5	39.0	100%	0.9%
0.0	0.0	38.5	38.5	100%	0.9%
37.5	0.0	0.0	37.5	100%	0.8%
17.3	0.0	17.3	34.6	100%	0.8%
17.0	0.0	17.0	34.0	100%	0.8%
17.0	0.0	17.0	34.0	100%	0.8%
0.0	0.0	30.0	30.0	50.0%	0.7%
14.4	14.4	0.0	28.8	100%	0.6%
0.0	0.0	28.4	28.4	50.0%	0.6%
26.8	0.0	0.0	26.8	100%	0.6%
0.0	0.0	24.6	24.6	100%	0.6%
0.0	0.0	22.8	22.8	100%	0.5%
0.0	0.0	19.3	19.3	100%	0.4%
0.0	0.0	17.5	17.5	100%	0.4%
0.0	0.0	11.5	11.5	100%	0.3%
1,715.2	**2,288.8**	**434.5**	**4,438.4**		**100%**

Notes

1 Table 1.2 and the statistics that follow exclude vacant land adjoining Centro Keilor (valued at $8.8 million at 30 June 2011) which will be acquired by transfer to Centro Retail Australia from CNP on Aggregation.

2 Tuggeranong Hyperdome and Victoria Gardens are co-owned with joint venture partners external to the Centro group and Aggregation may trigger pre-emptive rights in favour of those parties, which may or may not be exercised. If those rights are triggered and exercised, Centro Retail Australia may be required to sell its interests in those properties to the joint venture party for market value.

3 All other 50% interests are co-owned with Centro MCS Syndicates, which have confirmed that they will not seek to exercise any pre-emptive rights that may be triggered by Aggregation.

4.
Summary of the profile of Centro Retail Australia

Key points to note in relation to Centro Retail Australia's direct property portfolio include:

- The portfolio is geographically diversified across Australia spanning five States and two Territories.
- The portfolio comprises predominantly regional (43% by value) and sub-regional (51% by value) shopping centres.
- The portfolio has a strong representation of non-discretionary focused retailers and has a diverse base of over 4,000 tenants.
- Portfolio occupancy was approximately at 99.4% at 30 June 2011.
- Centro Galleria in Western Australia is Centro Retail Australia's largest asset, representing 13.9% of the portfolio by value. No other single property accounts for more than 10% of the portfolio.
- Centro Retail Australia will manage all of the properties in its direct property portfolio with the exception of Tuggeranong Hyperdome which at the date of this Document is externally managed.
- Potential development opportunities for Centro Retail Australia's direct property portfolio total approximately $400 million across 13 properties[15].
- A pool of non-core assets valued at approximately $400 million has been identified within Centro Retail Australia's direct property portfolio. These non-core assets are not aligned with Centro Retail Australia's operating strategy and may be disposed of over time.

Centro Retail Australia's direct property portfolio will have a stable operating income profile, with approximately 58% of total income presently secured under leases expiring in FY15 or beyond. At 30 June 2011, the weighted average lease expiry of Centro Retail Australia's direct property portfolio was 4.6 years. The financial performance of Centro Retail Australia's direct property portfolio has been consistent in recent years with occupancy maintained at or in excess of 99% (over the past three years) and comparable net operating income growth (on a like for like portfolio and excluding the impact of developments which have increased gross lettable area (GLA)) of 3.7% for the year ended 30 June 2011, and averaging 3.7% per annum over the three financial years ended 30 June 2011.

4.4 Internalised Management of Centro Retail Australia

By acquiring the Services Business, Centro Retail Australia will be an internally managed vehicle.

Internalisation means that:

- the funds management of Centro Retail Australia will be carried out by an RE owned by Centro Retail Australia, rather than by an external RE; and
- Centro Retail Australia's direct property portfolio will be managed by a property management team directly employed by Centro Retail Australia, rather than paying fees to an external property manager.

The internalisation will be achieved by the acquisition of the Services Business and, in respect of funds management, will also be achieved by replacement of the existing RE of CRT, CAWF and DHT by Centro Retail Australia RE. Centro Retail Australia RE will be an entity owned by Centro Retail Australia. Fees will no longer be paid out of the Aggregation Funds to an external RE.

As an internally managed vehicle, Centro Retail Australia will not pay fees to its RE. In addition, Centro Retail Australia will provide property management, development and leasing services for all properties in its $4.4 billion direct property portfolio with the exception of Tuggeranong Hyperdome which is externally managed. Fees for the provision of these internal property management, development and leasing services are equivalent to $21.1 million[16] or 5% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012.

Fees paid by CER to CNP in respect of its Australian investments have averaged $13.7 million per annum over the three years ended 30 June 2011 (refer to Section 3.10 for further detail).

4.5 Centro MCS Syndicates

By acquiring the Services Business, certain co-ownership investments in the Centro MCS Syndicates which at the date of this Document are held by CNP and through the stapling of DHT to CER and CAWF, Centro Retail Australia will also secure co-investments in and management of 27 Centro MCS Syndicates (the co-investments and management rights are collectively referred to in the Document as the Centro MCS Syndicates business). This is subject to Syndicates not appointing an entity other than Centro Retail Australia (or one of its related bodies corporate) as manager (see Section 5.3 of the Disclosure Document for details). The Centro MCS Syndicates business is expected to be one of the largest managers of unlisted retail property funds in Australia (with over 12,500 investors as at 30 June 2011).

15 $400 million reflects Centro Retail Australia's share of the expected total development cost (i.e. where a property is owned 50%, then the estimate reflects 50% of the total cost of development within Centro Retail Australia).

16 Given these are internal fees paid from the direct property portfolio to the Services Business, they are eliminated on consolidation in the statutory accounts.

The Centro MCS Syndicates are all fixed-term (rather than perpetual) managed investment schemes which collectively own interests in 61 Australian shopping centres valued at $2.6 billion at 30 June 2011, as set out in the following table. Five of these shopping centres are 50% co-owned with Centro Retail Australia (Bankstown, Roselands, Karratha, Lutwyche and City Central).

Table 1.3 Centro MCS Syndicates portfolio

Syndicate	Maturity	Properties[1, 2]	CMCS % Jun 11 Value $m
CMCS 4	Aug-14	Centro Seven Hills	91.5
CMCS 5	Oct-10	Belmont Shopping Village, Centro Kurralta	68.2
CMCS 6	Aug-11	Centro Brandon Park	110.0
CMCS 8[3]	May-10	Centro Albany (QLD), Centro Northgate	87.0
CMCS 9	Nov-11	Centro Dianella, Centro Gympie, Centro Hollywood	197.0
CMCS 10	Jun-13	Centro Lennox, Maitland Hunter Mall	60.5
CMCS 11	Mar-10	Centro Surfers Paradise	183.0
CMCS 12	Jun-17	Centro Glenorchy, Centro Oakleigh	60.5
CMCS 14	Aug-14	Centro Kalamunda, Centro Stirlings	52.3
CMCS 15	Apr-12	Centro Meadow Mews	37.0
CMCS 16	May-11	Centro Toormina	63.5
CMCS 17	Oct-11	Centro Albion Park, Centro Newcomb, Centro Townsville	77.3
CMCS 18	Mar-12	Centro Hilton, The Gateway Shopping Village	44.7
CMCS 19NZ	Nov-11	Centro Gladstone (30%), Centro Warners Bay (30%)	12.0
CMCS 19UT	Jun-11	Altone Park Shopping Centre, Centro Gladstone (70%), Centro Kiama, Centro Warners Bay (70%), Deniliquin Plaza Shopping Centre, Melville Plaza Shopping Centre	100.3
CMCS 20	May-13	Kelston Shopping Centre (NZ)[4], Porirua MegaCentre (NZ)[4]	41.9
CMCS 21	Jun-11	**Centro Roselands (50%)**	162.9
CMCS 22	Mar-12	Kidman Park[5]	39.0
CMCS 23	Apr-11	Centro Dubbo	37.0
CMCS 25	Jun-14	Centro Emerald Market (50%), Centro Emerald Village (50%), **Centro Karratha (50%)**, Centro Oxenford, Centro Raymond Terrace	115.8
CMCS 26	Mar-15	Centro Indooroopilly, Centro Maddington (76.4%), Tweed Supermarket	128.2
CMCS 27	Apr-13	Sunshine Marketplace	89.0
CMCS 28	Jun-12	**Centro Bankstown (50%), City Central (50%)**	305.9
CMCS 30	Aug-14	Centro Woodlands	15.6
CMCS 33	Sep-12	Centro Burnie, Centro Flinders, Centro Keilor (87.4%), **Centro Lutwyche** (50%), Centro Milton	143.5
CMCS 34	Dec-11	Centro Emerald Market (50%), Centro Emerald Village (50%), Centro Lismore, Centro Morwell, Centro Pinelands, Centro Port Pirie, Centro Woodcroft	119.0
CMCS 37	May-13	Centro Albury, Centro Gladstone Home, Centro Monier Village, Centro Newton, Centro Whites Hill	141.8
Total			**2,584.2**

Notes

1 All properties 100% owned except where noted.

2 Portfolio includes six properties under conditional sale contracts with total book value at 30 June 2011 of approximately $187 million.

3 CMCS 8 in the process of being wound-up.

4 Properties are externally managed as at the date of this Document.

5 Distribution centre (not shopping centre)

Bolded properties are those co-owned with Centro Retail Australia.

4.5.1 Importance of Centro MCS Syndicates Business

The 61 properties in which the Centro MCS Syndicates own interests are important to Centro Retail Australia's scale as a leading manager of Australian retail property as these provide competitive advantages including:

- relevance to retailers (as one of Australia's largest retail property landlords Centro Retail Australia will have strategic relationships with major retailers and national specialty retail chains);
- cost savings from portfolio wide contract tendering (e.g. cleaning, security);
- national initiatives such as casual mall leasing opportunities and marketing campaigns (e.g. Freebies);
- the ability to attract and retain a team of highly skilled property experts at a national and state/centre level; and
- the Centro MCS Syndicates also contribute 64% of the income generated by the Services Business.

4.5.2 Maturity of Centro MCS Syndicates

At the end of each Centro MCS Syndicate's fixed term, Syndicate investors are generally offered the opportunity to roll over (extend) their investment for a further fixed term (provided that the RE determines this to be in the best interests of all investors).

Where some Centro MCS Syndicate investors elect not to roll over their investments at maturity, Centro Retail Australia will consider various options including:

- sourcing new investors and/or contributing additional co-investment equity to replace those investors who wish to exit;
- selling some properties (if the Syndicate owns more than one property) to fund investor redemptions and then rolling over the Syndicate with a reduced portfolio for a further term; or
- selling all properties and winding up the Syndicate.

A number of Centro MCS Syndicates have recently reached the end of their current investment terms, including Centro MCS 5, 6, 8, 11, 16, 17, 19UT, 21 and 23 (approximately 35% of syndicate funds under management), with Centro MCS 9, 19NZ and 34 approaching maturity. As a result, a number of Syndicate properties are now being marketed for sale, with a view to either wind up the Syndicates or in certain cases to propose a restructure / rollover opportunity at a later date.

The establishment of Centro Retail Australia is expected to enhance the prospects of retaining existing Centro MCS Syndicate investors and attracting new investors to existing or new funds due to the stabilised environment that Centro Retail Australia will provide.

As noted above, at the date of this Document some Centro MCS Syndicates are marketing properties for sale to assist with providing liquidity to investors seeking to exit their investment and to assist in refinancing or to address borrowing covenant pressure. At 31 August 2011, 13 properties collectively valued at $414 million were either in, or about to commence sale marketing campaigns. An additional six properties, with book value totalling approximately $187 million, were subject to conditional sale contracts.

4.5.3 Flexible Exit Mechanism (FEM)

At the date of this Explanatory Memorandum, 19 of the 27 Centro MCS Syndicates that Centro Retail Australia may manage incorporate a mechanism in their constitutions known as the "Flexible Exit Mechanism" (FEM) which is triggered whenever the RE determines that a Syndicate should be rolled-over for another term. Termination notices have been issued for four of the 19 Syndicates that have the FEM feature in their constitutions, which means that the FEM for those Syndicates cannot be triggered. Of the remaining 15 Syndicates that have the FEM feature in their constitutions, 11 offer the RE of the relevant Syndicate the option to issue a termination notice and wind up the Syndicate rather than trigger the FEM. If the FEM is triggered, put and call arrangements apply under which CNP may be required to acquire the units held by investors in the Centro MCS Syndicates for cash, scrip or a combination of both.

Investors in some Centro MSC Syndicates are to be asked to approve the replacement of CNP with Centro Retail Australia as the counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those CNP has at the date of this Document under the FEM.

A number of the 15 Syndicates which have the FEM feature in their constitutions, and are not already in the process of being wound up following the issue of a termination notice, own interests in properties that Centro Retail Australia would welcome an opportunity to increase its investment in, or potentially, subject to related party protocols, acquire outright (e.g. Centro MCS 28 which had $65 million of external investor equity at 30 June 2011 owns 50% of Centro Bankstown).

Further information regarding risks and mechanics of the FEM is provided in the Disclosure Document.

4.5.4 Reinvigorating the Centro MCS Syndicates business

The likelihood of certain Centro MCS Syndicates winding up and others selling properties was factored into the negotiation of the purchase price to be paid by Centro Retail Australia to acquire the Services Business. It is anticipated that Centro Retail Australia could deliver value to investors if it can reinvigorate the Centro MCS Syndicates business.

Strategies have been developed for each Syndicate to maximise the capacity to retain existing investors and attract new investors by attempting to ensure that Syndicates have the following features:

- strong and sustainable cash distribution yields (target 7%+ p.a.);
- moderate gearing (target below 50%);
- all capital expenditure funded through up front capital raising or debt facilities;
- no related party loans; and
- potential for capital growth.

In addition, Centro Retail Australia intends to seek approval from Syndicate investors to implement a number of constitutional changes to provide more flexibility that may include:

- effective exit mechanisms to minimise the requirement to sell assets to facilitate roll-overs (e.g. ability to pay rollover fees in units rather than cash); and
- ability to meet investor liquidity demand at rollover through syndicates redeeming units or issuing units.

It is also proposed that the RE of all Centro MCS Syndicates have a Board with an independent Chairman and a majority of members who are not also directors appointed to the Centro Retail Australia Board.

The unlisted property funds sector grew significantly in the decade leading up to the onset of the global financial crisis. With recent stabilising in retail property markets, investors may again be attracted to unlisted property funds. Centro Retail Australia will be well positioned to offer new investors the opportunity to invest in existing Syndicates without incurring any of the entry costs (e.g. Stamp Duty, establishment fees) that typically apply to an investment in a new Syndicate. This may provide a competitive advantage over other managers of unlisted property funds and assist Centro Retail Australia in maintaining its market-leading position.

The Centro MCS Syndicates business has historically been a profitable source of revenue for the Services Business. Centro Retail Australia's management team will include experienced Syndicate fund managers and other support staff with extensive knowledge of each existing Centro MCS Syndicate, established distribution networks and a track record of successfully launching a range of unlisted property funds during the period leading up to the onset of the global financial crisis.

4.6 Co-investments in Centro MCS Syndicates

Centro Retail Australia will hold a co-investment in each of the Centro MCS Syndicates that it will manage. The total value of the portfolio of co-investments at 30 June 2011 was $460 million and accounts for approximately 6% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012 and 8% of Centro Retail Australia's pro forma total assets as at 30 June 2011. At inception, Centro Retail Australia's largest co-investments (based on combined value of ordinary equity and equity notes) will be:

- Centro MCS 28 (which co-owns 50% of Centro Bankstown and City Central with Centro Retail Australia) of $68.6 million;
- Centro MCS 26 (which owns interests in Maddington Shopping Centre in WA, Indooroopilly Central in QLD and a Woolworths Supermarket adjoining Centro Tweed Heads in NSW) of $67.6 million;
- Centro MCS 21 (which co-owns 50% of Centro Roselands with Centro Retail Australia) of $45.7 million; and
- Centro MCS 25 (which co-owns 50% of Centro Karratha with Centro Retail Australia and directly owns four other shopping centre assets) of $42.5 million.

Several of the properties owned by Centro MCS Syndicates in which Centro Retail Australia has a significant co-investment would be considered suitable for acquisition by Centro Retail Australia should such opportunity arise.

4.7 Management of Centro MCS Syndicates

Centro Retail Australia will provide property management, development, leasing and funds management services for up to 27 of the Centro MCS Syndicates on normal commercial terms and conditions. Fees for the provision of these services account for 8% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012.

4.8 Financial Information

The tables below set out a summary of the pro-forma financial information for Centro Retail Australia which has been prepared, for comparability purposes, based on the assumption that the Aggregation was completed on 30 June 2011, showing total net assets of $3.4 billion. This information has been extracted from Section 7 of the Disclosure Document and investors are encouraged to read that information in its entirety. Section 7 of the Disclosure Document also sets out the basis of preparation of the financial information that follows.

4.9 Pro forma historical balance sheet as at 30 June 2011

The Pro Forma earnings and distribution information for the year ending 30 June 2012 is based on a number of assumptions, including the availability and cost of debt financing in respect of Centro Retail Australia and the Centro MCS Syndicates. The actual availability or costs of the debt facilities may differ materially from these assumptions.

Table 1.4 Pro Forma Historical Balance Sheet of Centro Retail Australia

	Aggregating Funds				
As at 30 June 2011	CER Historical $m	CAWF Historical $m	DHT Pro Forma Section 7.3.5 $m	Pro Forma adjustments Section 7.3.4 $m	Centro Retail Australia Pro Forma $m
Current assets					
Cash	167.6	12.7	-	(126.2)	54.1
Other current assets[1]	55.9	16.8	-	101.9	174.6
Total current assets	**223.5**	**29.5**	**-**	**(24.3)**	**228.7**
Non-current assets					
Investment property[2]	111.8	-	-	4,155.0	4,266.8
Equity accounted investments[3]	1,403.9	1,987.6	-	(2,877.6)	513.9
Managed fund investments[4]	-	-	419.4	(121.5)	297.9
Intangible assets[5]	-	-	-	199.7	199.7
Other non-current assets	50.4	7.0	8.0	(47.6)	17.8
Total non-current assets	**1,566.1**	**1,994.6**	**427.4**	**1,308.1**	**5,296.1**
Total assets	**1,789.6**	**2,024.1**	**427.4**	**1,283.8**	**5,524.8**
Current liabilities					
Borrowings[6]	734.3	610.6	-	(1,096.2)	248.7
Other current liabilities[7]	42.8	30.3	-	17.5	90.6
Total current liabilities	**777.1**	**640.9**	**-**	**(1,078.7)**	**339.3**
Non-current liabilities					
Borrowings[6]	-	-	-	1,645.0	1,645.0
Puttable interests in consolidated finite life trusts[8]	-	-	-	93.6	93.6
Other non-current liabilities[9]	-	19.4	-	75.7	95.1
Total non-current liabilities	**-**	**19.4**	**-**	**1,814.3**	**1,833.7**
Total liabilities	**777.1**	**660.3**	**-**	**735.6**	**2,173.0**
Net assets	**1,012.5**	**1,363.8**	**427.4**	**548.2**	**3,351.8**
Total equity	**1,012.5**	**1,363.8**	**427.4**	**548.2**	**3,351.8**
Stapled securities on issue (number)					1,340,727,759
Net asset value per security ($)					$2.50
Net tangible asset backing per security ($)					$2.35
Gearing (borrowings/investment property and equity accounted investments)					39.6%
Book gearing (total liabilities excluding puttable interests/total assets)					37.6%
Full Look through gearing ratio[10]					43.4%

Notes

1 Other current assets includes related party loans with Centro MCS Syndicates that will transfer to Centro Retail Australia on Aggregation, and $40.0 million of rollover, performance, wind-up and deferred RE fees and trade and other receivables within the Services Business which will transfer to Centro Retail Australia on Aggregation.

2 The Aggregation will result in Centro Retail Australia obtaining 100% ownership of many of the properties that are, at the date of this Document, jointly owned by CER and CAWF. Consequently, the properties are shown as 'Investment property' and the associated debt is shown in 'Borrowings', where previously they have been shown in 'Equity accounted investments'.

3 Centro Retail Australia will jointly own seven trusts (two joint ventures and five associates) that own investment properties. Centro Retail Australia will recognise its 50% share of the net assets of these trusts as "Equity accounted investments".

4 Centro Retail Australia will have a significant strategic investment in various Centro MCS Syndicates for which it acts as the property manager and RE. Where Centro Retail Australia does not have a controlling interest it will record the investment value based on the number of units owned by Centro Retail Australia multiplied by the Net Asset value per unit of the Syndicate.

5 Intangible assets represent part of the consideration paid for the Services Business as part of Aggregation.

6 The Pro Forma historical balance sheet of Centro Retail Australia has been prepared on the basis that it has entered into the new debt facilities on 30 June 2011. The Centro Retail Australia debt facilities include a new $1,280 million facility with maturity dates ranging from three to four years from the date of Aggregation and retention of an existing $300 million facility of CER and CAWF with a revised maturity date of 4 December 2013. Borrowings classified as current are solely in respect of the Centro MCS Syndicates that Centro Retail Australia controls. Recourse for syndicate borrowing is to each individual syndicate's property assets only and not to Centro Retail Australia.

7 Other current liabilities include trade creditors, accrued interest, accrued expenses and current employee entitlements.

8 Puttable interests in consolidated finite life trusts represents the portion of the Centro MCS Syndicates that are not owned by Centro Retail Australia. It is represented as a liability as it is repayable to Centro MCS Syndicates investors at the end of the Syndicate term.

9 Other non-current liabilities include a provision for Stamp Duty in respect of assessments that have been raised by various state authorities but at the date of this Document are being disputed by either CNP or the Aggregation Funds and non-current employee entitlements.

10 Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates divided by Centro Retail Australia's proportionate share of all property investments.

11 No account has been taken of trading by any of the Aggregation Funds since 30 June 2011.

4.10 Pro Forma earnings and distribution information for the year ending 30 June 2012 (with pro forma comparatives)

Table 1.5 Pro Forma Historical and Pro Forma and Statutory Forecast Income Statement

	Pro Forma Year Ended 30 June 2011 Table 7.1 $m	Pro Forma Year Ended 30 June 2012 $m	Statutory Year Ended 30 June 2012 $m
Property ownership revenue	474.8	490.9	288.7
Property services revenue	35.0	28.6	14.9
Distribution revenue	11.9	14.3	11.3
Total revenue	**521.7**	**533.8**	**314.9**
Other income	2.1	0.2	0.6
Share of net profits of associates and joint ventures accounted for by equity method	53.3	53.0	31.0
Direct property expenses	(127.5)	(131.9)	(76.8)
Employee benefit expenses	(61.4)	(61.9)	(35.2)
Adviser fees	(10.3)	(9.6)	(7.7)
Other expenses	(8.7)	(7.9)	(64.6)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(16.3)	(15.1)	(8.8)
EBITDA excluding fair value adjustments	**352.9**	**360.6**	**153.4**
Depreciation and amortisation expense	(1.1)	(1.2)	(0.7)
EBIT excluding fair value adjustments	**351.8**	**359.4**	**152.7**
Financing costs		(149.3)	(88.4)
Financing costs – share of net profits of associates and joint ventures accounted for by equity investments		(17.7)	(9.8)
Financing costs – attributable to puttable interests in consolidated finite life trusts		7.9	4.6
Interest revenue		7.2	4.9
Net profit excluding fair value adjustments		**207.5**	**64.0**
Adjusted for non-distributable items:			
– estimated transaction costs on Aggregation		-	60.0
– other non-distributable income/(expenses)		(2.7)	(1.6)
Underlying earnings		**204.8**	**122.5**
Cash retained to fund operational capital expenditure requirements		(38.0)	(19.7)
Undistributed earnings		-	(17.0)
Cash distribution		**166.8**	**85.8**
Underlying earnings per unit (cents)		15.3	9.1
Distribution payout ratio (%)		81.4%	70.1%
Units on issue (number)		1,340,727,759	1,340,727,759
Cash distribution per unit (cents)		12.4	6.4
Interest cover ratio (times)		2.4	1.7
Earnings yield (%)[2]		6.1%	6.3%
Cash distribution yield (%)[3]		5.0%	5.1%

Notes

1 Includes only seven months of Centro Retail Australia and five months of CRL, comprising $0.5m of other income and $0.5m of expenses.

2 Earnings yield is underlying earnings as a proportion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

3 Cash distribution yield is distributable cash as a portion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

Given the expected timing of the Aggregation, management expects that Centro Retail Australia will only pay a distribution for the second half of FY12.

4.11 Pro forma borrowings and hedging

In preparation for Aggregation, the Aggregation Funds are in advanced negotiations with a number of banks to agree terms of a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend the existing debt facilities of the Aggregation Funds. The provision of those facilities remains subject to credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks especially if material changes in market conditions arise between the date of this Explanatory Memorandum and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions.

Set out in Table 1.6 below is a summary of Centro Retail Australia's Pro Forma borrowings as at 30 June 2011 based on existing facilities extending beyond Aggregation and or on facilities which are the subject of negotiations.

Table 1.6 Centro Retail Australia Pro Forma borrowings as at 30 June 2011

	Drawn Down $m	Facility Limit $m	Notes	Maturity	Existing Debt Facility
Current borrowings					
Centro MCS 12, 25, 26, 30 and 37	248.7	248.7	1	Various in FY12	Yes
Total current borrowings	**248.7**	**248.7**			
Non-current borrowings					
Centro MCS 27	55.0	55.0	1	31-Dec-13	Yes
Core Facility	1,130.0	1,280.0	2	See Table 7.6 of Disclosure Document	
Existing syndicated facility	300.0	300.0	3	4-Dec-13	Yes
Karratha (50% interest)	24.8	24.8	4	31-Dec-13	
Bankstown (50% interest)	157.5	157.5	5	31-Dec-13	
Capitalised establishment costs	(22.3)	(22.3)	6	n/a	
Total non-current borrowings	**1,645.0**	**1,795.0**			
Total consolidated borrowings	**1,893.70**	**2,043.70**			
Borrowings in equity accounted vehicles					
Lutwyche (50% interest)	14.5	14.5	4	1-Jul-13	
Roselands (50% interest)	73.6	73.6	5	31-Dec-13	
Tuggeranong Hyperdome (50% interest)	113.8	113.8	7	15-Feb-14	Yes
Victoria Gardens (50% interest)	33.0	33.0	8	31-Mar-15	Yes
Total borrowings in equity accounted vehicles	**234.9**	**234.9**			
Total borrowings	**2,128.60**	**2,278.60**			

Notes

1 Recourse is solely to each individual Syndicate's property assets and not to any assets of Centro Retail Australia.

2 Refer to further detail in following sections below.

3 Existing syndicated facility of CER and CAWF with a maturity date of 4 December 2012 is intended to be extended to 4 December 2013 subject to final approval and Aggregation proceeding. The loan is secured over Cranbourne, Karingal, Warriewood and Mandurah. Recourse is solely to those four properties and not to any other assets of Centro Retail Australia.

4 Recourse will be solely to each individual property interest and not to any other assets of Centro Retail Australia.

5 Centro Retail Australia's loans secured by its 50% interests in Bankstown and Roselands are expected to be cross-collateralised (as it is intended they be provided by the same lender).

6 Reflects capitalised costs on existing facilities and the anticipated costs of establishing new facilities.

7 Existing facility expires on 15 December 2011. In addition to having recourse to Centro Retail Australia's 50% interest in Tuggeranong Hyperdome, the lender is expected to have recourse to up to $45 million in the form of a bank guarantee from Centro Retail Australia.

8 Existing facility expires on 15 December 2011. Recourse will be solely to the individual property interest.

Successful refinancing is a critical Condition Precedent to Aggregation. Whilst this Condition Precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the Condition Precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation.

Section 7.3.6 and Section 7.3.8 of the Disclosure Document provides details of Centro Retail Australia's debt facilities, including maturity profile, interest rate and hedging profile, security profile and covenant measures.

CER Stapled Securityholders should note that if refinancing agreements are put in place, but the conditions precedent to drawdown are not met, Aggregation can (subject to any party terminating the Aggregation process for example as a result of a Fiduciary Event), still proceed and Centro Retail Australia will in those circumstances retain the existing financing arrangements. Section 5 of the Disclosure Document sets out further information and risks about the funding arrangements that would exist in those circumstances.

4.12 Risks

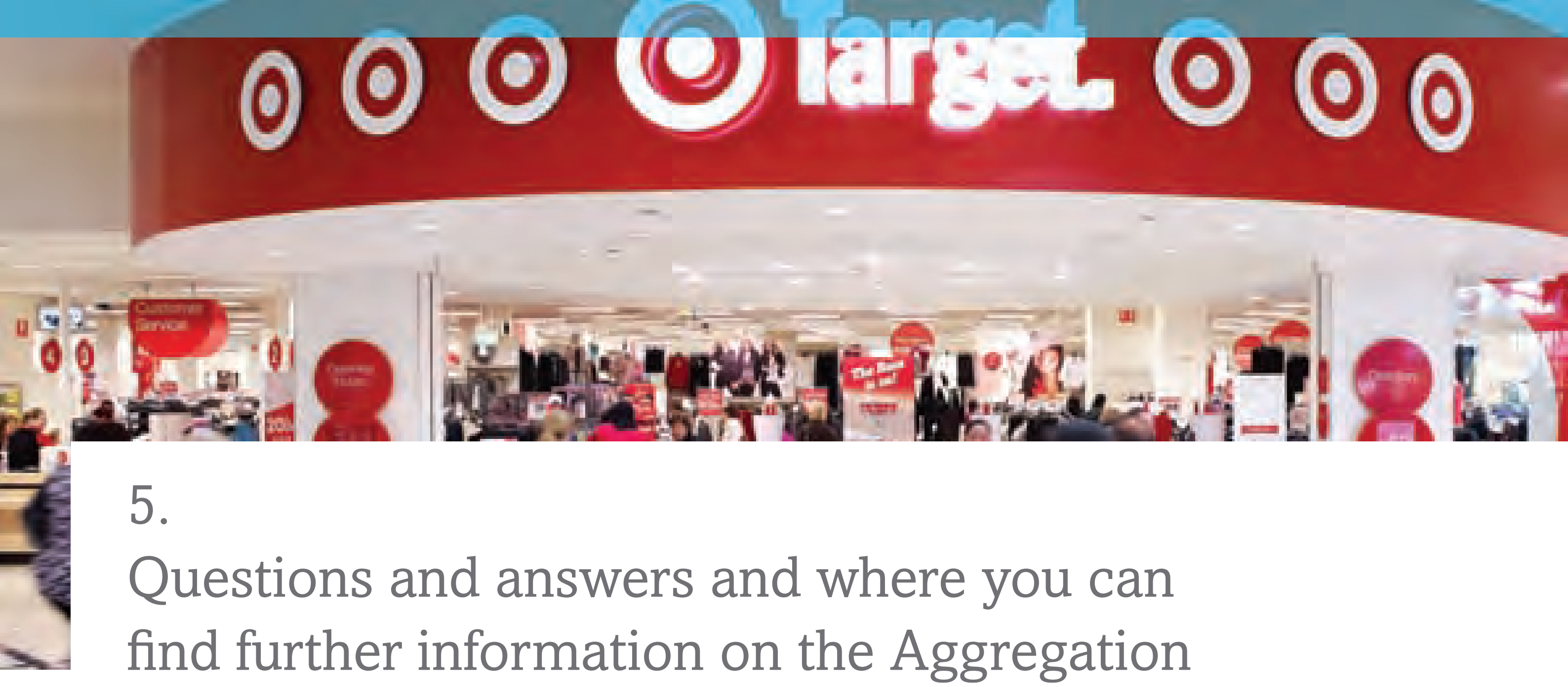
Section 5 of the Disclosure Document sets out a list of risks associated with an investment in Centro Retail Australia and these are summarised below. As noted below, the majority of these risks currently also apply to an investment in CER, either directly or in a related form. In some cases the risk is partially mitigated by the structural benefits brought about by Aggregation as set out in Section 6.1 of this Explanatory Memorandum.

Risk associated with an investment in Centro Retail Australia:	Is CER exposed to this risk as it stands?
• Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further, the Aggregation involves complex restructuring which could have unforeseen legal or commercial consequences.	No
• There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors some of which relate specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holders trading volumes. Immediately following implementation of the CNP Debt Cancellation the Senior Lenders are expected to have holdings which together account for approximately 73.9% of the New Stapled Securities[17] and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption in the form of transfers of the New Stapled Securities and CATS). An active market in New Stapled Securities will depend in part on what actions (if any) those Senior Lenders and DPF Unitholders take in relation to their holdings and, possibly, the extent of any delay between the implementation of Aggregation and the implementation of the CNP Debt Cancellation (which may affect the number of New Stapled Securities which may be traded on ASX during that period).	Yes
• CATS holders will receive further New Stapled Securities or, if determined by a majority of the issuers, cash, if any of the CER Class Action Litigation results in a liability for CRT or CRL on settlement or a court determination. The number of New Stapled Securities or the amount of the cash payment is, however, limited by a 20.0% Cap that is applied whenever New Stapled Securities are to be issued or cash payments made pursuant to the CATS. The CATS will remain on issue until all of the CER Class Action Litigation has been finalised or the issues of any New Stapled Securities or payments of any cash have reached the Cap. If at any time New Stapled Securities are to be issued pursuant to the CATS and the number of New Stapled Securities to be issued (together with any previous issues pursuant to the CATS) would exceed the Share Cap, then the number of New Stapled Securities to be issued on that occasion will be reduced on a pro rata basis to such number as will not result in the Share Cap being exceeded. An equivalent limit applies in respect of cash payments pursuant to the CATS. The Cap is equivalent to 20.0% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV Per New Stapled Security (as defined in Section 10 of the Disclosure Document). The potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.	No
• Any issue of further New Stapled Securities to the holders of CATS will dilute the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities depends on the level of the CER Class Action Litigation Liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. Refer to Section 10 of the Disclosure Document for examples of dilution.	No

17 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 of the Disclosure Document for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.

Risk associated with an investment in Centro Retail Australia:	Is CER exposed to this risk as it stands?
• The property portfolio will be exposed to any downturn in the property market, economy, or any regulatory changes affecting the Australian retail property market.	Yes
• The retail property portfolio exposes the investor to retail specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends including the use of alternative shopping channels such as the internet.	Yes
• Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Such development carries a number of risks including the inability to obtain finance to undertake the development, construction not being completed on time or on budget, acceptable lease terms on new space not being achieved, business interruption during construction and the risk that costs incurred will exceed value added.	Yes
• General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements, and the inability to insure against certain events.	Yes
• The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event that any of the existing Centro MCS Syndicates for which it provides services cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Business may also be adversely affected if the management of certain Syndicates is not delivered as part of the Aggregation, if any of the REs of the Centro MCS Syndicates are changed to entities that are not controlled by Centro Retail Australia as a result of a vote of Syndicate members or if Centro MCS Syndicates cannot refinance existing debt facilities.	No
• CNP currently has obligations under the Syndicate Flexible Exit Mechanisms (FEM) which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and, if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. If the FEM is triggered, put and call arrangements apply under which Centro Retail Australia may be required to acquire some or all units held by investors in the Centro MCS Syndicates. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the $385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions. Refer to Sections 5.3.3 and 14.5 of the Disclosure Document for further detail.	No
• It is anticipated that Centro Retail Australia will have approximately $1.9 billion of debt for which it has granted security over its assets. It may need to access debt or equity capital markets in the future to refinance existing borrowings or may seek to do so to fund any acquisition or development opportunities. The condition of debt or equity markets at that time may hinder Centro Retail Australia's ability to access future capital, and may impact the pricing and terms of such capital.	Yes
• The Aggregation Funds are in advanced discussions with a number of banks to agree terms on a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks especially if material changes in market conditions arise between the date of this Explanatory Memorandum and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia.	Yes
• CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with the legal action against it, referred to as the CER Class Action Litigation.	Yes
• All of the Aggregation Funds will be exposed to Stamp Duty arising from the Aggregation and existing and future Stamp Duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed).	Yes
• The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgment or settlement of the CER Class Action Litigation, resolution of disputed Stamp Duty assessments) could have a material adverse impact on Centro Retail Australia's liquidity.	Yes
• The ability of Centro Retail Australia to successfully achieve its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain or attract key management personnel and employees.	Yes
• As an ASX listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock markets, macroeconomic conditions, interest rates, inflation rates, volatility in pricing and changes in taxation regulations.	Yes

Please refer to Section 5 of the Disclosure Document for further information on risks.



5. Questions and answers and where you can find further information on the Aggregation

Question	Answer	Further Information
The Aggregation		
What is the Aggregation?	Centro Retail Australia is the name given to the group which will result from the 'aggregation' of existing funds. Each Aggregation Fund will continue a separate vehicle (together forming part of Centro Retail Australia) after Aggregation occurs. Aggregation involves the combination of the economic interests in various assets owned by the Aggregation Funds and certain assets owned or managed by CNP through the allocation to each investor in each of the separate Aggregation Funds of Securities in all of the Aggregation Funds and the acquisition of assets from CNP and Centro Managed Funds. It will involve: • the issue of Securities by each of CER, CAWF and DHT (the **Aggregation Funds**) to the Securityholders in the other Aggregation Funds (other than Ineligible Overseas Securityholders), largely based on the relative net assets value of the assets (as at 31 December 2010) being contributed; • the Stapling of the Securities in the Aggregation Funds and the quotation of the resulting New Stapled Securities on ASX; • the acquisition by the Aggregation Funds of certain CNP Australian assets (including the Services Business, investments in various Syndicates and certain direct real property), the A Class units in CSIF held by the CSIF Holder Syndicate, the units in the Centro Arndale Property Trust held by CPT Manager as trustee of CMCS 33 and DPF's interest in various Syndicates; and • the issue of CATS by CER, CAWF and DHT to CNP and DPF, to CAWF Unitholders and to DHT Unitholders, as outlined above. Aggregation will occur in accordance with the Implementation Agreement entered into between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and CNP's Signing Senior Lenders. This agreement is described in Sections 8 and 11 in this Explanatory Memorandum.	**More detail on Aggregation is contained in Section 8**

Question	Answer	Further Information
The Aggregation		
What is Centro Retail Australia?	Centro Retail Australia is to be formed by the Stapling of Securities issued by the three existing funds – CER (which includes CRL and CRT), CAWF and DHT – together with the acquisition of CNP's Services Business and other direct property interests, syndicate co-investments, and related party receivables that, at the date of this Explanatory Memorandum, are owned by CNP and other Centro Managed Funds. This is referred to as Aggregation and it will only occur if various resolutions are passed and other events occur that are referred to in this Explanatory Memorandum. Centro Retail Australia is anticipated to become part of the relevant A-REIT indices, with: • pro forma total equity of $3.4 billion as at 30 June 2011; and • Australian retail property investments totalling approximately $4.4 billion based on independent valuations as at 30 June 2011. Through its acquisition of the Services Business from CNP, Centro Retail Australia will have its own internalised management structure. The Services Business provides property management, development, leasing and funds management services to various managed funds (including the Aggregation Funds). "Internalising" management means that Centro Retail Australia will directly employ staff to provide these services, rather than paying fees to an external manager. Costs and expenses will of course still be incurred by Centro Retail Australia in operating the Services Business. Centro Retail Australia will also be the fund and property manager of a market-leading syndicate business with assets under management expected to be up to approximately $2.6 billion.	**See Section 2 of the Disclosure Document for questions about Centro Retail Australia.** **See Section 4 of this Explanatory Memorandum and Section 4 of the Disclosure Document for a profile of Centro Retail Australia.**
What will happen to CER if the Aggregation proceeds?	If the Aggregation proceeds, CER will continue to exist but will be one of the Stapled entities comprising Centro Retail Australia. The last day of trading in CER Stapled Securities is expected to be Friday, 25 November 2011, after which CER Stapled Securities will no longer be separately quoted on ASX. One CER Stapled Security (comprising one CRL Share and one CRT Unit) will be stapled to one CAWF Unit and one DHT Unit to form one New Stapled Security. New Stapled Securities will trade on ASX.	
Why is the Aggregation being recommended by the CER Board?	The CER Board (other than those directors who are also directors of CNP and who make no recommendation) unanimously recommend the Aggregation, in the absence of a Superior Proposal, because they consider it to be in the best interests of CER Securityholders. In coming to this recommendation, the CER Board (other than those directors who are also directors of CNP and who make no recommendation) considered a number of factors, including: • the impact on CER and CER Securityholders of the uncertainties and instability for CER if Aggregation did not proceed; • the advantages, disadvantages and risks of the Aggregation; • a number of potential alternative options for CER, including continuing in its current form, undertaking an equity recapitalisation and conducting a sale of all or part of its assets and the benefits and risks associated with undertaking those alternatives; and • the opinion of the Independent Expert.	**Further background to Aggregation is set out in Section 8. Refer also to Section 6 for the key advantages, disadvantages and risks of Aggregation.**

5. Questions and answers and where you can find further information on the Aggregation

Question	Answer	Further Information
The Aggregation		
What will I receive if the Aggregation proceeds?	If the Aggregation proceeds and you are a CER Securityholder on the Aggregation Record Date, which is expected to be Tuesday, 6 December 2011, you will be issued with New Stapled Securities. The number of New Stapled Securities you will receive is determined in accordance with the Aggregation Ratios. CER Securityholders will receive 1 New Stapled Security for every 5.80 CER Stapled Securities held on the Aggregation Record Date. CAWF Unitholders will receive 1 New Stapled Security for every 3.10 CAWF Units held on the Aggregation Record Date. DHT Unitholders will receive 1 New Stapled Security for every 2.51 DHT Units held on the Aggregation Record Date. Ineligible Overseas Securityholders will receive the net cash proceeds from the sale of New Stapled Securities after New Stapled Securities are sold under the Sale Facility.	**More details on Aggregation proceeds is contained in Section 8.6.4 and the section entitled 'Important Notices'.**
When will I receive New Stapled Securities if the Aggregation proceeds?	If the Aggregation proceeds and you are a CER Securityholder on the Aggregation Record Date, which is expected to be Tuesday, 6 December 2011, you will be issued with your entitlement to New Stapled Securities on the Aggregation Implementation Date, which is expected to be Tuesday, 13 December 2011. Ineligible Overseas Securityholders will not receive any New Stapled Securities pursuant to the Aggregation. Ineligible Overseas Securityholders should refer to the Section 8.10 of this Explanatory Memorandum for further details.	
Do any steps occur after the Aggregation?	Two further steps will occur after Aggregation: • Immediately on Aggregation, DPF will hold approximately 38.5% of New Stapled Securities due to its subsidiary trust, DHT, being an Aggregation Fund. DPF will be liquid and accordingly will (subject to remaining liquid) permit DPF Unitholders to redeem their investment. As part of the redemptions, DPF will permit redeeming DPF Unitholders (with a registered address in Australia or New Zealand) to receive New Stapled Securities and CATS for the redeemed DPF Units. Alternatively, DPF Unitholders may elect to redeem for cash in which case DPF will realise New Stapled Securities and CATS via an on-market sale, through a block trade or through a book build to raise cash to satisfy those redemption requests; and • CNP's debt to the Senior Lenders (expected to be $2.9 billion as at 30 June 2011) will be substantially cancelled by the Senior Lenders in return for CNP transferring to the Senior Lenders all of New Stapled Securities and CATS that CNP receives under the Aggregation. This will occur under the Senior Debt Schemes contemporaneously with or shortly after Aggregation. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, it is expected, as at the date of this Explanatory Memorandum, to occur within approximately 5 Business Days.	
Who will be on the Board and management of Centro Retail Australia?	The Centro Retail Australia Board will be led by a new independent Chairman, Dr Robert Edgar, and will comprise a combination of new appointees and directors with experience on the Board of CER and/or CNP. Consistent with ASX guidelines, the Centro Retail Australia Board will comprise a majority of independent Non-Executive Directors. Immediately following Aggregation, it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors who have been appointed from the CER Board who have consented to appointment and the present Chief Executive Officer (**CEO**) in the capacity of Managing (Executive) Director. Recruitment processes are under way to facilitate the selection and appointment of a further three new Non-Executive Directors to join the Board after Aggregation, and a new CEO. The prospective Centro Retail Australia Chairman, Dr Edgar, will oversee this Board renewal process. Following Aggregation, the newly appointed Centro Retail Australia Chairman, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the new Centro Retail Australia CEO and Executive Management team. Until these appointments can be finalised, Robert Tsenin will continue as CEO and Executive Director on a transitional basis until his planned retirement no later than 30 June 2012. This will enable a smooth and effective transition for Centro Retail Australia. Should no successor be in place by 30 June 2012, further interim arrangements will be made pending the permanent appointment.	**Refer to Section 4.2 for further details.**

Question	Answer	Further Information
The Aggregation		
What will the ownership structure of Centro Retail Australia look like after Aggregation Implementation?	On Aggregation: • CNP is entitled to receive New Stapled Securities through its investments in DPF and CAWF is entitled to receive 18.4% of New Stapled Securities on issue in connection with the sale of CNP's remaining Australian assets (including the Services Business) to Centro Retail Australia. These holdings will in aggregate result in CNP holding between approximately 73.9% of New Stapled Securities[18] (immediately following Aggregation); • existing CER Securityholders will receive approximately 29.4% of New Stapled Securities on issue. The interest held by External CER Securityholders (who are not CNP or a Centro Managed Fund) will be approximately 14.5% of the New Stapled Securities[19] on Issue; and • DPF will initially hold approximately 38.5% of New Stapled Securities on issue. DPF will have the capacity to provide liquidity to its investors and accordingly (subject to remaining liquid) DPF Unitholders may request redemption of all or part of their investment. The redemption of DPF Units (which will involve DPF Unitholders redeeming their DPF Units for either New Stapled Securities and CATS, or cash, will result in the reduction of DPF's holding of New Stapled Securities which, after anticipated redemptions by CNP and depending on the extent of any redemptions by other DPF Unitholders, is anticipated to be between zero and approximately 11.6% of the New Stapled Securities[20] on issue. As mentioned in respect of risks associated with Centro Retail Australia, actions by holders of significant stakes in a listed entity can affect trading prices. On implementation of the Senior Debt Schemes, the New Stapled Securities to which CNP is entitled immediately following Aggregation will be distributed to CNP's Senior Lenders. Following implementation of the Senior Debt Schemes, Senior Lenders will hold in aggregate approximately 73.9% of New Stapled Securities[21]. In most cases, the Senior Lenders will receive their New Stapled Securities on a pro-rata basis in accordance with their respective holdings of CNP senior debt. On the basis of current holdings of CNP senior debt as at 31 August 2011, no individual Senior Lender would hold more than 7.97%, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities[22] immediately following implementation of the Senior Debt Schemes. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities immediately following implementation of the CNP Debt Cancellation due to Australian takeovers regulation requirements.	**Refer to Section 6.2.4 for further details.**

18 CNP's interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of new Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 of the Disclosure Document for further details.

19 This may include CER Securityholders who are Senior Lenders or people who are DPF Unitholders who also happen to be CER Securityholders.

20 CNP's interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of new Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 of the Disclosure Document for further details.

21 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of new Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 of the Disclosure Document for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation as CER Securityholders.

22 There are some Senior Lenders whose investments are managed by the same investment manager. On the basis of holdings of CNP senior debt as at 31 August 2011, no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes.

5.
Questions and answers and where you can find further information on the Aggregation

Question	Answer	Further Information
The Aggregation		
How are the CER investors' interests going to be protected when they become part of Centro Retail Australia?	The directors of the Centro Retail Australia RE have an obligation to act in the interests of all its investors and to ensure that all investors are treated equally. In addition, on Aggregation: • the Centro Retail Australia RE will be owned by Centro Retail Australia, not an external manager; • the Board of Centro Retail Australia RE will be appointed by the directors of CRL who, in turn, will be elected by the holders of New Stapled Securities; and • unlike the current position with CER, there will be no dominant Securityholder (with no one investor anticipated to own more than 13% of Centro Retail Australia).	
What will this mean for the class action claims against CER?	CER is currently subject to the CER Class Action Litigation (which is described in Section 7.3.6 of this Explanatory Memorandum). CER is defending the CER Class Action Litigation. It has not admitted liability and has not set aside any provisions in relation to these actions in its financial statements. It is not possible to say with certainty how the CER Class Action Litigation will progress and CER (which would then be part of Centro Retail Australia) will continue to defend the CER Class Action Litigation in the event of a successful Aggregation. The trial has been scheduled for March 2012.	**Refer to Section 7.3.6 for further details on the class action.**

Question	Answer	Further Information
The Aggregation		
What are CATS?	CATS entitle holders to be issued further New Stapled Securities (or be paid in cash) in certain circumstances. CER is subject to the CER Class Action Litigation (which is described in Section 7.3.6 of this Explanatory Memorandum). CER is defending the CER Class Action Litigation. It has not admitted liability and has not provided for any potential liability in relation to these actions in its financial statements. Accordingly, the CER Class Action Litigation has not been taken into account in determining the number of New Stapled Securities to which CNP and DPF will be entitled and which existing Securityholders of the Aggregation Funds will hold immediately following Aggregation. As a result of the exposure that Aggregation will give CAWF Unitholders, DHT Unitholders, DPF and CNP through their holdings of New Stapled Securities[23], they are to be provided with some compensation in the event that CER becomes liable to pay certain amounts in relation to the CER Class Action Litigation (including costs of CER and other parties). To provide for this, on Aggregation CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders will be issued Class Action True-Up Securities (**CATS**) by the Aggregation Funds. In the event that any of the CER Class Action Litigation is resolved, settled, or a final judgment is given, the holders of CATS will be issued additional New Stapled Securities or, if a majority of the issuers determine, paid cash to provide such compensation up to a Cap. The Cap is applied whenever the Number of New Stapled Securities to be issued, or cash payment made, pursuant to the CATS is determined. The Cap is equivalent to 20.0% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV Per New Stapled Security (as defined in Section 10 of the Disclosure Document). An example of the application of the Cap is contained in Section 10.6.3 of the Disclosure Document. As there is more than one class action, the issue of New Stapled Securities or payment of cash pursuant to the CATS may occur more than once. The CATS do not have a time limit and will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities have been issued or cash payments made to the extent of the Cap. Any issue of New Stapled Securities to the holders of CATS will effectively dilute the proportionate holdings of those investors with New Stapled Securities at that time. The extent of such dilution depends on the amount of the CER Class Action Litigation liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. See the examples in Section 10 of the Disclosure Document. The CATS will be transferable but will not be listed on ASX and there is no assurance that there will be any issue of further New Stapled Securities or cash payment to CATS holders or that the CATS will have any value or be marketable.	**Further detail is set out in Section 10 of the Disclosure Document.**

23 The New Stapled Securities (and CATS) that CNP is entitled to receive will be transferred to the Senior Lenders on the terms of the Senior Debt Schemes.

5. Questions and answers and where you can find further information on the Aggregation

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">The Aggregation</td></tr>
<tr><td>Who will be issued CATS?</td><td>CAWF Unitholders and DHT Unitholders as at the Aggregation Record Date will be issued with CATS. DPF will be entitled to receive CATS in respect of certain asset transfers. CNP will also be entitled to receive CATS in connection with the sale of substantially all of its Australian asserts (including the Services Business but excluding CNP's interests in CER, CAWF and DPF) to Centro Retail Australia. The CATS that CNP is entitled to receive will be transferred to the Senior Lenders under the Senior Debt Schemes.</td><td></td></tr>
<tr><td>What is the CRL Members Scheme?</td><td>Schemes of arrangement are regulated by Part 5.1 of the Corporations Act and are a means of rearranging the rights and obligations of shareholders or creditors of a company by way of a binding agreement between a company and its shareholders or creditors. A scheme of arrangement requires a vote of members in favour of the scheme and also approval of the Court.

The CRL Members' Scheme is necessary to give effect to that aspect of Aggregation that relates to CRL.</td><td></td></tr>
<tr><td>How was the Services Business purchase price determined?</td><td>The Services Business will be acquired for approximately $200 million (subject to certain adjustments) and associated accrued rollover, performance, wind-up and deferred management fees will be acquired for approximately $40 million. The Services Business valuation was derived using a discounted cashflow methodology based on certain assumptions including expected cashflows, expected funds under management, and discount rates.

There are two main components to the Services Business valuation:
Internalised Services Business – $138 million valuation ($76 million for property management and $62 million for funds management)
CER and the other Aggregation Funds currently pay funds and property management fees to CNP. For FY11 the fees totalled $33.3 million. If the Aggregation proceeds, Centro Retail Australia will be internally managed and, accordingly, these external fees will no longer be paid to CNP.
If the Services Business were not acquired, Centro Retail Australia would either need to continue to pay fees to an external manager for both management of the property assets and for the provision of RE services, or create its own management platform. Establishing a new management platform, including staff and processes may be expensive and could take considerable time.
External Syndicates Services Business – $62 million valuation ($34 million for property management and $28 million for funds management)
provides Centro Retail Australia with ownership of one of the largest unlisted retail syndicate management businesses in Australia; and
delivers additional income sources including funds and property management, rollover and success fees in relation to the management of up to 27 syndicates.</td><td>Further detail on the Services Business Agreement is set out in Section 11.2.2.

Further details on the adjustments to the purchase price is set out in Section 11.2.2.</td></tr>
</table>

Question	Answer	Further Information
The Aggregation		
Are there any tax implications of the Aggregation?	Section 3.5 of the Disclosure Document provides an overview of the general taxation implications of the Aggregation and Section 13 of the Disclosure Document sets out the consequences to investors of holding New Stapled Securities. You should consult your tax adviser regarding the tax implications applicable to your particular circumstances.	**Refer to Sections 3.5 and 13 of the Disclosure Document for further details on taxation.**
Does Centro Retail Australia have committed debt facilities?	As at the date of this Explanatory Memorandum, Centro Retail Australia does not have committed credit-approved debt facilities in place. The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend the existing debt facilities. The provision of those facilities remains subject to banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks, particularly if material changes in market conditions arise between the date of this Explanatory Memorandum and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available to Centro Retail Australia on acceptable terms or that margins will be consistent with forecast assumptions. Similar risks exist in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of refinancing after the date of this Explanatory Memorandum will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Corporate Directory at the back of this Explanatory Memorandum).	
What costs and expenses have been incurred in pursuing the Aggregation?	Each Centro party to the Implementation Agreement (including the Aggregation Funds) has incurred costs and expended management time and resources in developing and pursuing Aggregation. Under the Implementation Agreement, if Aggregation proceeds then each Centro party will bear the costs incurred by it in connection with the negotiation, preparation, execution and performance of the Implementation Agreement to the extent that it relates to Aggregation (other than certain costs (including Stamp Duty payable on Aggregation) which it has been agreed will be shared between the Aggregation Funds and CNP in accordance with the respective value of assets contributed to Centro Retail Australia as part of Aggregation, as outlined above). The total costs expected to be incurred by the Aggregation Funds to form Centro Retail Australia in accordance with the Implementation Agreement are estimated at around approximately $107.2 million, and comprise: • fees payable to financial, legal, accounting and tax advisers of approximately $28.1 million; • fees payable to the Independent Expert of approximately $1.5 million, the Investigating Accountant of $1.7 million and the Tax Adviser of approximately $0.4 million; and • other costs related to the Aggregation of approximately $75.5 million in respect of Stamp Duty and debt facility establishment costs. Actual costs may be higher than these estimates.	**Refer to Section 11.16 of this Explanatory Memorandum.**

Questions and answers and where you can find further information on the Aggregation

Question	Answer	Further Information
The Aggregation		
What are the main risks of an investment in Centro Retail Australia?	An investment in Centro Retail Australia has the following main risks (which in many cases are also risks facing the Aggregation Funds today): • Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further, the Aggregation involves complex restructuring which could have unforeseen legal or commercial consequences; • There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors, some of which relates specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holding trading volumes. In particular, following Aggregation the Senior Lenders are expected to have individual holdings which together account for approximately 73.9% of the New Stapled Securities[24] and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption payments in the form of transfers of the New Stapled Securities and CATS). An active market in New Stapled Securities will depend in part on what actions (if any) the Senior Lenders and DPF Unitholders take in relation to their holdings and, possibly, the extent of any delay between the implementation of Aggregation and implementation of the CNP Debt Cancellation (which may affect the number of New Stapled Securities which may be traded on ASX during that period); • The property portfolio will be exposed to any downturn in the property market, economy, or any regulatory changes affecting the Australian retail property market; • The retail property portfolio exposes the investor to retail-specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends, including the use of alternative means for shopping such as the internet; • Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Risks associated with property development include an inability to obtain finance to undertake development, construction not being completed on time or on budget, acceptable lease terms on new space not being achieved, business interruption during construction and the risk that development costs incurred will exceed value added; • General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements and the inability to insure against certain events; • The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event that any of the existing Centro MCS Syndicates cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Businesses may also be adversely affected in the event that management of certain Centro MCS Syndicates is not delivered as part of the Aggregation or if the REs of any Centro MCS Syndicates are changed to entities not controlled by Centro Retail Australia as a result of a vote of Syndicate members;	**Refer to Section 6 of this Explanatory Memorandum and Section 5 of the Disclosure Document for details of relevant risks.**

24 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF/DPF Unitholders could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 of the Disclosure Document for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.

Question	Answer	Further Information
The Aggregation		
What are the main risks of an investment in Centro Retail Australia?	• CNP currently has obligations under the Syndicate FEMs which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the $385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions; • It is anticipated that Centro Retail Australia will have approximately $1.9 billion of debt for which it has granted security over its assets. The condition of debt or equity capital markets at any time that Centro Retail Australia wants to refinance existing borrowings or fund any acquisition or development opportunities may hinder Centro Retail Australia's ability to access future capital, and may impact the pricing and terms of such capital; • The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks particularly if material changes in market conditions arise between the date of this Explanatory Memorandum and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risks exist in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of refinancing after the date of this Explanatory Memorandum will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Corporate Directory at the back of this Explanatory Memorandum); • CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with the CER Class Action Litigation; • All of the Aggregation Funds will remain exposed to Stamp Duty arising from the Aggregation and existing and future Stamp Duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed); • The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgment or settlement of the CER Class Action Litigation, resolution of disputed Stamp Duty assessments) could have a material adverse impact on Centro Retail Australia's liquidity; • The ability of Centro Retail Australia to successfully deliver on its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain and/or attract key management personnel and employees; and • As an ASX-listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock market indices, macroeconomic conditions, interest rates, inflation rates, volatility in pricing and changes to taxation regulations.	**Refer to Section 6 of this Explanatory Memorandum and Section 5 of the Disclosure Document for details of relevant risks.**

5. Questions and answers and where you can find further information on the Aggregation

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">The Aggregation</td></tr>
<tr><td>Will CNP be party of Centro Retail Australia?</td><td>CNP will not be part of Centro Retail Australia if Aggregation proceeds.

Aggregation involves the sale by CNP to Centro Retail Australia of substantially all of CNP's remaining Australian assets (including the Services Business but excluding its holdings in CER, CAWF and DPF, which will effectively become holdings of securities in Centro Retail Australia under Aggregation). CNP will continue as a separate entity with limited operations until it can be wound down.

In connection with the acquisition of assets from CNP, Centro Retail Australia has agreed to certain arrangements including:
• providing CNP with certain transitional services (including accounting, information system/technology and human resource services) for a period after Aggregation in order to enable CNP to conduct an orderly and solvent wind-down;
• indemnifying CNP against existing and future Stamp Duty assessments in respect of certain historical transactions; and
• assisting in transferring the rights and obligations of CNP under the FEMs for certain Centro MCS Syndicates to Centro Retail Australia.</td><td></td></tr>
<tr><td>Why doesn't CER continue as a standalone entity?</td><td>Strategically and financially, the CER Board are of the opinion that Aggregation delivers the best available outcome for CER Securityholders.

In addition, there are a number of strong commercial and contractual relationships between CNP and CER, including:
• CNP provides funds management and property management services to CER as CER has no employees. Given the structure of the CNP Group, these property management services cannot be terminated unilaterally;
• CNP is the sole shareholder in the CRT RE;
• CNP is directly a major investor in CER and directly and indirectly, via Centro Managed Funds, has a 50.7% voting interest in CER;
• CNP is a major investor in CER's asset co-owners, directly and indirectly via its managed funds effectively having a 100% voting interest in CAWF, the co-owner of the majority of CER's assets;
• a change of RE of CRT to an RE not owned by CNP may have resulted in events of default under CER's finance facilities would have resulted in a default under the terms of CNP's arrangements with its Senior Lenders, potentially leading to the appointment of an Insolvency Adminstrator to CNP and would have given rise to pre-emptive rights under co-ownership agreements with other Centro Managed Funds; and
• Centro MCS Manager, the RE of CRT, has guaranteed the obligations of CNP to the Senior Lenders in its personal capacity.

All of these factors resulted in the CER Board (other than those Directors who are also Directors of CNP and who make no recommendation) deciding that an alternative strategy was unacceptably risky and/or required the consents of CNP, Senior Lenders or other CNP managed funds and did not deliver the best outcome compared to Aggregation.</td><td>See Sections 2, 3.9 and the Chairman's letter for the rationale for the Aggregation.</td></tr>
</table>

Question	Answer	Further Information
The Aggregation		
What are the Risks, Disadvantages, Impacts and Risks of Aggregation?	Aggregation has risks, disadvantages and impacts and will affect the nature of your investment in CER. You should read the relevant sections of this Explanatory Memorandum and ensure you fully understand them before making a decision as to how to vote. The risks, disadvantages and impacts of Aggregation include: • potential complications relating to tax, commercial or structuring aspects of the Aggregation; • the risk that Aggregation will be delayed or will not proceed because the approvals of CER, CAWF and DHT Securityholders and various CNP Junior Stakeholders are not obtained, or the Conditions Precedent are not satisfied or waived; • a change in CER's Securityholder composition and wider disbursement of New Stapled Securities, which may have positive impacts (enhanced liquidity) but may also result in pricing pressure if a large number of investors seek to dispose of their New Stapled Securities after the Aggregation Implementation Date, for example, because of a large number of cash redemption requests being received by DPF; and • an initial reduction in the NTA per equivalent CER Stapled Security, due to Aggregation transaction costs and the purchase of the Services Business.	**See Sections 3.11, 3.12, 6.2 and 6.3 of this Explanatory Memorandum for further information.**
Why has the Board not sought to change the RE of CRT?	Changing the RE would require either a vote of CER Securityholders, in respect of which CNP and CNP managed funds would be entitled to vote, or an application to the Court. Had the CER Board sought to change the RE of CRT outside of the Aggregation process, there would have been a significant risk that this would not have succeeded and that Aggregation would not have proceeded either because CNP would have voted against the change or because the change of RE of CRT would have resulted in a default under the terms of CNP's arrangements with its Senior Lenders, potentially leading to the appointment of an Insolvency Administrator to CNP. Further, in the event that the change of RE occurred without the consent of CER's financiers, it could have led to an Insolvency Administrator being appointed over Centro MCS Manager, the RE of CRT, in its personal capacity. In negotiating the terms of Aggregation, the CER Board has obtained agreement from the CNP Senior Lenders that they will not appoint an Insolvency Administrator to Centro MCS Manager, the RE of CRT, during the Aggregation process, including during the Extended Aggregation Period (subject to certain exception and conditions).	
Implementing the proposed Aggregation		
How will the Aggregation be Implemented?	The Aggregation will primarily involve a number of steps which are set out in more detail in Section 8 of this Explanatory Memorandum and Section 3 of the Disclosure Document.	**See Section 8 generally and Section 3 of the Disclosure Document**
Is the Aggregation subject to any Conditions Precedent?	The Aggregation is subject to numerous Conditions Precedent that must be satisfied or waived in order for Aggregation to proceed. The Conditions Precedent are summarised in Section 8.3 of this Explanatory Memorandum, including that: • the Aggregation Resolutions required for Aggregation are passed by the members of the Aggregation Funds and the Senior Debt Schemes are approved by the requisite majority of Senior Lenders; • the Treasurer of the Commonwealth of Australia does not object (under the *Foreign Acquisitions and Takeovers Act* 1974) to the transfer of New Stapled Securities to the Senior Lenders; • Court approvals are received; • ASIC and ASX waivers or relief is received; and • acceptable refinancing agreements are being entered into in respect of the current secured debt held by CAWF, CER, CSIF and 90% of the Centro MCS Syndicates.	**Refer to Section 8.3.**

5.
Questions and answers and where you can find further information on the Aggregation

Question	Answer	Further Information
Implementing the proposed Aggregation		
Will Aggregation proceed if refinancing agreements are not entered into?	Successful refinancing is an important Condition Precedent to Aggregation (the Refinancing Pre-condition). Whilst this Condition Precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the Condition Precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. It is also possible that agreements for the refinancing of existing debt are entered into (satisfying the Refinancing Precondition) but that the conditions for the refinancing are not satisfied. In these circumstances, and subject to CER having entered into appropriate arrangements by the Aggregation Implementation Date with its existing financiers, it is likely that CER would seek to terminate the Aggregation process.	
Is the passing of the Resolutions the only prerequisite to Aggregation proceeding?	No. As noted above, the Implementation Agreement is subject to numerous Conditions Precedent that must all be satisfied or waived in order for the Aggregation to be Implemented.	**Refer to Section 8.3.**
What do the Aggregation Resolutions relate to?	The Aggregation Resolutions to be passed by the Securityholders of the Aggregation Funds relate to the steps required to allow the Aggregation to occur. See the question 'What are the CER Aggregation Resolutions that need to be passed by CER Securityholders?' below for further details on the CER Aggregation Resolutions that need to be passed by CER Securityholders. The CER Aggregation Resolutions, the CAWF Aggregation Resolutions and the DHT Aggregation Resolutions are interdependent so that Aggregation will not occur unless all Resolutions are passed. The CNP Junior Stakeholder Resolutions relate to: • the sale of the CNP Assets to the Aggregation Funds; and • the transfer of New Stapled Securities and CATS to the Senior Lenders as part of the Debt Cancellation. Aggregation is not necessarily conditional on the CNP Junior Stakeholder Resolutions being passed. See the question below on 'What will happen if the CNP Securityholders or the Hybrid Lenders vote "no"?' for further details on how Aggregation can still be achieved.	**Refer to Section 12 and 13 for the Aggregation Resolutions.**
When will the Aggregation proceed, if approved?	If all Conditions Precedent are satisfied or waived (as applicable), the Aggregation is proposed to be Implemented on Tuesday, 13 December 2011, although this date may change due to factors outside the control of CER and if the Extended Aggregation Period occurs.	

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">Implementing the proposed Aggregation</td></tr>
<tr><td>Can the Aggregation be terminated?</td><td>Under the Implementation Agreement, the Aggregation process may only be terminated in limited circumstances, (in each case after a consultation and dispute resolution process has been pursued), including:
on a Condition Precedent to Aggregation or the Senior Debt Schemes failing to be satisfied (or waived);
the Independent Expert retracting its opinion that the Aggregation is in the best interests of Securityholders (which includes CER Securityholders) and/or that the acquisition of the CNP Assets is fair and reasonable from the perspective of any relevant Securityholders;
the directors of a relevant party (including CER) determining in good faith and acting reasonably (having obtained advice) that compliance with the Implementation Agreement would be inconsistent with relevant fiduciary or statutory duties ("Fiduciary Event");
an Insolvency Event occurs in relation to CNP or an Aggregation Fund, other than an insolvency of CNP during an Extended Aggregation Period as described below; and
a Superior Proposal is received by an Aggregation Fund (including CER).
In addition, if CER Securityholders do not approve an ordinary resolution necessary for Aggregation with no votes being cast in favour of the resolution by the Senior Lenders, CNP, DPF or any of their associates by 8 December 2011 (or such later time as is agreed to by ASIC) then the Implementation Agreement will automatically terminate.
The Aggregation Funds can terminate the Extended Aggregation Period by notice in writing on or after 14 December 2011 (unless extended by agreement of the parties), upon the occurrence of a Fiduciary Event or upon a "Material Adverse Change" in certain financial metrics of an Aggregation Fund or Centro Retail Australia.</td><td>Refer to Section 8 generally.</td></tr>
<tr><td>Will Aggregation proceed if a Superior Proposal emerges?</td><td>If a Superior Proposal emerges, then the parties to the Implementation Agreement are obliged to consult in good faith as to whether the Aggregation can be completed by alternative means. If the parties to the Implementation Agreement are unable to reach agreement within 10 Business Days of the Superior Proposal being notified, then the party that has received the Superior Proposal can elect not to proceed with Aggregation.</td><td>Refer to Section 8.5.1 and Section 14 'Glossary'.</td></tr>
</table>

5.
Questions and answers and where you can find further information on the Aggregation

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">Voting in relation to the Aggregation and the CER Aggregation Resolutions</td></tr>
<tr><td>What are the CER Aggregation Resolutions that need to be passed by CER Securityholders?</td><td>The CER Aggregation Resolutions relate to the following steps and mechanics required to effect the Aggregation:
• the CRL Members' Scheme;
• the consolidation of CRL Shares;
• amendments to the Constitution of CRL to facilitate the Stapling and other consequential amendments;
• the issue of CER Stapled Securities:
a) to the CPT RE in respect of the CNP Assets Sale Agreement – CPT Assets and the CNP Asset Sale Agreement – Services Business;
b) to CPT RE and DPF RE in respect of the CAWF Victorian Asset Sale Agreement; and
c) to holders of units in CAWF and DHT in order to equalise value and give those holders an interest in CER;
• change of RE of CRT to CRL (1) Limited (or to another new entity), which will be owned by Centro Retail Australia from Aggregation;
• the acquisition of the CNP Assets and the CAWF Victorian Assets; and
• the issue of CATS to CPT RE and to holders of CAWF and DHT Units.
The CER Aggregation Resolutions can be found in the Notice of CRL Members' Scheme Meeting and the Notices of General Meetings contained in Sections 12 and 13 of this Explanatory Memorandum.</td><td>Resolutions can be found in Sections 12 and 13.</td></tr>
<tr><td>What choices do I have as a CER Securityholder?</td><td>As a CER Securityholder you have the following choices:
• you can vote either for or against the CER Aggregation Resolutions; or
• you can elect not to vote at the CER Securityholder Meetings (in which case you do not have to do anything).
In either case you can sell your CER Stapled Securities on ASX at any time before Aggregation Record Date. If you sell your CER Stapled Securities on ASX you may incur brokerage costs.
See 'How do I vote' below.</td><td>Refer to 'Voting decisions and investment' in the Important Notices Section and Section 1.2.</td></tr>
<tr><td>How will the CER directors be voting?</td><td>The CER Directors who have a relevant interest in CER Stapled Securities presently intend to vote all of the CER Stapled Securities held directly or indirectly by them, and any undirected proxies, in favour of the CER Aggregation Resolutions, in the absence of a Superior Proposal.</td><td>Refer to Section 8.12.</td></tr>
</table>

Question	Answer	Further Information
Voting in relation to the Aggregation and the CER Aggregation Resolutions		
What has the Independent Expert said?	The Independent Expert has expressed the opinion, in the absence of a superior alternative, Aggregation is fair and reasonable and in the best interests of external CER Securityholders and that the terms of the acquisition of the CNP Assets are fair and reasonable to external CER Securityholders. External CER Securityholders are all CER Securityholders other than CNP and its associates.	**See Section 10 for the Independent Expert's Report.**
Why should I vote in favour of the proposed Aggregation?	The rationale for the Aggregation is: • Aggregation removes the uncertainty and risks that CER could face if an Insolvency Administrator was appointed to CNP (which is likely if Aggregation does not proceed), arising from the fact that CNP is a majority investor in CER, a provider of property and funds management services to CER, is the majority investor in, and property and fund manager to, the co-owner of a majority of CER's assets and the fact that Centro MCS Manager (the RE of CRT) has guaranteed the debts owed by CNP to Senior Lenders in its personal capacity; and • Aggregation creates a combined entity that is better positioned for future growth through ownership of a stronger portfolio, balance sheet, financial capacity and platform, than each of the Aggregation Funds (including CER) taken separately. Aggregation will also result in a cleaner, more transparent governance and asset ownership structure, including internalised management to ensure alignment of interest between management and CER Securityholders.	**Refer to Section 6.1.**
What reasons are there for voting against the Aggregation?	There are key risks and disadvantages in relation to the Aggregation that you should consider before voting on the CER Aggregation Resolutions. These are set out in detail in Section 6 of this Explanatory Memorandum and Section 5 of the Disclosure Document.	**Refer to Section 6 of this Explanatory Memorandum and Section 5 of the Disclosure Document.**

5.
Questions and answers and where you can find further information on the Aggregation

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">Voting in relation to the Aggregation and the CER Aggregation Resolutions</td></tr>
<tr><td>What happens if the CER Securityholders vote ‘no’ or if the Conditions Precedent are not met?</td><td>If some or all of the Aggregation Resolutions are not passed, and the Conditions Precedent to Aggregation cannot be satisfied by the parties to the Implementation Agreement, by 14 December 2011 (or such other date as agreed to in writing by the parties to the Implementation Agreement) any of the Aggregation Funds may terminate the Aggregation process. As a consequence:
• CER Stapled Securities will not be Stapled with CAWF Units and DHT Units;
• each Aggregation Fund will continue as a standalone entity and its assets will continue to be managed under the existing management and service arrangements by CNP related entities and existing third party providers. If CNP becomes insolvent as a consequence of Aggregation not proceeding then this may have an impact on the property and funds management services that the Aggregation Funds (and the Centro MCS Syndicates) receive, providing an indeterminate period of uncertainty;
• assets of CNP (including the Services Business), will not be acquired by the Aggregation Funds and CER, CAWF and DHT will not have the benefit of an internalised management function but will continue to pay management fees to CNP as an external party;
• each of the Aggregation Funds will have incurred costs and expended management time and resources in developing and pursuing the Aggregation. Up to Aggregation these costs are estimated to be around $21.5 million. Please note that:
  – other than the costs set out below, if Aggregation does not proceed, the Aggregation Funds and CNP will each bear their own costs of Aggregation (including legal and financial advisory fees) and may incur further costs if alternative courses of action are pursued; and
  – if Aggregation proceeds, there are various costs of Aggregation that will be borne by the parties in accordance with their respective ownership interest in Centro Retail Australia following Aggregation (including CNP based on the value of CNP Assets it is contributing). Those costs include Stamp Duty, board/CEO recruitment fees, Investigating Accountant’s fees, taxation adviser’s fees, certain legal fees relating to Aggregation and fees in relation to the new financing facilities. The subsequent portion of those fees that remain payable will be borne in the same proportion as if Aggregation had occurred and the Aggregation Funds may have to make payments to each other and to CNP to give effect to this.
• each Securityholder will continue to be exposed to the benefits and risks associated with an investment in the Aggregation Fund in which they are an investor at the date of this Explanatory Memorandum;
• the only likely alternative would be for CNP (the manager of, and a significant investor in, the Aggregation Funds) to enter into external administration which would likely be followed by the Senior Lenders appointing an Insolvency Administrator to CNP; and
• it is also likely that an Insolvency Administrator will be appointed to Centro MCS Manager (the RE of CRT) in its personal capacity. While this will not directly impact on the assets of CER, the Board of CRT RE may no longer be in control of the affairs of CER.</td><td>Refer to Section 3.9 of this Explanatory Memorandum for further information.</td></tr>
</table>

Question	Answer	Further Information
Voting in relation to the Aggregation and the CER Aggregation Resolutions		
How will CNP and its associates vote on the CER Aggregation Resolutions?	In relation to the majority of the CER Aggregation Resolutions, CNP and its associates will be unable to vote, either because of ASX Listing Rules or Corporations Act requirements or because of the terms of certain ASIC relief given to the Senior Lenders. CNP and its associates will be able to vote in connection with the CRL Members' Scheme Resolution and CNP has indicated that it proposes to vote in favour of that Resolution.	
What will happen if the CNP Securityholders or the Hybrid Lenders vote "no"?	It is possible that the CER Securityholders may have voted in favour of the CER Aggregation Resolutions and the Securityholders of the other Aggregation Funds may have voted in favour of one or all of the relevant Aggregation Resolutions, however the CNP Securityholders or Hybrid Lenders may suffer CNP Junior Stakeholder Failure. In the event of a CNP Junior Stakeholder Failure, and subject to certain conditions, there will be an additional 60 day period (which may be terminated earlier by notice in writing by any of CER, CAWF and DHT on or after 14 December 2011) (unless that period is extended by agreement) (**Extended Aggregation Period**) during which the requirements for the CNP Asset Sale and the Debt Cancellation may be satisfied so that Aggregation can occur. There is no assurance that the relevant Conditions Precedent will be satisfied or waived by the end of the Extended Aggregation Period. In these circumstances, either the Extended Aggregation Period will be further extended or Aggregation will not proceed. Centro MCS Manager (the RE of CRT) has entered into a standstill deed in its personal capacity with the Senior Lenders under which the Senior Lenders have agreed not to appoint an Insolvency Administrator or otherwise take enforcement action against Centro MCS Manager or the various entities being acquired as part of the Services Business until the end of the Extended Aggregation Period (subject to certain exceptions).	**Refer to Section 8.4.**

5.
Questions and answers and where you can find further information on the Aggregation

<table>
<tr><th>Question</th><th>Answer</th><th>Further Information</th></tr>
<tr><td colspan="3">Voting in relation to the Aggregation and the CER Aggregation Resolutions</td></tr>
<tr><td>What if I am an Overseas CER Securityholder?</td><td>If your address in the CER Securityholder Register on the Aggregation Record Date is outside Australia and its external territories and New Zealand, then you are classified as an Ineligible Overseas Securityholder for the purposes of the Aggregation. Ineligible Overseas Securityholders may still vote on the CER Aggregation Resolutions.

Ineligible Overseas Securityholders should also note that on the Aggregation Implementation Date:
• the existing Securities in the Aggregation Funds that are held by an Ineligible Overseas Securityholder on the Aggregation Record Date, together with all rights and entitlements attaching to them as at the Aggregation Implementation Date, will be compulsorily transferred to the Sale Nominee without the need for any act by the Ineligible Overseas Securityholder; and
• the Aggregation Funds will issue to the Sale Nominee any securities to which the Ineligible Overseas Securityholder would otherwise have been entitled under the Aggregation.

In consideration for this compulsory transfer, the Sale Nominee will pay to each Ineligible Overseas Securityholder its pro rata proportion of the net proceeds of the sale of those Securities after deducting any applicable brokerage, Stamp Duty and other taxes and charges.</td><td>Details for overseas CER Securityholders are set out in the Section 'Important Notices' and Section 8.10.</td></tr>
<tr><td>Am I entitled to vote at the CER Securityholder Meetings?</td><td>CER Securityholders who are on the CER Securityholder Register at 7:00 pm on Sunday, 20 November 2011 are entitled to vote.</td><td></td></tr>
<tr><td>What vote is required to approve the CRL Members' Scheme?</td><td>For the CRL Members' Scheme to be approved by CRL Members, at the CRL Members' Scheme Meeting:
• a majority (i.e. greater than 50%) in number of CRL Members voting at the CRL Members' Scheme Meeting (in person or by proxy) must vote in favour of the CRL Members' Scheme Resolution (unless the Court agrees otherwise); and
• those who vote in favour of the CRL Members' Scheme Resolution must hold at least 75% of the total number of CRL Shares voted at the CRL Members' Scheme Meeting (in person or by proxy).

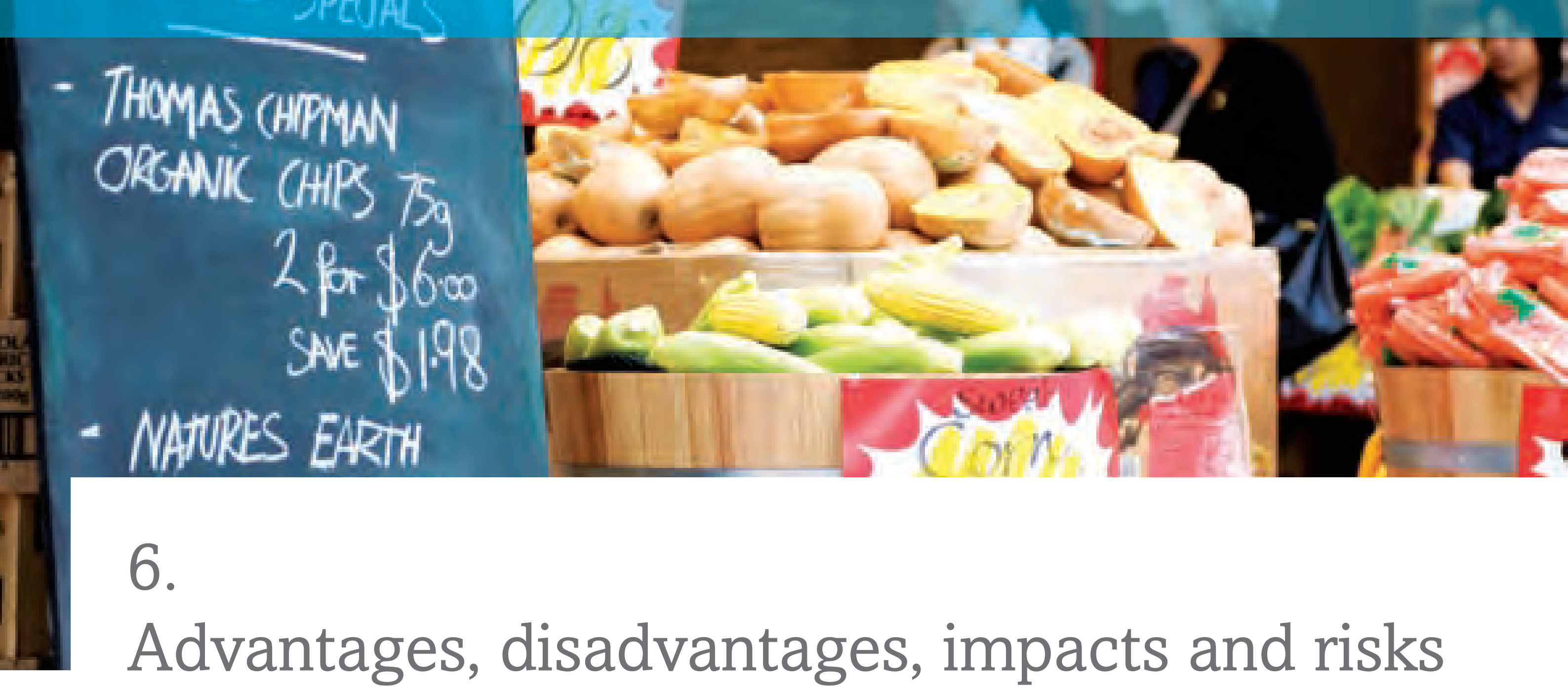
For the CRL Members' Scheme to become Effective, the CRL Members Scheme must be approved by the Court and the Court's order must be lodged with ASIC.

CNP will be entitled to vote its CER Stapled Securities in relation to the CRL Members' Scheme.</td><td></td></tr>
<tr><td>Can I be bound by the Aggregation if I vote against the Aggregation?</td><td>You are free to vote against the CER Aggregation Resolutions (or not vote at all). If the CER Aggregation Resolutions are passed or Aggregation otherwise becomes effective and you are a CER Securityholder as at the Aggregation Record Date, then all of your CER Stapled Securities will be Stapled to Units in CAWF and DHT and you will then hold New Stapled Securities (with no further action being required by you). This will occur, even if you have not voted on, or have voted against, the CER Aggregation Resolutions.</td><td></td></tr>
<tr><td>What is the required majority for approval of the Resolutions and who can vote?</td><td>The majority of the CER Aggregation Resolutions are ordinary resolutions, requiring at least 50% of the votes cast to be in favour. In relation to these ordinary resolutions, with the exception of the CRT RE Replacement Resolution, CNP and its associates cannot vote.

The CRL Constitution Amendment Resolution is a special resolution requiring at least 75% of the votes cast to be in favour. CNP and its associates can vote on the CRL Constitution Amendment Resolution.

The required majority for the CRL Members' Scheme Resolution (and who can vote) is set out above.</td><td></td></tr>
</table>

Question	Answer	Further Information
Voting in relation to the Aggregation and the CER Aggregation Resolutions		
How do I vote?	You may vote: • in person; • by completing and returning the Proxy Form enclosed with this Explanatory Memorandum, following the instructions for posting, faxing, online lodgement and personal delivery in Section 1.2.3; or • by attorney or, in the case of a body corporate, by corporate representative.	**Refer to Section 1 for further information.**
When and where will the CER Securityholder Meetings be held?	At 10.00 am on Tuesday, 22 November 2011 at The Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria. Registration will open from 9.00 am.	
By when must I lodge my Proxy Form?	You may lodge a Proxy Form in the event that you are unable to attend the CER Securityholder Meetings. Your Proxy Form must be lodged by 10.00 am on Sunday, 20 November 2011.	**Refer to Section 1 of further information.**
When will the results of the CER Securityholder Meeting be available?	The results of the CER Aggregation Resolutions will be available shortly after the conclusion of the CER Securityholder Meetings and will be announced on ASX (and www.cerinvestor.com.au) as soon as possible after they are available. You should note that even if the CER Aggregation Resolutions are approved, Aggregation is still subject to the approval of the Court and other Conditions Precedent described above and elsewhere in this Explanatory Memorandum.	**Refer to Sections 8.5 and 8.8 in relation to Court approvals.**
Next steps and further information		
What should I do now?	1. Read this Explanatory Memorandum, the Disclosure Document and the Notices of Meeting (which is in Sections 12 and 13 of this Explanatory Memorandum) in full before making any decision on the CER Aggregation Resolutions. You should read these documents and the Independent Expert's Report in full and decide how you will vote on the CER Aggregation Resolutions; 2. Vote on the CER Aggregation Resolutions, weighing up the advantages and disadvantages and risks of Aggregation as outlined in Section 6 of this Explanatory Memorandum, and the risks and benefits of holding New Stapled Securities as contained in Section 5 of the Disclosure Document; and 3. If you are undecided as to how you should vote in respect of any of the CER Aggregation Resolutions or are otherwise unsure how to proceed in relation to your CER Stapled Securities, you should seek professional financial, legal or taxation advice. You should also note that this Explanatory Memorandum and the Disclosure Document do not take into account the financial situation, investment objectives and particular needs of any individual CER Securityholder.	
Where can I find further information?	Please see Section 2 of the Disclosure Document for an expanded list of questions and answers relating to Centro Retail Australia. If you have any other questions in relation to the Aggregation or the Centro Retail Australia, please call the CER Securityholder Information Line on toll-free number 1300 785 534 (+61 2 9191 5974 for overseas callers) or by emailing investor@centro.com.au or consult your financial, taxation or other professional adviser.	**Refer to Section 2 of the Disclosure Document**



6. Advantages, disadvantages, impacts and risks

This section summarises the main advantages, disadvantages, impacts and risks associated with the Aggregation.

These advantages, disadvantages, impacts and risks do not take into account the investment objectives, financial situation, taxation position or particular needs of individual CER Securityholders and are not exhaustive. You should consider all advantages, disadvantages, risks and other information in light of your own particular investment objectives and circumstances and seek independent advice where required.

6.1 Advantages of the Aggregation for CER Securityholders

6.1.1 Creation of an integrated, internally managed retail shopping centre group

Aggregation will provide CER Securityholders with an economic interest in a quality portfolio of retail shopping centres which are predominantly wholly-owned by the entities forming Centro Retail Australia. Centro Retail Australia is expected to have at Aggregation Implementation Date:

- significant platform size and scale, which assists in building and maintaining relationships with key retailers, including the ability to offer these tenants solutions on a national scale;
- ownership interest in a predominantly wholly owned portfolio of assets allowing for greater flexibility to undertake strategic initiatives such as developments without potential conflicts amongst co-owners;
- an internally managed structure which aligns the interests of all stakeholders and provides a capital and operating structure that facilitates the pursuit of growth opportunities;
- subject to availability of debt financing, credit approvals, documentation and the satisfaction of conditions precedent, new debt facilities with longer term maturities and a moderate level of gearing;
- an experienced property management team that has effectively managed the portfolio during difficult market conditions and continued to achieve strong property income growth over the past 3 years;
- the potential for long-term value enhancement through the strategic management of the property portfolio, including a development pipeline of approximately $400 million;
- an established Services Business that will manage one of Australia's largest unlisted retail property syndicate businesses, with total funds under management of up to $7.0 billion; and
- increased scale, equity market capitalisation and equity index weighting which may lead to improved access to and pricing of equity capital.

6.1.2 Aggregation of existing partial property asset interests into 100% owned interests

CER's current property portfolio consists predominantly of 50% asset interests. The Aggregation will provide CER Securityholders with exposure to a portfolio comprised of 100% interests in 36 shopping centres and 50% interests in 7 additional shopping centres.

Ownership of 100% asset interests is expected to provide the following benefits:

- enhanced flexibility in respect of capital allocation decisions by removing any impediments arising from potentially different investment objectives and financial capacity of co-owners; and
- potentially greater access to debt capital and better pricing and terms for that debt, given secured financiers generally prefer wholly owned assets to be pledged as security.

Centro Retail Australia will have pre-emptive rights over the residual 50% interests in the five assets it is acquiring from certain Centro Managed Funds where it does not already own 100% interest, thereby providing a potential pipeline to acquire quality Australian retail shopping centre assets and further aggregate remaining partial asset interests.

6.1.3 Mitigates risk of insolvency

Potential insolvency of CRT RE and property management entities

Centro MCS Manager, the RE of CRT, is a wholly-owned subsidiary of CNP. The entities that provide property management services to assets in CER's property portfolio are also wholly-owned by CNP.

If Aggregation proceeds, Centro MCS Manager will be replaced by Centro Retail Australia RE as RE of CRT, which will be a wholly-owned subsidiary of Centro Retail Australia. Current Services Business entities will also be acquired by Centro Retail Australia and will then become wholly-owned subsidiaries of Centro Retail Australia.

In the event Aggregation does not proceed, Centro MCS Manager and certain property management entities may become insolvent and have an Insolvency Administrator appointed. Should this occur, the ability of these entities to continue to provide fund and property management services to CER is uncertain. CER has certain contractual and legal rights to replace non-performing service providers (other than in relation to change of RE). However, the co-operation or consent of CNP, the Senior Lenders and existing co-owners to effect such changes may be required. The uncertainty associated with a potential CNP insolvency may negatively impact CER's asset performance and the price of CER Stapled Securities for a period of time.

The appointment of an Insolvency Administrator to CNP or the appointment of an Insolvency Administrator to Centro MCS Manager, may lead to events of default under some or all of CER's finance facilities. Such a default may result in all of CER's debt becoming immediately due and payable.

Potential insolvency of asset co-owner

The majority of CER's assets are co-owned with CAWF. CAWF's RE is CPT Manager Limited, a wholly-owned subsidiary of CNP.

In the event Aggregation does not proceed, CPT Manager Limited may become insolvent and have an Insolvency Administrator appointed. Should this occur, the prospects for CAWF are uncertain. While CER has certain pre-emptive rights in respect of co-owned assets, the potential actions that would be taken by CAWF's secured lenders or its majority Securityholder, CNP, are uncertain. The insolvency of CAWF's RE may impact on some or all of CER loan facilities and the value of its assets.

Potential insolvency of substantial Securityholders

CNP directly and indirectly holds 50.7% of CER Stapled Securities on issue (as at 31 August 2011).

Uncertainty associated with a potential CNP insolvency may negatively impact on CER's asset performance and the price of CER Stapled Securities for a period of time.

The CER Board considers that, in the event that the Aggregation does not proceed, it is likely that CNP will become insolvent and an Insolvency Administrator will be appointed. As described in Section 3.9 of this Explanatory Memorandum, there are potential risks to CER associated with the insolvency of CNP, which may result in a period of significant uncertainty for CER.

6.1.4 Increased scale, equity market capitalisation and equity index weighting

If Aggregation proceeds, Centro Retail Australia will have a directly owned property portfolio valued at approximately $4.4 billion, compared to CER's current property portfolio which is valued at approximately $1.7 billion (as at 30 June 2011).

Centro Retail Australia is expected to have net book equity of $3.4 billion as at the Aggregation Implementation Date, making it one of the largest Australian Real Estate Investment Trusts and substantially larger than CER, which currently has net equity of approximately $1.0 billion (as at 30 June 2011).

All other things being equal, CER Securityholders may benefit from a higher level of investor interest in Centro Retail Australia arising from the increased scale, equity market capitalisation and weighting in equity market indices.

6.1.5 Development pipeline enhances future growth prospects

Centro Retail Australia will directly own assets with an identified development pipeline of approximately $400 million as detailed in Section 4.4.7 of the Disclosure Document, thereby providing organic growth opportunities. Many of these opportunities exist in relation to assets that are not currently owned by the CER group and CER may not be able to participate in these attractive, relatively low-risk development opportunities if Aggregation does not proceed.

While Centro Retail Australia has not committed to undertake these developments, the opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain a competitive advantage. Completion of the developments will depend on the availability and cost of debt or equity capital funding and appropriate consents from required authorities.

As outlined in Section 6.1.1, the Aggregation is expected to deliver benefits including enhanced flexibility in respect of capital allocation decisions and potentially improved access to and pricing of capital, all of which are expected to support delivery of the development pipeline.

6.1.6 Re-instatement of distributions

The forecast pro-forma distribution for the full year ending 30 June 2012 is 6.4 cents per New Stapled Security (equivalent to 1.1 cents per CER Stapled Security). On a pro forma basis for the full year ending 30 June 2012, the pro forma forecast distribution is 12.4 cents per New Stapled Security (equivalent to 2.1 cents per CER Stapled Security).

CER has not paid distributions since June 2009, largely as a result of CER using available cash flow for debt amortisation and reinvestment into its property portfolio to add value to its existing asset base. Subsequent to the US Asset Sale, CER has reduced its look through gearing to approximately 40.7% resulting in significant improvement in its overall financial stability. Despite an increase in available cashflow, in the event that Aggregation does not proceed, it is not possible to forecast the amount (if any) of distributions given the uncertainties for CER associated with a potential insolvency of CNP.

6.1.7 Resolution of arrangements with CNP

CER and CNP have existing contractual relationships. As part of Aggregation, the majority of those relationships will either be terminated or assumed by Centro Retail Australia. For example, Aggregation will result in:

- the internalisation of management services currently provided by the Services Business;
- the unwinding of financing arrangements relating to Centro Karingal; and
- the assignment to Centro Retail Australia of remaining related party loans as part of the acquisition of the CNP Assets.

The benefit to be received by CER in connection with the unwinding of these relationships has been taken into account in determining the purchase price for the CNP Assets.

The unwinding of the financing arrangements relating to Centro Karingal will result in an increase of approximately $11.3 million (or approximately 0.5 cents per existing CER security) to the adjusted net assets contributed by CER to Centro Retail Australia.

Refer to Section 5.4.11 of the Disclosure Document for information about continuing arrangements between Centro Retail Australia and CNP after the Aggregation.

6.2 Disadvantages and other impacts of Aggregation

6.2.1 Reduced NTA

Aggregation will reduce 30 June 2011 NTA per equivalent CER Stapled Security from 44 cents per security to approximately 40.5 cents cents per security on a pro forma basis. The 30 June 2011 NAV per equivalent CER Stapled Security, which includes intangible assets, is approximately 43 cents on a pro forma basis.

The reduction in NAV is attributable to transaction costs, including Stamp Duty, arising from Aggregation.

The total transaction costs incurred by Centro Retail Australia are expected to be approximately $107.2 million, with CER's share of costs being approximately $41.3 million if Aggregation proceeds.

If Aggregation does not proceed, costs will be approximately $21.5 million with CER's share being approximately $10.5 million.

In the event that CER pursues alternative transactions, costs associated with such transactions would also be incurred. These costs may be more or less than those incurred as part of Aggregation.

6.2.2 Increased gearing

Centro Retail Australia will have a pro forma look through gearing of 43.4% as at 30 June 2011 compared with CER's look through gearing of 45.6% as at 30 June 2011, which has subsequently reduced to 40.7% following partial repayment of the CSIF-B (Club Facility) in July 2011 and the full repayment of the $155.4 million CMBS Facility in September 2011.

6.2.3 Changed risk profile of CER

The management and development of property assets, together with returns from funds management, property services and strategic co-investments in managed investment syndicates, involve different risks and investment considerations to the existing direct property investment activities of CER as follows:

- if Aggregation proceeds, investors will move from an entity that owns only Australian shopping centres, to an entity that will also own a property development, leasing and funds management services business, providing internalised services to Centro Retail Australia, and funds and property management services up to approximately $2.6 billion of external assets owned by the Syndicates;
- internalised management will ensure greater alignment of interests and is considered a positive for Centro Retail Australia;
- future earnings of the funds management services business is uncertain given the finite life of each Syndicate and, therefore, may create greater earnings volatility;
- Centro Retail Australia also has a significant identified development pipeline. Developing shopping centres has both upside benefits and downside risks. The identified development pipeline includes many assets not currently owned by CER, but which will form part of Centro Retail Australia upon Aggregation; and
- Centro Retail Australia will have investments in each Centro MCS Syndicate it manages. These investments will provide exposure to a much more diverse portfolio of property assets and provide an indirect property return to Centro Retail Australia that may be higher or lower than a direct property return. These investments are geared investments with gearing of the Syndicates generally above that of the Centro Retail Australia directly owned property.

6.2.4 Securityholder Register composition will change

CER's largest Securityholders are currently CNP and DPF with respective economic interests of 29.0% and 20.7%. Securityholders which are not Centro Managed Funds own the balance of CER Stapled Securities. Under Aggregation, Centro Retail Australia will acquire the Services Business and the CPT Sale Property in exchange for the issue of New Stapled Securities which will ultimately all be distributed to the Senior Lenders under the CNP Debt Cancellation.

As a result of the Senior Debt Schemes, the Senior Lenders will in aggregate own approximately 73.9% of New Stapled Securities on issue at Aggregation implementation[25]. In most cases, the Senior Lenders will receive those New Stapled Securities on a pro rata basis in accordance with their respective holdings of CNP senior debt. On the basis of holdings of CNP senior debt as at 31 August 2011, no individual Senior Lender would hold more than 7.97% of New Stapled Securities[26] immediately following implementation of the Senior Debt Schemes. As at 31 August 2011, there were approximately 90 Senior Lenders[27]. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities immediately following implementation of the CNP Debt Cancellation due to Australian takeovers regulation requirements.

DPF Unitholders (other than CNP or Centro Managed Funds) may elect to redeem their DPF Units for New Stapled Securities and CATS, or cash. A potential 'overhang' in New Stapled Securities may arise if a large proportion of external DPF Unitholders elect to receive cash via redeeming their Units in the DPF, which could result in a significant sell-down of New Stapled Securities by DPF in order to pay these Unitholders upon listing of Centro Retail Australia.

6.2.5 Ineligible Overseas Securityholders will essentially be cashed out

A small number of Ineligible Overseas Securityholders will not retain the New Stapled Securities allocated to them under Aggregation. Instead, the New Stapled Securities which those CER Securityholders would otherwise have received under the Aggregation if they were not Ineligible Overseas Securityholders will be issued to the Sale Nominee.

The Sale Nominee will sell those New Stapled Securities and the net proceeds from the sale will be remitted to the relevant Ineligible Overseas Securityholders. The New Stapled Securities to be sold by the Sale Nominee will be sold on market and there can be no assurance as to the price at which the New Stapled Securities will be sold. In particular, there is a risk of volatility in the market price of New Stapled Securities in the period following the implementation of Aggregation.

6.3 Risks

CER Securityholders should note that the Aggregation carries a number of risks. Some of these risks are beyond the control of management, and include:

- while due diligence has been carried out in relation to the CNP Assets and the relevant purchase price has taken into account provisions for various liabilities, there remains the possibility of unforeseen risks associated with the acquisition of the Services Business or the CPT Sale Property, including undisclosed or unknown liabilities of entities acquired as part of the Services Business, Stamp Duty liabilities of CNP assumed by Centro Retail Australia or obligations under the FEM for the Centro MCS Syndicates (see Section 4.5.3 of this Explanatory Memorandum for further details) being greater than anticipated. In particular, as part of the Services Business, CER will acquire the shares in Centro MCS Manager and the various entities which formerly provided funds management services to CER, other Centro Managed Funds and Centro MCS Syndicates. While CER's assets will not be directly exposed to any liabilities arising from the activities of Centro MCS

25 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF/DPF Unitholders could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 of the Disclosure Document for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.

26 There are some Senior Lenders whose investments are managed by the same investment manager. On the basis of holdings of CNP senior debt as at 31 August 2011, no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes.

27 This number will be higher if there is a reallocated hybrid amount under the Senior Debt Schemes.

Manager and the entities forming part of the Services Business, the management and resolution of any such claims may involve significant resources and raise reputational issues for Centro Retail Australia;

- the complexity associated with any corporate restructuring, including unforeseen commercial, tax or structuring consequences for the Aggregation;
- Aggregation may be affected or implementation of Aggregation may be prevented or delayed by the actions of third parties;
- CER Securityholders will be exchanging their investment in CER for an investment in Centro Retail Australia. Such an investment will be subject to general and specific business risks (including many of the risks associated with an investment in CER today). Importantly, the value of an investment in Centro Retail Australia could rise or fall depending on a number of factors which are beyond the control of the entities comprising Centro Retail Australia. Please refer to Section 5 of the Disclosure Document in relation to risks associated with an investment in Centro Retail Australia;
- the Aggregation Funds are currently in advanced negotiations with a number of banks to agree terms on a series of debt facilities that, if established and funding remains available, collectively would expect to provide sufficient funding to refinance or extend the existing debt facilities of the Aggregation Funds. The provision of those facilities remains subject to credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks especially if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions;
- the Aggregation is conditional upon approval by Securityholders of CER, CAWF, and DHT and various CNP stakeholders and satisfaction of certain other Conditions Precedent, including Court approval. Given the number of stakeholders and approvals required, there is a risk that some or all of the Conditions Precedent to Aggregation will not be satisfied or waived;
- a failure by CNP Junior Stakeholders to vote in favour of the resolutions necessary to authorise the sale of the CNP Assets and the CNP Debt Cancellation may result in the appointment of an Insolvency Administrator to CNP. While the parties have agreed to allow further time to obtain these approvals as part of the Extended Aggregation Period, there is no guarantee that Aggregation or the CNP Debt Cancellation can be completed during the Extended Aggregation Period (or at all) in which case Aggregation will not proceed, even if CER Securityholders voted in favour of the Aggregation; and
- in the event that either of the CNP Securityholders or Hybrid Lenders do not approve, respectively the CNP Asset Sale Resolution, the resolution necesssary to approve the Debt Cancellation or the Hybrid Scheme (but the other Conditions Precedent are satisfied, and subject to certain other conditions), the parties have negotiated an Extended Aggregation Period to allow the relevant Conditions Precedent for Aggregation to be satisfied or to achieve the CNP Debt Cancellation and the sale of the CNP Assets by alternative means. The Aggregation Funds can terminate the Extended Aggregation Period by notice in writing on or after 14 December 2011, upon the occurrence of a Fiduciary Event or upon a "Material Adverse Change" in certain financial metrics of an Aggregation Fund or the Centro Retail Australia. If the Implementation Agreement is terminated, Aggregation will not proceed.
- The satisfaction of the relevant Conditions Precedent may require the waiver of regulatory requirements by ASX, the approval of the Court, or both. CNP Junior Stakeholders may seek to prevent or delay the satisfaction or waiver of the conditions. There is no guarantee that the parties will be able to secure a completion of the relevant transaction by the end of the Extended Aggregation Period, or at all. In particular, there is no guarantee that Aggregation will proceed even though CER Securityholders may have passed the CER Aggregation Resolutions. In addition, if Aggregation is not successfully implemented by the end of the Extended Aggregation Period, any of the Senior Lenders, CNP or the Aggregation Funds may request a further extension period in an attempt to successfully implement Aggregation.

An investment in Centro Retail Australia will also carry risks. These risks are summarised in Section 4.12 of this Explanatory Memorandum and are set out in full in Section 5 of the Disclosure Document.

7. Financial information

7.1 CER Historical Financial information

Introduction

This Section contains certain historical financial information (**Financial Information**) in relation to CER.

The **Historical and Pro Forma Historical Financial Information** for CER (Section 7.3) comprises the:

- Net profit before tax from continuing operations for the years ended 30 June 2010 and 30 June 2011;
- Pro Forma Adjusted EBIT for the years ended 30 June 2010 and 30 June 2011; and
- Historical balance sheet as at 30 June 2011.

The Financial Information has been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Investigating Accountant's Report is contained in Section 9. CER Securityholders should note the scope and limitations of the Investigating Accountant's Report.

7.2 Basis of preparation of the Financial Information

The Financial Information included in this Section has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except where otherwise disclosed.

7.2.1 Preparation of the Historical Financial Information

The Historical Financial Information has been extracted from the continuing operations financial disclosures within the audited statutory financial statements of CER for the year ended 30 June 2011. The continuing operations disclosure presents the earnings of CER adjusted for the US Asset Sale and therefore primarily represents CER's operations in Australia only.

The 2011 Annual Report for CER is available at www.cerinvestor.com.au and includes the statutory financial statements of CER. These financial statements were audited by Ernst & Young, who have issued an unqualified modified opinion on the financial statements, noting the inherent uncertainty regarding the continuation of CER as a going concern due to the net current asset deficiency of $553.6 million at 30 June 2011 as a result of certain loan facilities expiring within 12 months. As a result, CER remains reliant on the continued support of its lenders, through the extension or refinancing of certain loan facilities beyond existing expiry dates.

The Pro Forma Adjusted EBIT has been derived from the audited statutory financial statements of CER for the year ended 30 June 2011.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all of the disclosures required in statutory financial statements prepared in accordance with the Corporations Act.

Securityholders should refer to the 2011 Annual Report and related announcements on CER's website at www.cerinvestor.com.au should they wish to obtain more detailed financial disclosures and commentary on CER's Historical Financial Information.

7.3 Historical Financial Information

7.3.1 Historical net profit before tax from continuing operations and Pro Forma Adjusted EBIT

Set out in Table 1.7 below is the historical net profit before tax from continuing operations of CER. This information has been extracted from the audited statutory financial statements of CER for the year ended 30 June 2011. The earnings information reflects primarily the continuing operations of CER and excludes the earnings impact of the US investments that were disposed of during FY11. Comparatives for 30 June 2010 have also been restated as set out in the audited statutory financial statements, in accordance with Australian Accounting Standard requirements.

There has been a significant structural transformation in the operations of CER throughout FY11 with the US Asset Sale, close out of $1.7 billion of US dollar equity hedges and solid the valuation growth recorded across its Australian portfolio.

Accordingly, in order to improve the understanding of the historical financial information, further adjustments have been made to arrive at Pro Forma Adjusted EBIT. The Pro Forma adjustments include:

- adding back management fees and foreign exchange losses associated with the US operations;
- removing net mark-to-market movements on US dollar equity and interest rate derivatives;
- adding back property revaluations for directly owned properties and fair value adjustments on financial assets at fair value through profit or loss and other financial assets;
- removing interest expense and fair value adjustments which are recorded in EBIT by virtue of their inclusion within the share of net profits of associates and joint ventures accounted for using the equity accounting method; and
- reversing advisor fees which are non-recurring in nature, as they primarily relate to CER's restructuring initiatives.

Table 1.7 Historical net profit from continuing operations and Pro Forma Adjusted EBIT

Earnings Information	Year Ended 30 June 2010 $m	Year Ended 30 June 2011 $m
Property ownership revenue	13.6	13.5
Distribution revenue	2.7	1.8
Other revenue (excluding interest revenue)	6.1	5.5
Total revenue	**22.4**	**20.8**
Property revaluation increment/(decrement) for directly owned properties	(11.3)	1.7
Fair value adjustment on financial assets at fair value through profit or loss and other financial assets	1.2	4.7
Share of net profits of associates and joint ventures accounted for by equity method	84.0	162.1
Foreign exchange losses	(1.1)	(23.8)
Net movement on mark to market of derivatives	146.3	234.7
Direct property expenses	(4.7)	(3.5)
Advisor fees	(2.4)	(14.1)
Management fees	(15.5)	(14.4)
Bad and doubtful debts	(2.0)	(0.1)
Other expenses from ordinary activities	(2.0)	(6.5)
EBITDA	**214.9**	**361.6**
Depreciation and amortisation expense	-	-
EBIT	**214.9**	**361.6**
Financing costs	(93.6)	(108.5)
Interest revenue	0.7	0.9
Net profit before tax from continuing operations from statutory financial statements	**122.0**	**254.0**
EBIT	**214.9**	**361.6**
Adjusted for certain significant items:		
– Management fees associated with the US operations	7.6	6.4
– Foreign exchange losses	1.1	23.8
– Net movement on mark to market of derivatives	(146.3)	(234.7)
– Property revaluation (increment) decrement for directly owned properties	11.3	(1.7)
– Fair value adjustment on financial assets at fair value through profit or loss and other financial assets	(1.2)	(4.7)
– Interest expense and fair value adjustments included within share of net profits of associates and joint ventures accounted for using the equity method (note 1)	22.8	(52.2)
– Reversal of non-recurring items (Advisor Fees)	2.4	14.1
Pro Forma Adjusted EBIT	**112.6**	**112.6**

1. Includes interest expense in respect of debt secured by CER's investment in Centro Karingal, which is classified as an "Other financial asset" for statutory reporting purposes, not an "associate".

7.3.2 Management discussion and analysis of the historical pro forma income statement

Revenue

Revenue decreased by 7.1% or $1.6 million from $22.4 million in FY10 to $20.8 million in FY11, primarily due to:

- $0.9 million reduction in distributions received from CER's investment in Centro MCS Syndicates, largely as a result of these Syndicates disposing of their investments as part of the CNP Group's disposal of its US business and investments effective 28 February 2011; and
- $0.6 million reduction in other revenue associated with lower income from the Centro Karingal investment due to the full year impact of the December 2009 debt restructuring resulting in income now recorded net of financing costs.

Pro Forma Adjusted EBIT

Pro Forma adjusted EBIT remained constant at $112.6 million in FY10 and FY11.

Financing Costs

Financing costs increased by 15.9% or $14.9 million from $93.6 million in FY10 to $108.5 million in FY11 as a result of the full year impact of refinancing certain debt facilities in FY10.

7.3.3 Historical balance sheet

Set out in Table 1.8 below is the historical balance sheet of CER as at 30 June 2011. This information has been extracted from the audited statutory financial statements of CER for the year ended 30 June 2011.

Table 1.8 Historical CER balance sheet

	Year Ended 30 June 2011 $m
Current assets	
Cash assets and cash equivalents	167.6
Other current assets	55.9
Total current assets	**223.5**
Non-current assets	
Investment property	111.8
Investments accounted for using the equity method	1,403.9
Other non-current assets	50.4
Total non-current assets	**1,566.1**
Total assets	**1,789.6**
Current liabilities	
Borrowings	734.3
Other current liabilities	42.8
Total current liabilities	**777.1**
Non-current liabilities	
Borrowings	-
Other non-current liabilities	-
Total non-current liabilities	**-**
Total liabilities	**777.1**
Net assets	**1,012.5**
Equity	
Contributed equity	3,774.3
Retained profits / (accumulated losses)	(2,761.8)
Total equity	**1,012.5**
Stapled securities on issue (millions)	2,286.4
Net tangible asset backing per security (NTA)	$0.44
Look-through Gearing ratio[1,2] (Total Look-through Borrowings/Total Look-through Assets)	45.6%

1 Gearing ratios above are not directly quoted within CER's 30 June 2011 Financial Statements.

2 Look-through Gearing ratio incorporates the CER/CAWF Syndicated Facility (see Table 1.9) which is accounted for using the equity method.

7.3.4 CER debt facilities

As at 30 June 2011, CER and its controlled entities held total external borrowings of $774.5 million comprising consolidated borrowings of $624.5 million and borrowings held within the net assets of investments accounted for using the equity method of $150.0 million. In addition, CER has two related party loans with CNP of $111.3 million in total. On a look-through basis, including the debt held within equity accounted investments and other financial assets, CER has total look-through borrowings of $884.3 million ($885.8 million excluding unamortised borrowing costs) and a Look-through Gearing ratio of 45.6% as at 30 June 2011 (which further reduced to 40.7% following partial repayment of the CSIF-B (Club Facility) in July 2011 and the repayment of the $155.4 million CMBS debt on 20 September 2011).

7.3.5 Debt facilities of CER or entities in which CER has an investment

The following table outlines all of CER's debt facilities as at 30 June 2011.

Table 1.9 Summary of debt facilities of CER or entities in which CER has an investment as at 30 June 2011

	Drawn Amount ($m)	Maturity Date
CSIF B (Club Facility)	209.1	11-Nov-11
CER Commercial Bill Facility	89.0	30-Nov-11
CER Syndicated Finance Facility	171.0	16-Dec-11
CMBS 2006-1 (Aust) (repaid 20 September 2011)	155.4	20-Dec-11
CNP related party loans	111.3	Subject to terms of the Implementation Agreement
Unamortised borrowing costs	(1.5)	
Balance Sheet Debt	**734.3**	
CER/CAWF Syndicated Loan Facility	150.0	04-Dec-12
Borrowings of equity accounted investments and other financial assets	**150.0**	
Total	**884.3**	

The following events have occurred in respect of CER's debt facilities subsequent to the balance sheet date:

- CER has reduced its CSIF-B (Club Facility) by $5.7 million with the sale proceeds from Centro Birallee which completed on 25 July 2011;
- CER has repaid in full the $155.4 million CMBS 2006-1 (Aust) facility on 20 September 2011; and
- On 25 August 2011, CER formally documented loan extensions of its related party loans with CNP totalling $111.3 million. The maturity of each loan was extended to the earlier of:
  - Aggregation Implementation;
  - The date the Implementation Agreement and/or the Aggregation process is terminated under certain scenarios of the Implementation Agreement; and
  - The later of the End Date and the date on which the Aggregation process is terminated after the end of the period referred to in clause 9.2(b) of the Implementation Agreement.

Following the two repayments noted above, which in the case of the CMBS Facility was made from existing cash reserves, CER's total external debt has reduced to $613.3 million and CER's Look-through Gearing ratio has reduced from 45.6% to 40.7%. However, CER and its controlled entities still have $463.3 million of debt to refinance prior to the end of calendar year 2011.

7.3.6 Contingent Liabilities

The statutory financial statements of CER for the year ended 30 June 2011 included disclosure of contingent liabilities as at 30 June 2011 which are set out below.

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Retail Limited and Centro MCS Manager Limited (as the RE of Centro Retail Trust). These proceedings are being conducted by Maurice Blackburn and Slater & Gordon respectively. The statements of claim in each proceeding allege that CER engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations in relation to:

- the classification of certain liabilities as non-current liabilities in CER's consolidated financial statements, which were published in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007, and in the Explanatory Memorandum for the proposed merger of Centro Shopping America Trust (CSF) and Centro Retail Trust, lodged with ASX on 14 September 2007;

- CER's operating distributable profit per security (DPS) forecasts for the 2008 financial year;
- the refinancing of the United States joint venture debt due in December 2007; and
- the treatment of Super LLC's debts and the issue of consolidation of Super LLC's financial statements in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007 and the Explanatory Memorandum for the proposed merger of CSF and Centro Retail Trust lodged with ASX on 14 September 2007.

Similar proceedings were commenced against Centro Properties Limited and CPT Manager Limited.

The claims have been made on behalf of persons or entities who acquired CER stapled securities, in the instance of the Maurice Blackburn conducted proceeding, between 7 August 2007 to 15 February 2008 and, in the instance of the Slater & Gordon conducted proceeding, between 17 July 2007 to 28 February 2008.

In late 2010, PricewaterhouseCoopers (PwC), CER's former auditor, was added as a respondent to the proceeding conducted by Maurice Blackburn. The claimant group represented by Slater & Gordon also commenced a new representative proceeding against PwC.

In November 2010, a further representative proceeding was commenced by Maurice Blackburn on behalf of CSF security holders against PricewaterhouseCoopers Securities Limited (PwCS). This proceeding relates to alleged misleading and deceptive statements in the "Investigating Accountants Report on Financial Forecasts" prepared by PwCS in connection with the proposed merger between CSF and Centro Retail Trust. CER has been joined by PwCS to this further proceeding.

In all claims, the applicants seek unspecified damages, declarations, interests and costs.

In each of the representative proceedings to which it is a party, CER has crossclaimed against PwC and PwC has crossclaimed against CER and also against persons who were directors and/or officers of CER at the relevant time. These directors and/or officers have sought indemnity from CER pursuant to deeds of indemnity that had been entered into with them, as is common practice for publicly listed companies.

The proceedings are being vigorously defended (with defences filed). The parties are completing various interlocutory steps ordered by the Court with a view to a trial commencing in March 2012. No amount has been provided in the balance sheet as at 30 June 2011 as set out in Section 7.3.3. The effect of this contingent liability may be material if it becomes an actual liability.

7.3.7 Stamp Duty assessments

CER holds an investment in the B Class units of the Centro MCS Syndicate Investment Fund (**CSIF**). The Victorian State Revenue Office (**SRO**) has assessed CSIF in relation to its acquisition of Victorian property interests on the establishment of the fund. The assessed amount (including penalties and interest) is approximately $8.6 million. The SRO has also assessed CSIF in 2010 in relation to CER's acquisition of the B Class units on the basis that it considers that CSIF was not an eligible wholesale trust at the time of the acquisition. The assessed amount (including penalties and interest) is approximately $2.6 million. It is noted that the exposure numbers take into account recent reductions in assessed amounts.

Objections have been lodged against both of these assessments and arrangements have been made with the SRO to stay payment of the duty (subject to certain conditions) until such time as the matters are ultimately determined. Management and its Stamp Duty advisors consider that no Stamp Duty is payable on these matters by CER.

7.4 Forecast Financial Information

The CER Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in the event that Aggregation does not proceed. The CER Board does not consider that there is a reasonable basis for the inclusion of forecast financial information in this Explanatory Memorandum due to a number of factors, including:

- the uncertainty surrounding the ongoing operations and management of CNP, CER and CER's asset co-owners in the event that Aggregation does not proceed (as set out in Section 3.9);
- CER's future funding needs in the event that Aggregation does not proceed may be satisfied from different sources, as set out below;
- as also set out in Section 3.9, the future activities and operations of CER may require the consent of, or may be affected by, the activities of third parties and it is difficult to predict with any certainty the likely actions of those third parties; and
- the fact that, following the appointment of Insolvency Administrators to either or both of CPT Manager and Centro MCS Manager, various lenders to the CNP Group may enforce their securities resulting in uncoordinated mortgagee sales of interests in the various CNP Group properties.

In the event that Aggregation does not proceed, some of the potential outcomes for CER include:

- a period of "standstill" during which CER and other parties within the CNP Group consider alternative restructuring options;
- an extension of existing financing arrangements during which time CER and other parties within the CNP Group work with their financiers in determining an outcome;
- the sale of some or all of CER's interests in its assets, which may include 50% interests. These asset sales may occur in a co-ordinated, orderly manner, or as outlined above, an unco-ordinated, disorderly manner which may results in lower prices being realised;
- the sale of some or all of CER's interests in its assets, in conjunction with the interests of its co-owners, resulting in 100% interests in assets being sold. Again, the manner in which these assets may be sold is uncertain, as noted above;
- an extended period of disruption to CER's operating activities resulting from the appointment of an Insolvency Administrator to CNP which may impact CNP's ability to provide property management services and the underlying performance of CER's assets;
- with the consent of CNP or an Insolvency Administrator, or by court order, the change of RE of CRT and the internalisation of management; and
- other third party transactions, including, for example, control transactions, mergers, placements of equity or restructures.

7.5 Key accounting policies and significant judgements

Key accounting policies are those policies that require management to make estimates or judgements that may significantly affect the reported amounts of assets, liabilities, revenues or expenses or the disclosure of contingent assets or liabilities. Such estimates are based on judgements and assumptions that could potentially result in materially different results under different assumptions and conditions.

The following disclosure discusses the estimates and judgements that management is required to make in the application of those critical accounting policies, having regard to trends, known events or assumptions that it believes to be reasonable at that time.

The key accounting policies outlined below are consistent with those applied by CER in its statutory financial statements for the year ended 30 June 2011.

Investments in associates

Investments in associates are accounted for in CER's financial statements using the equity method. Under the equity method, the Group's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the Group exercises significant influence, but not control. Investments in joint ventures are accounted for using the equity method in the consolidated financial statements.

Investment properties

Investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to CER.

Subsequent to initial recognition as assets, investment properties are revalued to fair value. Directors assess fair value of property investments at each reporting date and obtain independent valuations on a regular basis to assist in assessing fair value.

Changes in fair values are recorded in the income statement in the period in which they arise.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless CER has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

CER Class Action Litigation and CATS

As noted in Section 7.3.6 of this Explanatory Memorandum, no amount has been provided for in respect of the CER Class Action Litigation in CER's historical balance sheet as at 30 June 2011.

8. Details of Aggregation

8.1 Background to the Aggregation

On 1 March 2011, CNP, CER and a number of Centro Managed Funds announced that they had entered into a binding agreement to sell all of their US investments (**US Asset Sale**) and had entered into discussions with CNP's senior lenders to work towards agreeing a potential amalgamation of their respective Australian portfolios.

On 29 June 2011, it was announced that the US Asset Sale had successfully completed. As a results of this sale, CER has received approximately $520 million of net proceeds after transaction costs.

On 9 August 2011, it was announced that an Implementation Agreement had been executed by CER, CNP, Senior Lenders holding more than 83% of the CNP Senior Facility Debt (or 79% of CNP Senior Debt calculated as at 31 August 2011) and certain Centro Managed Funds (including CAWF and DPF) to aggregate the Australian assets of the respective Centro entities as a basis for forming a new listed Australian retail property trust.

8.2 Conditions Precedent and steps involved in Aggregation

This section sets out further information on:

- the conditions that must be satisfied before Aggregation can occur;
- what happens if a CNP Junior Stakeholder Approval is not obtained;
- other reasons why Aggregation may not occur; and
- an overview of the steps involved in implementing the Aggregation.

8.3 What are the Conditions Precedent to Aggregation?

Aggregation is subject to a number of Conditions Precedent. It will not occur unless each of the Conditions Precedent referred to below are satisfied or are waived by the various parties to the Implementation Agreement.

As at the date of this Explanatory Memorandum, some of the Conditions Precedent have been satisfied. One example is that the Independent Expert has provided reports concluding that Aggregation is in the best interests of CNP and CER Securityholders and CAWF Unitholders and DHT Unitholders and that the acquisition of the Services Business and the CPT Sale Property is fair and reasonable to CER Securityholders (other than CNP). A copy of the Independent Expert's Report for CER Securityholders is included in Section 10 of this Explanatory Memorandum.

CRL will advise the Court on the Second Court Date of the nature and effect of any Conditions Precedent that have been neither satisfied nor waived, so that the Court may have regard to the implications of those Conditions Precedent in determining whether to approve the CRL Members' Scheme.

As of the date of this Explanatory Memorandum, the following Conditions Precedent are yet to be satisfied.

Condition Precedent	Further Information
Securityholder and CNP Creditor Approvals	
DHT Resolutions	DHT Unitholder must agree to the DHT Aggregation Resolutions.
CER Securityholder resolutions	The CER Securityholders must pass the CER Aggregation Resolutions which relate to the various approvals needed to implement Aggregation, the CRL Members' Scheme and approve the acquisition of the CNP Assets. The CER Securityholder meeting will occur on Tuesday, 22 November 2011.
CAWF Unitholder Resolutions	CAWF Unitholders must agree to CAWF Aggregation Resolutions which approve the steps required to be undertaken by CAWF to implement Aggregation.
CNP Junior Stakeholder Approvals	CNP Securityholders: must pass resolutions to approve the sale of the CNP Assets and the transfer of New Stapled Securities under the Senior Debt Schemes. CNP Hybrid Lenders: must approve the Hybrid Debt Schemes. If these approvals are not received, then Aggregation may still occur by alternative means. See Section 8.4 above for further details. The meetings to vote on these approvals will be held on Tuesday, 22 November 2011.
CNP Senior Lenders Approval	CNP's Senior Lenders must approve the CNP Senior Debt Schemes. As at the date of this Explanatory Memorandum, Senior Lenders holding more than 83% of CNP Senior Facility Debt (or 79% of Senior Debt calculated as at 31 August 2011) have agreed, subject to all other Conditions Precedent being satisfied or waived, to vote in favour of the Senior Debt Schemes. Accordingly, it is expected that the `value threshold´ for approval of the creditors' scheme (being 75% by value) will be met. This applies in addition to the threshold of 50% of Senior Lenders that vote (by number rather than value) approving the scheme. The Senior Debt Scheme Meetings will be held on Tuesday, 22 November 2011.
Court Approvals	
Court approvals in relation to the Aggregation Funds and DPF	The Court must approve the CRL Members Scheme and provide advice to the Aggregation Funds to the effect that that they would each be justified in doing all things and taking all necessary steps to put the Aggregation into effect. The Court also needs to provide such judicial advice that CNP may reasonably require. It is anticipated that these approvals and advice will be sought from the Court on Thursday, 24 November 2011, although this timing may change depending on the availability of the Court. If the CNP Junior Stakeholder Approvals are not forthcoming, then these Court approvals may instead be sought at a later time.

8. Details of Aggregation

Condition Precedent	Further Information
Court Approvals	
Court approvals in relation to the CNP creditors' schemes	The Court must approve the CNP Senior Debt Schemes and the CNP Hybrid Debt Schemes. It is anticipated that these approvals will be sought at the same time that the Court approvals for the Aggregation Funds are sought.
Regulatory Approvals	
Confirmation of no objection from the Treasurer of the Commonwealth of Australia (FIRB approval)	Confirmation from the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) that the Commonwealth Government has no objection to the Senior Lenders obtaining their interests in New Stapled Securities.
ASX grants approval to list CAWF and DHT	As New Stapled Securities are intended to trade on ASX, CAWF and DHT must apply to be listed (CER is already listed on ASX). Application for listing is intended to be made within 7 days after the date of this Explanatory Memorandum.
Other regulatory approvals	Any other approvals required from Government agencies are obtained.
Refinancing and Third Party Consents	
Refinancing or standstill agreements have been entered into	Either standstills or refinancing agreements must be entered into in relation to the existing secured debt of: • CER, CAWF and Centro Syndicate Investment Fund; and • 90% of the Centro MCS Syndicates (measured by funds under management). The Aggregation Funds and Centro MCS Syndicates are currently in advanced discussions with a range of financiers about refinancing this existing secured debt. However, as at the date of this Explanatory Memorandum, no standstills or refinancing agreements have been entered to.
Third Party Consents	Any consents from third parties that are required to achieve Aggregation need to be obtained. This includes consents required from the current secured financiers of CER, CAWF and CSIF.
Centro Retail Australia RE consents to act as responsible entity of CRT, CAWF and DHT	Centro Retail Australia RE, must consent to act as the responsible entity of CRT, CAWF and DHT on and from Aggregation.

In addition to the above Conditions Precedent, the various asset sale agreements (such as the agreement to purchase the Services Business) include Conditions Precedent that are usual to an asset sale agreement such as the release of encumbrances and no breach of warranties.

For updates on the status of satisfaction (or waiver) of the Conditions Precedent, CER Securityholders should refer to www.cerinvestor.com.au.

8.4 What happens if the CNP Junior Stakeholder Approvals are not obtained?

If a CNP Junior Stakeholder Approval is not obtained (e.g. because CNP Securityholders do not approve the CNP Asset Sale to Centro Retail Australia), then subject to:

- CER, CAWF, CSIF and others having entered into "standstill" agreements with their secured financiers or other arrangements acceptable to the parties to the Implementation Agreement being in place (noting that there is no guarantee that this will occur and as at the date of this Explanatory Memorandum standstill agreements have not been received from any secured financiers of CER, CAWF and CSIF);
- all other Conditions Precedent set out in Section 8.3 above, including any conditions relating to the acquisition of the Services Business, to the extent they are still required, having been satisfied or waived; and
- there being no other impediment to completion of the acquisition of the Services Business at Aggregation Implementation,

the Aggregation may still occur. This may occur, for example, through the appointment of a CNP Insolvency Administrator who procures that all Aggregation Conditions Precedent, to the extent they are still required, be satisfied or waived.

In this situation, the parties to the Implementation Agreement have agreed that they will continue to use their commercially best endeavours to cause all Conditions Precedent to Aggregation to be satisfied for a period of up to 60 days. This 60 day Extended Aggregation Period may be terminated earlier by notice in writing by any of CER, CAWF and DHT on or after 14 December 2011 (unless extended by agreement of the parties).

Centro MCS Manager (the RE of CRT) and other entities forming part of the Services Business (**Standstill Entities**) will have the benefit of standstill arrangements under which CNP's senior lenders will not seek to enforce their security against the Standstill Entities until the end of the Extended Aggregation Period unless:

- a termination notice is given under the Implementation Agreement;
- an event of default occurs under the Senior Lenders' securities which adversely affects their security position;
- another creditor takes action against a Standstill Entity or an administrator is appointed to certain Centro Group guarantor entities; or
- a Standstill Entity breaches the terms of the standstill arrangements (which relate largely to the provision of information).

8.5 Are there any other reasons why the Aggregation may not occur?

In addition to a failure of a Condition Precedent (and even if the Conditions Precedent are met but Aggregation Implementation has not yet occurred), the Aggregation process may be terminated for the following reasons (in which case Aggregation will not occur):

8.5.1 Before the time that a CNP Junior Stakeholder Approval fails (if relevant)

If all CNP Junior Stakeholder Approvals are obtained, the following applies. Before a notice terminating the Aggregation process can be given, the parties must go through a consultation process to determine whether there is an alternative method of achieving Aggregation.

- **Fiduciary Event**

  If an event occurs prior to the Aggregation Implementation Date that results in the board of directors of an Aggregation Fund, CNP or DPF determining that compliance with its obligations under the Implementation Agreement to pursue Aggregation would be inconsistent with the relevant directors' or the relevant party's duties, then that party may give a notice to terminate the Aggregation process.

- **Insolvency Event**

  If an Insolvency Event occurs in relation to any of the Aggregation Funds, DPF or CNP before the time of the CNP Junior Stakeholder Meetings then any party may give a notice to terminate the Aggregation process.

  If a CNP Junior Stakeholder Approval is not obtained and the parties are seeking an alternative method of Aggregation as detailed in Section 8.2, then there is no right to terminate for an Insolvency Event occurring after that time in relation to CNP or CAWF's RE if it is still CPT Manager Limited. However, the right to terminate for an Insolvency Event in relation to CER, DPF or DHT still applies up until the Aggregation Implementation Date.

- **Breach of warranties in relation to the Services Business**

  If, before Aggregation, CNP breaches the warranties that it has provided to Centro Retail Australia in relation to the Services Business and those breaches would have a `material adverse effect´ (as determined in accordance with the CNP Asset Sale Agreement – Services Business), then the Aggregation Funds are not required to purchase the Services Business and, if they do not purchase the Services Business, Aggregation will not proceed.

- **Prescribed Occurrence**

  If a Prescribed Occurrence occurs before the time of the Court hearings, then the parties are not obliged to complete Aggregation. Prescribed Occurrences relate to breaches of certain restrictions that are placed on the Aggregation Funds and DPF during the period up to Aggregation, including restrictions on buying and selling assets and restrictions on issuing Securities (**Prescribed Occurrence**).

- **Other restraints preventing Aggregation**

  Aggregation may not occur if there are any restraints prohibiting Aggregation occurring – such as a restraining order, injunction or other order issued by a court or any other legal restraint.

- **Superior Proposal**

  A party may terminate the Aggregation process if the party receives a Superior Proposal prior to the Aggregation Implementation Date.

8.5.2 After the time that a CNP Junior Stakeholder Approval fails (if relevant)

The following applies after the time that a CNP Junior Stakeholder Approval is not obtained (e.g. because CNP Securityholders do not approve the sale of the Services Business to Centro Retail Australia).

In each case, the right to terminate is subject to the parties going through a consultation process to determine whether there is an alternative method of achieving Aggregation.

- **Material Adverse Change**

  If a "Material Adverse Change" occurs then a party may terminate the Aggregation process. A "Material Adverse Change" will occur if:

  (a) there is a diminution or a reasonably likely diminution in the value of the net assets contributed to Centro Retail Australia by any of the Aggregation Funds (based on the value as at 30 June 2011) of 10% or more; or

  (b) in the opinion of any Aggregation Fund acting reasonably Centro Retail Australia could have an earnings yield of less than 5% or a loan to value ratio (LVR) exceeding 46%,

  in each case, subject to certain exclusions.

- **Any of the following occurring** (as detailed in Section 8.5.1 above): Fiduciary Event, Insolvency Event (other than in relation to CNP or CPT Manager Limited), Prescribed Occurrence or Other restraint as referred to in Section 8.5.1.

8.6 Overview of the steps required to implement the Aggregation

There are many steps to be undertaken in order to implement Aggregation once all of the Conditions Precedent have been met. This section refers to some of the key steps involved.

8.6.1 Acquisition of assets by Centro Retail Australia

Centro Retail Australia will acquire various assets from CNP, DPF and certain Centro MCS Syndicates. These assets include amongst others:

- the CNP Assets (including the Services Business);
- DPF's interest in various Syndicates including any assets held directly or indirectly through DHT; and
- certain CSIF Syndicate interests and the Centro Arndale Units.

As one of the structuring steps to give effect to Aggregation, CER will acquire the Victorian real property assets of CAWF (**CAWF Victorian Assets**).

Details of the assets being acquired are set out in Section 9 of the Disclosure Document. Summaries of the agreement are contained in Section 11 of this Explanatory Memorandum.

8.6.2 Acquisition of CPT Sale Property

CER will acquire the CPT Sale Property from CNP. Details of the CPT Sale Property are contained in Section 11 of this Explanatory Memorandum and Section 9.2 of the Disclosure Document.

The purchase price for the CPT Sale Property is $291 million. This amount will be adjusted to reflect transactions having an effect on the working capital balances to be acquired as part of the acquisition.

As part of this acquisition, Centro Retail Australia will indemnify CNP in relation to Stamp Duty provisions which are carried in the financial statements of CNP but which either relate to the assets of the Aggregation Funds or the CPT Sale Property. The current amount of the provision is $88.5 million. This amount was taken into account in determining the purchase price for the CPT Sale Property.

CNP will receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia.

CER Securityholder approval is required for the acquisition of the CPT Sale Property and the issue of the CER Stapled Securities and New Stapled Securities in connection with this acquisition. See the Notice of General Meetings in Section 13 for further details.

8.6.3 Services Business

CER will acquire the Services Business and related assets from CNP. Details of the Services Business are contained in Section 9.3 of the Disclosure Document.

The purchase price for the Services Business is approximately $200 million, subject to the adjustments described below. CER will also acquire accrued rollover, performance, wind up and deferred management fees associated with the Services Business for approximately $40 million.

As part of the acquisition, CER will take a transfer of working capital balances associated with the Services Business. If these balances are a negative number (which is likely), the purchase price will be reduced.

The purchase price for the Services Business may also be adjusted as described in Section 11.2.2.

CNP will receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia.

CER Securityholder Approval is required for the acquisition of the Services Business and the issue of New Stapled Securities. See the Notice of General Meetings in Section 13 for further details.

8.6.4 Acquisition of CAWF Victorian Assets

CER will acquire the CAWF Victorian Assets for $510 million.

This is a structuring step necessary to give effect to Aggregation and is not intended to have any economic impact on CER Securityholders.

Unitholders of CAWF (other than CER) will receive CER Stapled Securities in connection with the transfer of the CAWF Victorian Assets, which will be exchanged for New Stapled Securities on the Aggregation Implementation Date.

CER Securityholder approval is required for the acquisition of the CAWF Victorian Assets and the issue of CER Stapled Securities and New Stapled Securities in connection with this acquisition.

8.6.5 Constitution Amendments

Each of CRL, CAWF and DHT will make amendments to their Constitution to facilitate the Aggregation. CER Securityholder approval is required for the amendment of the CRL Constitution. A summary of the amendments to the CRL Constitution are contained in the Notice of General Meetings in Section 13.

8.6.6 Equalisation of holdings across the Aggregation Funds through issue of Securities

Aggregation results in existing CER Securityholders, CAWF Unitholders and DHT Unitholders having an interest in each of CER, CAWF and DHT. The size of a Securityholder's interest in Centro Retail Australia is determined by reference to the Securityholder's existing investment and the value of the assets (as at 31 December 2010 or 30 June 2011 and subject to certain adjustments as appropriate) contributed to Centro Retail Australia by each of the Aggregation Funds.

In order to achieve this, the following steps will be undertaken:

- **Consolidation of CER Stapled Securities, CAWF Units and DHT Units to equalise the Number of Securities in the Aggregation Funds**

  The purpose of this step is to ensure that, after Aggregation, each investor who holds New Stapled Securities has the same number of Securities in each Aggregation Fund. The CER Stapled Securities and the CAWF and DHT Units on issue as at the Aggregation Implementation Date will be consolidated so that the NAV of each New Stapled Security is $2.50.

- **Issue of CER Stapled Securities, CAWF Units and DHT Units**

  In order to provide each existing CER Securityholder, CAWF Unitholder and DHT Unitholder with an interest in each of CER, CAWF and DHT the following transactions will occur:

  - each of the Aggregation Funds will apply for Securities in the other Aggregation Funds or make a capital distribution to their respective Securityholders. The value of Securities applied for or the amount of the capital distribution by each Aggregation Fund will be calculated by reference to the NAV of the Aggregation Fund compared to the total NAV of all Aggregation Funds;
  - each Aggregation Fund will make a capital distribution of the Securities applied for to its Securityholders or the capital distribution by each Aggregation Fund will be applied on behalf of the repective Securityholders to subscribe for Securities in the other Aggregation Funds; and
  - each Aggregation Fund will issue Securities to the Securityholders in the other Aggregation Funds.

    The outcome of these steps is that the underlying NAV of the Securities of each CER Securityholder, CAWF Unitholder and DHT Unitholder should remain the same (reduced only by the costs associated with Aggregation). However, Securityholders will have a proportional interest across New Stapled Securities.

- **Stapling of Securities**

  Following the issue of the Securities described above, each CER Stapled Security, CAWF Unit and DHT Unit will be "Stapled". This means that from that point on they must be traded together and cannot be traded separately.

As a result of these steps, on the implementation of Aggregation:

- each CER Securityholder will receive 1 New Stapled Security for each 5.80 CER Stapled Securities held by them at 7.00pm on the Aggregation Record Date;
- each CAWF Unitholder will receive 1 New Stapled Security for each 3.10 CAWF Securities held by them at 7.00pm on the Aggregation Record Date; and
- each DHT Unitholder will receive 1 New Stapled Security for every 2.51 DHT Securities held by them on the Aggregation Record Date.

CER Securityholder approval is required in relation to some or these steps. Further details are set out in the Notice of CRL and CRT Members' Scheme Meeting in Section 12 and Notice of General Meetings in Section 13 of this Explanatory Memorandum.

8.6.7 Centro Retail Australia CATS

CER is subject to CER Class Action Litigation that is described in Section 7.3.6 of this Explanatory Memorandum and there is no provision in CER's financial statements for the possible liability. As CER's exposure has not been quantified in its accounts, the exposure has not been taken into account for the purposes of determining the respective ownership interests that CNP and Securityholders in each of the Aggregation Funds will have in Centro Retail Australia immediately following Aggregation.

Aggregation will however expose CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders to CER's possible liability under these claims. To provide them with compensation for this exposure, the Aggregation Funds will issue Class Action True-up Securities (CATS) to CNP, DPF (in respect of certain assets transfers), CAWF Unitholders and DHT Unitholders. CATS will not be issued to CER Securityholders as their exposure to the litigation is not altered by Aggregation. The CATS entitle their holders to further issues of New Stapled Securities or a cash payment (up to the Cap) if any of the actions are resolved or settled or a final judgement is given which results in CER having to meet a liability. The Share Cap is equivalent to 20.0% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). Whether New Stapled Securities or cash is delivered under the terms of the CATS is a matter for determination by a majority of the Aggregation Funds.

The issue of New Stapled Securities or the making of cash payments under the CATS do not put the holder back in the position that they would have been in had CER's litigation liability been an actual realised liability at the time that Aggregation occurred and the Aggregation Ratios referred to in Section 3.3 of the Disclosure Document had been set taking that liability into account. This is because it is not feasible to recalculate all events between Aggregation and the time of the issue of further New Stapled Securities or cash payments to establish that position and also because there is a Cap that applies to any New Stapled Securities issued or cash paid. Further, the CATS do not include any adjustment for costs that Centro Retail Australia will bear in financing any payment to be made under any settlement or judgment, such as any interest costs that may be borne on borrowing to pay an amount payable.

The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV Per New Stapled Security (as defined in Section 10 of the Disclosure Document).

The terms of the CATS are described in Section 10 of the Disclosure Document which also sets out examples of the number of New Stapled Securities or the amount of any cash payable by Centro Retail Australia to CATS holders. The amount of cash or value of New Stapled Securities is not the same.

CER Securityholder approval is required for the issue of the CATS. Further details are set out in the Notice of General Meetings in Section 13.

8.6.8 Listing CAWF and DHT

Subject to the approval of ASX, the Units of each of CAWF and DHT will be admitted to the official list of ASX, in order that those Units may be traded on ASX as part of New Stapled Securities. Currently, both CAWF and DHT are not listed. CER Stapled Securities are already listed on ASX.

It is anticipated that, if Aggregation proceeds, New Stapled Securities trading will commence on ASX on a deferred settlement basis from Monday, 28 November 2011 and on normal settlement basis from Wednesday, 14 December 2011.

8.6.9 Responsible Entity Replacements

As from Aggregation Implementation, the existing responsible entities of CRT, CAWF and DHT will be replaced with Centro Retail Australia RE. Centro Retail Australia RE will be an entity owned by Centro Retail Australia from Aggregation. The RE replacements are a necessary aspect of the internalisation of the management of the Aggregation Funds. Another aspect of this internalisation is the transfer of the Services Business from CNP to Centro Retail Australia.

CER Securityholder approval is required for the replacement of the RE of CRT. See the Notice of General Meetings in Section 13 for further details.

8.7 Aggregation Ratios

New Stapled Securities will be issued to Securityholders in the Aggregation Funds and to CNP in connection with the sale of substantially all of its Australian assets based primarily on the relative net equity value of the Aggregation Funds or the assets as at 31 December 2010, subject to certain adjustments.

The adjustments relating to the CNP Assets are set out in Section 8.6.3.

In the case of the Aggregation Funds, the net equity value of the Aggregation Funds at 31 December 2010 will be adjusted to take into account:

- sales of real property assets or property investments by an Aggregation Fund in the period between 1 January 2011 and a date 10 days prior to the date of this Explanatory Memorandum; and
- development capital expenditure made by an Aggregation Fund up to 30 June 2011.

The net equity value of each Aggregation Fund will also be adjusted to reflect movements in working capital balances and provisions.

If Aggregation proceeds, Securityholders (other than Ineligible Overseas Securityholders) in CER, CAWF and DHT will exchange their existing holdings in the relevant Aggregation Fund into an interest in New Stapled Securities. Securities on issue by each of the Aggregation Funds will be consolidated to a number reflecting the following Aggregation Ratios and a net asset value of each New Stapled Security as at Aggregation of $2.50 so that on Aggregation each Aggregation Fund will then have the same number of securities forming part of the New Stapled Securities on issue.

The Aggregation Ratios are:

- 1 New Stapled Security for every 5.80 CER Stapled Securities;
- 1 New Stapled Security for every 3.10 CAWF Units; and
- 1 New Stapled Security for every 2.51 DHT Units.

Details of the calculation of the Aggregation Ratios using the adjusted net equity value of the Aggregation Funds and the value of the CNP assets are set out in Section 3.3 of the Disclosure Document.

8.8 Other approvals required by CER

The CRL Members Scheme must be approved by the Court in addition to being approved by CRL Shareholders. If the CRL Members' Scheme is approved by CRL Shareholders, CRL will apply to the Court for approval of the CRL Members' Scheme as soon as practicable (**Second Court Date**). The Court hearing for approval of the CRL Members' Scheme is currently expected to be held on Thursday, 24 November 2011, although this may change depending on the availability of the Court to hear CRL's application. It is expected that a notice will be published in The Australian newspaper on Friday, 18 November 2011 containing details of the Second Court Date, at which CRL Shareholders will be entitled to appear.

8.9 Binding nature of Aggregation

If all the Conditions Precedent and approvals for the Aggregation are satisfied or waived (as applicable), then:

- the Aggregation will bind all persons registered as CER Securityholders as at the Aggregation Record Date; and
- trading in New Stapled Securities (on a deferred settlement basis) will commence on Monday, 28 November 2011.

If all of the Conditions Precedent and approvals for the proposed Aggregation are not satisfied or waived (as applicable), then Aggregation will not proceed and each of CER, CAWF and DPF will remain in their current form. See Section 3.9 of this Explanatory Memorandum for further details.

8.10 Sale of New Stapled Securities by Sale Agent (Ineligible Overseas Securityholders)

Ineligible Overseas Securityholders will participate in the Aggregation on the same basis as all other CER Securityholders. However, Ineligible Overseas Securityholders will not receive the New Stapled Securities to which they would otherwise have been entitled but will have those New Stapled Securities sold under the Sale Facility and the proceeds of sale will be remitted to them.

The receipt by Ineligible Overseas Securityholders of the proceeds of sale by cheque will be in full satisfaction of the rights of Ineligible Overseas Securityholders under Aggregation. Cheques will be dispatched to Ineligible Overseas Securityholders at their risk to the address on the CER Securityholder Register as at the Scheme Record Date. In the case of joint Ineligible Overseas Securityholders, the cheque will be dispatched to the registered address of the joint Ineligible Overseas Securityholder named first in the CER Securityholders Register as at the Aggregation Record Date. Cheques will be denominated in Australian currency.

8.11 Fractional entitlements

Where the Aggregation Ratios result in CER Securityholders being entitled to a fraction of a CER Stapled Security on the Aggregation Implementation Date as a result of the CRL Share Consolidation, that entitlement will be rounded down to the nearest whole number.

8.12 What is the CER Directors' recommendation?

The Directors of CER (other than those Directors who are also Directors of CNP who make no recommendation) have considered the benefits, disadvantages and risks and required execution steps of Aggregation and believe Aggregation is in the best interests of CER Securityholders. Accordingly, the CER Directors (other than those Directors who are also Directors of CNP who make no recommendation) unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of all CER Aggregation Resolutions.

Key reasons for the Independent Directors Recommendations are:

- the impact on CER and CER Securityholders of the uncertainty and instability for CER that would result in the event that Aggregation does not proceed;
- the advantages, disadvantages, impacts and risks of the Aggregation detailed in Section 6 of this Explanatory Memorandum;
- the potential alternative options for CER, the commercial and execution risks associated with these and the advantages, disadvantages, impacts and risks of each of these options; and
- the opinion of the Independent Expert.

In the absence of a Superior Proposal, each CER Director (noting that the directors common to CNP hold no CER Stapled Securities) intends to vote in favour of the CER Aggregation Resolutions at the CER Securityholder Meetings in relation to the CER Stapled Securities held by them or on their behalf. The interests of directors in CER Stapled Securities are set out in Section 11.8 of this Explanatory Memorandum.

8.13 What is the Independent Expert's opinion?

Grant Samuel & Associates Pty Ltd has been appointed by CRT RE and CRL to prepare an Independent Expert's Report in relation to Aggregation.

The Independent Expert has expressed the opinion, that in the absence of a superior alternative, Aggregation is fair and reasonable to and in the best interests of external CER Securityholders and that the terms of the acquisition of the CNP Assets are fair and reasonable to external CER Securityholders. External CER Securityholders are all CER Securityholders other than CNP and its associates.

The Independent Expert's key conclusions are:

- merger analysis is an appropriate basis for assessing the Aggregation;
- the Independent Expert has estimated the underlying value of each of the CNP Group entities on the basis of independent valuations of the CNP Group's property portfolio;
- the share of Centro Retail Australia held by external investors in CER will be commensurate with their contribution of underlying value. On this basis the terms of the Aggregation are fair;
- Centro Retail Australia will be an appropriately capitalised property investment vehicle with attractive investment characteristics;
- the alternatives to the Aggregation are not attractive;
- the impact of the Aggregation on net assets per security and gearing is not expected to be material;
- there are a number of other advantages and benefits from the Aggregation; and
- the benefits of the Aggregation outweigh the disadvantages.

CER Securityholders should read the Independent Expert's Report (contained in Section 10 of this Explanatory Memorandum) in full before making their own determination on the merits of Aggregation.

8.14 Taxation

The taxation implications of CER Securityholders receiving New Stapled Securities are set out in Section 13 of the Disclosure Document.

9.
Investigating Accountant's Report

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5 October 2011

The Directors
Centro Retail Limited
Corporate Offices
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Glen Waverley, Victoria 3150

The Directors
Centro MCS Manager Limited as Responsible Entity for Centro Retail Trust
Corporate Offices
3rd Floor, Centro The Glen
235 Springvale Rd
Glen Waverley, Victoria 3150

Dear Directors

Investigating Accountant's Report on Historical and Pro Forma Historical Financial Information

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on certain financial information (defined below) of Centro Retail Limited and Centro MCS Manager Limited as responsible entity for the Centro Retail Trust (together, "CER") for inclusion in the Explanatory Memorandum to be dated on or about 5 October 2011, and to be issued by CER, in respect of the potential amalgamation of CER's Australian portfolio with the Australian portfolio of CAWF and DHT by way of the issue and stapling of securities in each of CER, CAWF and DHT. Certain other property investments and other assets owned by parties in the Centro Group will also be vended in (the "Aggregation").

Expressions defined in the Explanatory Memorandum have the same meaning in this report.

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an Australian Financial Services Licence (AFS Licence Number 240585). Stephen Lomas is a Director and Representative of Ernst & Young Transaction Advisory Services Limited. We have included the Financial Services Guide as Part 2 of this Report.

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Australian Financial Services License No. 240585

2. Scope

Ernst & Young Transaction Advisory Services has been requested to prepare this Report to cover the following financial information:

Historical Financial Information

The Historical Financial Information comprises:

- net profit before tax from continuing operations for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Explanatory Memorandum
- the historical balance sheet as at 30 June 2011, as set out in section 7.3 of the Explanatory Memorandum.

(Hereafter the 'Historical Financial Information').

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information comprises:

- the pro forma adjusted earnings before interest and tax ("EBIT") for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Explanatory Memorandum

(Hereafter the 'Pro Forma Historical Financial Information').

(Collectively, the Historical Financial Information and the Pro Forma Historical Financial Information comprise the 'Financial Information').

The Pro Forma Historical Financial Information assumes completion of the proposed adjustments outlined in section 7.3 of the Explanatory Memorandum

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Explanatory Memorandum.

3. Directors' Responsibility for the Financial Information

The directors of CRL and Centro MCS Manager Limited as the responsible entity of CER are responsible for the preparation and presentation of the Financial Information in the Explanatory Memorandum. Those directors are also responsible for the determination of the pro forma adjustments as set out in section 7.3 and the compilation process.

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4. Our Responsibility for the Financial Information

Historical Financial Information

Our responsibility is to express a conclusion on the Historical Financial Information based on our review.

The Historical Financial Information has been extracted from the audited statutory financial statements. The financial statements were audited by Ernst & Young, who have issued an unqualified modified opinion on the financial statements, noting the inherent uncertainty regarding the continuation of CER as a going concern due to the net current asset deficiency at 30 June 2011 as a result of certain loan facilities expiring within 12 months. The inherent uncertainty is due to CER remaining reliant on the continued support of its lenders, through the extension or refinancing of certain loan facilities beyond existing expiry dates.

We have conducted an independent review of the Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information has not been properly extracted from the CER audited financial statements for the year ended 30 June 2011.

Pro Forma Historical Financial Information

Our responsibility is to express a conclusion on the Pro Forma Historical Financial Information based on our review.

We have conducted an independent review of the Pro Forma Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The pro forma adjustments do not provide a reasonable basis for the Pro Forma Historical Financial Information;

b. The Pro Forma Historical Financial Information has not been prepared on the basis of the adjustments set out in section 7.3 of the Explanatory Memorandum;

c. The Pro Forma Historical Financial Information does not present fairly the pro forma adjusted EBIT for the years ended 30 June 2010 and 30 June 2011 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading relevant Board minutes, reading relevant contracts and other legal documents, inquiries of management personnel and the directors of CER and the responsible entity of CER and analytical and other procedures applied to CER's accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit.

We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

5. Review conclusion on the Financial Information

Review conclusion on the Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information has not been properly extracted from the CER audited Financial Statements for the year ended 30 June 2011.

Review conclusion on the Pro Forma Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

a. The pro forma adjustments do not provide a reasonable basis for the Pro Forma Historical Financial Information;

b. The Pro Forma Historical Financial Information has not been prepared on the basis of the adjustments set out in Section 7.3 of the Explanatory Memorandum;

c. The Pro Forma Historical Financial Information does not present fairly the pro forma adjusted EBIT of CER for the years ended 30 June 2010 and 30 June 2011 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to Centro. Ernst & Young Transaction Advisory Services will receive a professional fee for the preparation of this Report.

Yours faithfully

Stephen Lomas
Director and Representative
Ernst & Young Transaction Advisory Services Limited

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5 October 2011

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INVESTIGATING ACCOUNTANT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Accountant's Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take ino account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

Ernst & Young Transaction Advisory Services Limited ABN 87 003 599 844
Australian Financial Services License No. 240585

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $25,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services	Contacting the Independent Dispute Resolution Scheme:
AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.


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10.
Independent Expert's Report

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29 September 2011

The Directors
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as Responsible Entity of Centro Retail Trust
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Glen Waverley Victoria 3150

The Directors
Centro Retail Limited
3rd Floor, Centro The Glen
235 Springvale Road
Glen Waverley Victoria 3150

Dear Directors

Centro Retail Australia

1 Introduction

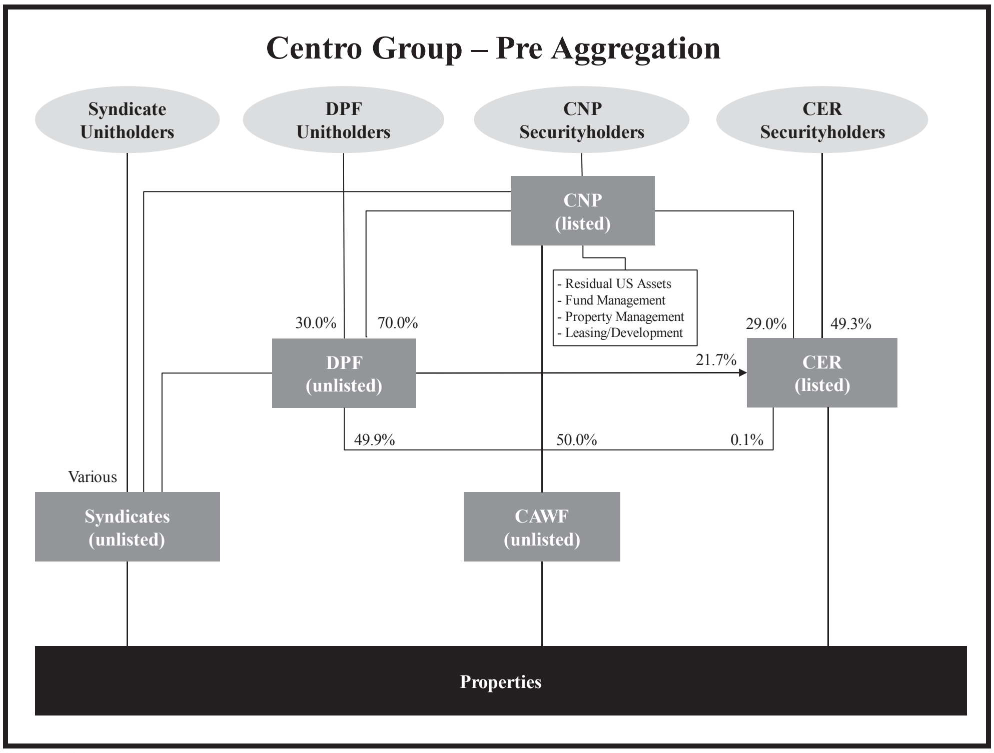
Centro Retail ("CER") is a stapled security structure, consisting of stapled securities in Centro Retail Trust ("CRT") and Centro Retail Limited ("CRL"). CER owns a portfolio of Australian regional and sub-regional shopping centre interests. Its stapled securities are listed on the Australian Securities Exchange ("ASX") and it had a market capitalisation at 9 September 2011 of approximately $720 million.

CER is a member of the Centro group of entities ("Centro Group"), which is an interlinked group of listed and unlisted wholesale and retail property funds. The significant entities within the Centro Group are:

- Centro Properties Limited ("CPL") and Centro Property Trust ("CPT"). CPL and CPT trade as a stapled security ("CNP") on the ASX. CNP is the ultimate controlling entity of the other major entities within the Centro Group;
- CER, in which public investors hold 49% of the securities, with the balance held by entities within the Centro Group;
- Centro Direct Property Fund ("DPF"). DPF is an unlisted open ended fund, in which external retail and institutional investors hold 44% of the units and CNP holds the balance;
- Centro Australia Wholesale Fund ("CAWF"). CAWF is a wholesale fund wholly owned by Centro group entities. CAWF's assets are, principally, 50:50 co-ownership interests in regional and sub-regional shopping centres jointly owned with CER; and
- various closed end property syndicates ("Syndicates"). The Centro Group (principally through DPF and CNP) holds minority interests in these Syndicates, with external investors holding the balance.

CNP and three Syndicates jointly hold various property interests through the Centro Syndicate Investment Fund ("CSIF-A"). Subsidiaries of CNP act as responsible entities and provide property and funds management services to the other entities within the Centro Group.

The following is a simplified representation of the current structure of the Centro Group:



Source: CER
Note: Reflects ownership structure assuming Centro Retail Investment Trust is wound up on 30 June 2011 and certain put option arrangements over DPF units[1] are exercised.

The Centro Group currently has interests in 99 Australian properties (regional, sub-regional and neighbourhood shopping centres), of which:

- 20 are held in 50:50 joint ventures between CAWF and CER;
- 4 are held in 50:50 joint ventures between CAWF and various Syndicates;
- 5 are held through 50:50 joint ventures between CER and CSIF-A;
- 64 are wholly owned by Syndicates (including CMCS 3 and CSIF-A);
- 4 are wholly owned by CER or CNP; and
- 2 are held in 50:50 joint ventures with third parties (non Centro Group entities).

The Centro Group pursued an aggressive debt-funded growth strategy, including a major expansion into the US retail property market. This strategy proved unsustainable when credit markets contracted and property values reversed. Since late 2007 the Centro Group has been under considerable financial stress as a result of excessive debt levels and the fall in US and Australian retail property values. CNP has a material asset deficiency, with senior debt (approximately \$3.2 billion[2]) plus junior debt[3] (approximately

[1] Certain DPF unitholders have put options over their units, in terms of which they are entitled to put the units to CNP at underwritten values. The effect of these puts, if exercised, will be to increase CNP's holding in DPF and its debt.

[2] Including accrued interest and assuming the exercise of the DPF put options.

[3] Junior debt includes Hybrid Securities and Convertible Bonds.

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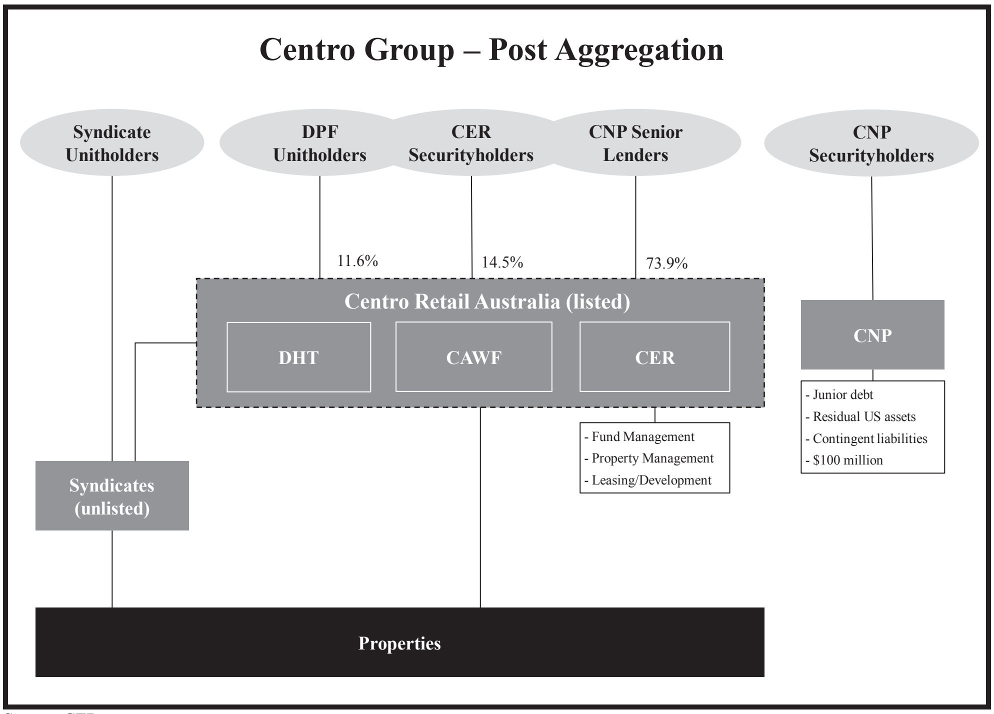
$1.4 billion) substantially in excess of the value of its assets (which had a book value at 30 June 2011 of $2.6 billion). CNP's senior debt becomes due on 15 December 2011.

On 1 March 2011, the Centro Group announced the sale of its property portfolio and services business in the United States and plans to amalgamate its remaining Australian interests into a single listed entity. The sale of the property and portfolio services business in the United States was completed on 29 June 2011. On 9 August 2011 Centro Group announced that agreement had been reached on the terms on which various entities within the group would merge to create a single entity ("Aggregation") and CNP's senior debt would be cancelled in consideration for the transfer to its senior lenders of substantially all of CNP's assets (together the "Proposal").

Before the Aggregation, DPF will transfer essentially all its assets (other than its interests in CER and CAWF) to a wholly-owned subsidiary trust, DHT. The assets to be transferred are principally Syndicate interests. Under the Aggregation, securities in CER, CAWF and DHT are to be stapled together to form a new entity ("Centro Retail Australia"), which will hold all Centro Group's direct Australian property and Syndicate interests. Centro Retail Australia will be internally managed by CRL (1) Limited, a new responsible entity owned by Centro Retail Australia. Following the stapling, CNP's major assets will be its interest in Centro Retail Australia, $100 million in cash, cash to fund wind up costs and two US entities. CNP will distribute its Centro Retail Australia securities to the holders of its senior debt ("CNP Senior Lenders") in satisfaction of the amounts due to the CNP Senior Lenders. The $100 million in cash will be available to Hybrid Securityholders, Convertible Bondholders, CNP ordinary securityholders (collectively, "Junior Stakeholders") and potential claimants pursuant to litigation in which CNP is involved. CNP will have no residual interest in Centro Retail Australia.

The structure of the Centro Group after the Aggregation is illustrated as follows:



Source: CER
Note: Interests in Centro Retail Australia assume that the DPF put options are exercised. If the options were not exercised, CNP's interest in Centro Retail Australia would be 68.5% and the interest of DPF external unitholders would be 17.0%.

The economic effect of the Aggregation is the merger of CAWF, CER and the Syndicate interests of the Centro Group into a single entity with internalised management, and the complete separation of the

3

resultant Centro Retail Australia from CNP. Immediately following implementation of the Aggregation, external CER securityholders will hold 14.5% of the securities in Centro Retail Australia. CNP Senior Lenders are expected to hold 73.9% of the securities and external DPF unitholders will hold the remaining 11.6%.

The property ownership interests of Centro Retail Australia will be as follows:

- 36 properties will be wholly-owned by Centro Retail Australia;
- 5 will be held in 50:50 joint ventures with Syndicates;
- 2 will be held in 50:50 joint ventures with non-Centro Group entities; and
- 61 will be held by Syndicates.

CER securityholders will receive one security in Centro Retail Australia for every 5.8 securities they hold in CER.

The Aggregation involves complex structuring. At a CER level, it will involve a scheme of arrangement for CRL and a trust scheme of arrangement for CRT (these two schemes are referred to, collectively, as the "Scheme"). CER will acquire CNP's property services business ("Services Business") for $240 million (plus an adjustment of working capital) and various other assets and liabilities from CNP ("CNP Assets") for a further $347 million (jointly referred to as the "Asset Acquisition").

The Aggregation will require the approval of CER securityholders in relation to the Scheme and the Asset Acquisition.

The Aggregation will also require the approval of CNP ordinary securityholders, Hybrid Securityholders and Convertible Bondholders. If Junior Stakeholder approval is not received but all other required approvals are given, CER, CNP Senior Lenders and other members of the Centro Group have agreed that they will pursue a transaction that will deliver essentially the same outcome, except that CNP is likely to enter into a formal insolvency administration. CNP will not have available to it the $100 million available under the Aggregation and there will be no distribution to Junior Stakeholders or potential contingent creditors.

The directors of CER have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion:

- the Aggregation is fair and reasonable and in the best interests of CER securityholders not associated with the Centro Group ("CER external securityholders");
- the terms of the Asset Acquisition are fair and reasonable to CER external securityholders.

A copy of the report will accompany the Notice of Meeting, Explanatory Memorandum and Disclosure Document ("the Explanatory Memorandum") to be sent to securityholders by CER and will be available on the ASX and CER websites. This letter contains a summary of Grant Samuel's opinion and main conclusions.

2 Summary of Opinion

CER securityholders will hold a collective interest in the merged entity, Centro Retail Australia, that is consistent with their contribution of value to the merged entity. On this basis the terms of the Aggregation are fair to CER securityholders. In Grant Samuel's view the benefits of the Aggregation are significant and clearly outweigh the disadvantages.

If the Aggregation is not approved by CER securityholders, CNP will almost certainly be placed in some form of insolvency administration. In these circumstances, it is unclear what strategy would be adopted for CER but it is likely that CER would aim to return value to securityholders through

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an orderly realisation of assets. Such a process would involve risks, costs and potential time delays. CER would inevitably be viewed as a forced seller and there would be a risk that the sale process would realise less than full value, perhaps by a material amount. CER securityholders are likely to be better off holding Centro Retail Australia securities than being faced with the uncertain consequences of the insolvency of CNP and the consequent liquidation of the Centro Group.

The establishment of Centro Retail Australia does not close off the opportunity for CER securityholders to realise the full underlying value of their investment at some time in the future, and arguably enhances the prospect of doing so. Overall, in Grant Samuel's view, in the absence of a superior alternative, the Aggregation is fair and reasonable and in the best interests of CER external securityholders. The terms of the Asset Acquisition are fair and reasonable to CER external securityholders.

The commercial effect of the Aggregation is the merger of CER, CAWF and the Centro Group's Syndicate interests into a new vehicle, Centro Retail Australia, and the internalisation of management for Centro Retail Australia. CER securityholders will have investment exposures broadly similar to those that they currently hold through CER: Centro Retail Australia's property interests will principally be 100% interests in properties in which CER currently has 50% interests.

External securityholders in CER will contribute approximately 14.4-14.8% of the estimated underlying value of Centro Retail Australia. Following implementation of the Aggregation, external CER securityholders will hold approximately 14.5% of the stapled securities in Centro Retail Australia. CER securityholders will hold an interest in Centro Retail Australia commensurate with their contribution to the merged entity. On this basis the terms of the Aggregation are fair to CER securityholders.

CER is exposed at a number of levels to the financial stress affecting the Centro Group. CER's ultimate parent, CNP, has liabilities significantly greater than its assets and substantial borrowings that mature in December 2011. CER's responsible entity is a subsidiary of CNP and has guaranteed CNP's debt obligations. The vast majority of CER's property interests are 50% interests in properties that are co-owned with other entities in the Centro Group, which are also subject to the financial stress affecting the group. In this context, the Aggregation delivers a number of significant benefits:

- the Aggregation will result in the creation of an appropriately capitalised entity with sustainable debt, completely separated from CNP. The Aggregation will resolve the financial risks and uncertainties associated with CER's current position as part of the Centro Group;
- investors in Centro Retail Australia will have to a large extent the same investment exposures as those provided by CER. Nevertheless, Centro Retail Australia should be a significantly more attractive investment vehicle than a standalone CER, given its greater size, the likely free float and the consolidated ownership of its underlying property interests. Centro Retail Australia is expected to be the second largest ASX-listed retail property investment vehicle by gross lettable area under management and one of the largest A-REITs generally. It is reasonable to expect that there will be considerable investor interest in Centro Retail Australia. Similarly, from the point of view of financiers, Centro Retail Australia should be a significantly more attractive credit than CER on a standalone basis;
- Centro Retail Australia will have a variety of development and growth options; and
- Centro Retail Australia's management will be internalised, which should enhance Centro Retail Australia's investment appeal and eliminate any potential for misalignment of interests between the manager and investors.

Assessment of whether the Aggregation is in the best interests of CER securityholders (i.e. whether CER securityholders will be better off if the Aggregation is implemented) requires a comparison of the Aggregation with potential alternatives. Given the financial position of the Centro Group, continuation of the status quo is not a feasible option for CER. If CER securityholders do not approve the Aggregation then it is probable that CNP and, potentially, CER's responsible entity will be placed in some form of insolvency administration. Accordingly, it is likely that any alternative to the Aggregation would need to be pursued in the context of an insolvency administration of both CER's controlling securityholder and, potentially, its responsible entity.

One alternative for CER would be to attempt to extricate itself from the Centro Group (in part by establishing a responsible entity independent of the Centro Group) and continue as a standalone property investment vehicle. While this should be achievable, it would entail some risks and would be likely to involve cost and business disruption. However, CER could not be confident of completely separating itself from the Centro Group, at least in the short term. The Centro Group would continue to hold 51% of the securities in CER. CER would continue to be subject to the limitations inherent in owning a portfolio dominated by 50% interests in properties co-owned by members of the financially troubled Centro Group. It appears likely that the Centro Group would continue to provide property management services to CER (at least in the short term). CER on a standalone basis would be a much smaller entity than Centro Retail Australia, with inferior investment characteristics, poorer access to capital and, almost certainly, far more limited growth options.

A continuing standalone CER would only be an attractive option if there was a realistic prospect that CER would be able to raise substantial new equity (which could potentially allow it to acquire some or all of the 50% property interests held by CAWF or other Centro Group entities). But there could be no guarantee that a substantial equity raising would be achievable, given the uncertainties posed by CER's association with the Centro Group. At best, it appears that a standalone CER would deliver an outcome for CER securityholders little better than Centro Retail Australia. However, the execution risks associated with this outcome are considerable. In Grant Samuel's view, CER securityholders would clearly be better off voting in favour of the Aggregation and its relatively certain benefits than pursuing the uncertain benefits of a standalone CER.

A second alternative for CER securityholders would be to attempt to crystallise value for their interests, through a change of control transaction or the sale of CER's property interests. Given CER's current position as a member of the Centro Group, it is unlikely that any attractive change of control proposal for CER would be made by a third party. The more realistic path to value realisation would be the liquidation of CER's property portfolio.

Divestment of CER's property interests would involve risks, uncertainties and potential delays. In the context of an insolvency administration of CNP, there can be no guarantee that any property divestment process would deliver full value for CER's property interests: to the contrary, there would be a real risk of material value destruction given that the Centro Group would inevitably be viewed as a forced seller and a property portfolio of the scale of the Centro Group's portfolio would not easily be absorbed by the market. CER securityholders presumably hold their interests because they want exposure to retail property. Asset liquidation is essentially a last resort, only to be pursued when no other acceptable strategy is available.

In any event, the Aggregation does not close off opportunities for securityholders to crystallise value, either through property liquidation or through a change of control transaction. In fact, the creation of Centro Retail Australia, through resolving the financial uncertainties associated with the Centro Group and consolidating the ownership of its property interests, should improve CER securityholders' prospects of realising full value for their investments through some future value crystallisation.

Financial analysis suggests that, from the perspective of CER securityholders, the Aggregation will result in a broadly neutral impact on net assets per security, a modest reduction in NTA per security and a slight increase in gearing. None of these impacts is significant in the assessment of the Aggregation.

CER and CAWF have finance facilities that mature between 11 November 2011 and 16 December 2011. The Centro Group is currently in negotiation with various financiers to refinance these facilities on the basis that the Aggregation will proceed, so that lenders under the new facilities will be lending in the context of the merged Centro Retail Australia and the consolidated ownership of its major property interests. Centro Retail Australia should be a more attractive credit than either CAWF or CER on a standalone basis, given the separation of CNP from Centro Retail Australia, the creation of a sustainable capital structure providing enhanced access to fresh equity and the superior lending security inherent in the consolidated ownership of Centro Retail Australia's property interests.

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The Aggregation is conditional on Centro Group successfully arranging new debt facilities for Centro Retail Australia. Although CER, CAWF and DPF could waive that condition, the directors of CER have stated that they do not intend to do so. Accordingly CER securityholders are unlikely to be required to vote on the Aggregation unless the new debt facilities are in place.

If the Aggregation does not proceed CER will be required to refinance its debt facilities on a standalone basis. CER is currently in negotiations with its financiers to arrange an extension of its existing facilities if the Aggregation does not proceed. There is no certainty that this will be achieved.

The Aggregation involves some disadvantages:

- there is likely to be short term pressure on the Centro Retail Australia security price, if CNP Senior Lenders sell down their securityholdings. This pressure will be exacerbated to the extent that DPF unitholders choose to be cashed out rather than receive Centro Retail Australia securities. While buying from new investors in Centro Retail Australia should help to balance selling pressures, there is a risk that, in the short term at least, Centro Retail Australia's securities will trade below fair market value;

- the inclusion in Centro Retail Australia of Centro Group's Syndicate interests will increase the complexity of Centro Retail Australia from an investor perspective, and may reduce the investment appeal relative to a vehicle that owned only direct property exposures. The Syndicate interests generally provide some exposure to neighbourhood/convenience shopping centres (whereas CER's assets are principally interests in regional and sub-regional shopping centres). The yield on the Syndicate interests to be acquired are typically lower than the yields on the CAWF/CER direct property interests, in part because of higher management and funding costs for the Syndicates;

- Centro Retail Australia will acquire the management rights for the Syndicates. For CER securityholders who prefer pure passive property exposure (CER is currently a passive property investor) this may be a disadvantage. However, the scale of the property management business will not be significant having regard to Centro Retail Australia's overall asset base and any change in risk profile should not be material. Management of the Syndicate-owned property portfolio provides economies of scale that will benefit Centro Retail Australia's wholly-owned property portfolio. Moreover, the Syndicate property management business provides growth opportunities not otherwise available to Centro Retail Australia;

- CER will incur total transaction costs of $30 million in relation to the Aggregation. Of these, approximately $10 million will be payable regardless of whether the Aggregation is implemented. The remaining costs relate principally to stamp duty and transaction costs. While significant, these costs are not material having regard to the scale of CER and Centro Retail Australia; and

- for securityholders who acquired CER securities for less than $0.18 per security, implementation of the Aggregation will generate a taxable capital gain based on the difference between their acquisition cost and $0.18 per security. Any resultant capital gains tax liability would not represent an absolute loss of value, in that any payments would represent a prepayment of capital gains tax that would otherwise be paid in the future, and will result in a refreshing of the investors' CGT cost base. Nevertheless, for the relevant investors the potential tax liability is clearly a disadvantage.

The impact of these disadvantages will vary, depending upon the circumstances of individual securityholders. Notwithstanding these disadvantages, the Aggregation is clearly preferable to the limited alternatives available to CER, which are almost certain to involve an insolvency administration of CNP and the attendant risk of value destruction for CER securityholders.

CER's securityholders will hold a collective interest in Centro Retail Australia that is consistent with their contribution of underlying value. On this basis the terms of the Aggregation are fair and reasonable to CER securityholders. The status quo is not an option for CER. CER securityholders are likely to be better off if the Aggregation is implemented than if CER pursues any of the alternatives available to it. Accordingly, in the absence of a superior alternative, the Aggregation is in the best interests of CER securityholders not associated with the Centro Group.

The Asset Acquisition will see CER acquire various assets (including the Services Business) with a net asset value at 30 June 2011 of $598 million. Grant Samuel has valued those assets in the range $581-629 million. The consideration for the Asset Acquisition consists of CER securities and (effectively) securities in Centro Retail Australia Group. Grant Samuel has attributed value in the range $508-568 million to the consideration. The value attributed to the consideration falls below the estimated range of values for the assets to be acquired. Accordingly, the terms of the Asset Acquisition are fair and reasonable having regard to the interests of CER external securityholders.

3 Key Conclusions

- **Merger analysis is an appropriate basis for assessing the Aggregation.**

  The Aggregation essentially represents a merger of CER, CAWF and the Centro Group's Syndicate interests, in conjunction with the internalisation of management of the Cento Group funds and property portfolios. From the perspective of CER securityholders it is appropriate to analyse the Aggregation as a merger rather than as a change of control transaction because:

  - 51% of the securities in CER are held by entities within the Centro Group and CER's responsible entity is a subsidiary of CNP. Accordingly, ultimate control of CER currently rests with CNP. Following the Aggregation, control of Centro Retail Australia will be diffused. External CER securityholders will hold approximately 14.5% of the securities in Centro Retail Australia and external DPF unitholders will hold approximately 11.6% (assuming certain put options are exercised). While the CNP senior lenders will collectively hold 73.9% of the securities in Centro Retail Australia, they will not be associated with each other and it is expected that no single security holder (initially at least) will hold more than 11.3% of the securities in Centro Retail Australia, based on debt holdings at 31 August 2011. The internalisation of management means that operational and strategic management of Centro Retail Australia will be a matter for Centro Retail Australia rather than for an external third party. It is clear that the Aggregation will not in any sense result in the passing of control to a third party. If anything, the Aggregation will result in the relinquishment of control by CNP;
  - at a business and asset level, the effect of the Aggregation is to combine the CER/CAWF and CER/CSIF-A property portfolios, both of which consist principally of properties co-owned on a 50:50 basis, and to consolidate ownership such that the properties are owned as to 100% by Centro Retail Australia; and
  - the terms of the Aggregation reflect the proportionate contributions of net asset value made to Centro Retail Australia by CER, CAWF, DPF and (to the extent of its limited contribution) CNP. It is not intended that any control premium be paid to security holders in any of the participating entities and there is no suggestion that any party has received or is to receive any consideration for a change of control.

  Because the Aggregation is essentially a merger, Grant Samuel believes that the assessment of whether the Aggregation is in the best interests of CER securityholders requires consideration of four elements:

  - the terms of the merger that underpins the Aggregation. The terms will be fair if the proportion of Centro Retail Australia to be held by CER securityholders is consistent with or greater than their proportionate contribution of value to Centro Retail Australia;
  - the alternatives realistically available to CER securityholders;
  - the financial impact of the Aggregation on CER securityholders; and
  - other advantages, benefits, costs, disadvantages and risks of the Aggregation.

  While the Aggregation is essentially a merger of CER, CAWF and the Centro Group's Syndicate interests, the interested parties are the external investors and stakeholders in the Centro Group, being:

  - the CER external investors, who collectively own a 49% interest in CER;

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- the DPF external unitholders, who collectively own a 30% interest in DPF; and
- the CNP Senior Lenders, who are collectively entitled to the first $3.2 billion of value in CNP.

The comparison of value contributed and proportionate interest in Centro Retail Australia has been made on the basis of relative contributions in terms of the estimated underlying value of each entity's businesses and assets.

- **Grant Samuel has estimated the underlying value of each of the Centro Group entities on the basis of independent valuations of the Centro Group's property portfolio.**

Grant Samuel has prepared valuations for each of the major participants in the Aggregation (CER, CAWF, DPF and CNP). These valuations have been prepared on the basis of independent property valuations as at 30 June 2011, which were commissioned by the Centro Group for 101 of the 104 properties in the Group's property portfolio. The sum of the assessed property values for each entity was adjusted for net debt, other financial assets and various other assets and liabilities as at 30 June 2011. These valuations are theoretically an estimate of the value that should be realisable on a change of control basis or through liquidating the property portfolio: they do not represent an estimate of the price at which securities in the entities might trade and do not allow for (for example) entity administration costs.

The equity in CAWF has been valued in the range $1,256-1,485 million. The valuation analysis is summarised as follows:

CAWF – Estimated Underlying Value ($ millions)		
	Low	**High**
Direct property interests	2,174	2,403
Cash	13	13
Distributions receivable	19	19
Distributions paid post 30 June 2011 (net of reinvestment)	(11)	(11)
Debt	(907)	(907)
Mark-to-market derivatives	(20)	(20)
Transaction costs	(8)	(8)
Accrued net interest	(3)	(3)
Adjusted net debt	(918)	(918)
CAWF equity value	**1,256**	**1,485**
0.12% interest in CAWF	2	2

The value attributable to CER external securityholders has been estimated to be in the range $457-542 million. The valuation analysis is summarised below:

9

CER – Estimated Underlying Value ($ millions)	Low	High
0.12% interest in CAWF	2	2
Direct property interests	1,635	1,807
Cash	168	168
Remaining proceeds from US sale	35	35
Distributions receivable	6	6
Debt	(774)	(774)
Related party loans	(100)	(100)
Mark-to-market derivatives	(1)	(1)
Transaction costs	(17)	(17)
Accrued interest expense	(10)	(10)
Other related party payables	(15)	(15)
Adjusted net debt	(709)	(709)
Underlying value	**927**	**1,099**
Number of issued securities (millions)	2,286	2,286
Underlying value per security ($ per security)	0.41	0.48
Underlying value attributable to external securityholders (49.3% interest)	**457**	**542**

The value attributable to DPF external unitholders has been estimated in the range $372-430 million. The valuation analysis is summarised below:

DPF – Estimated Underlying Value ($ millions)	Low	High
49.9% interest in CAWF	627	741
21.7% interest in CER	201	238
Interests in Syndicates	403	446
Other investments	8	8
Underlying value	**1,238**	**1,433**
Number of issued units (millions)	1,626	1,626
Underlying value per unit	0.76	0.88
Underlying value attributable to external unitholders (30.0% interest)	**372**	**430**

The value of the assets to be contributed by CNP Senior Lenders has been estimated to be in the range $2,344-2,693 million[4]. The value analysis is summarised below:

[4] Certain additional assets will not be contributed to the Aggregation but will instead be realized directly for the benefit of the Senior Lenders.

CNP Senior Lenders – Estimated Underlying Value ($ millions)		
	Low	**High**
50.0% interest in CAWF	628	742
29.0% interest in CER	269	319
70.0% interest in DPF	866	1,003
CNP Assets		
Interests in Syndicates	129	143
Direct property	45	50
Related party loans	203	203
Mark-to-market derivatives	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	336	355
Services Business	230	260
Services Business other net assets	14	14
Underlying value attributable to CNP Senior Lenders	**2,344**	**2,693**

- **The share of Centro Retail Australia held by external investors in CER will be commensurate with their contribution of underlying value. On this basis the terms of the Aggregation are fair.**

The following table compares the estimated contributions to Centro Retail Australia in terms of underlying value with the proportionate interests to be held by the various stakeholders in Centro Retail Australia:

Centro Retail Australia – Underlying Value Contributions			
	Estimated Value Contribution ($ millions)	**Contribution to Merged Group (%)**	**Ownership of Merged Group (%)**
CER external securityholders	457-542	14.4-14.8%	14.5%
DPF external securityholders	372-430	11.7-11.7%	11.6%
CNP Senior Lenders	2,344-2,693	73.9-73.5%	73.9%
Merged group	**3,173-3,665**		**100.0%**

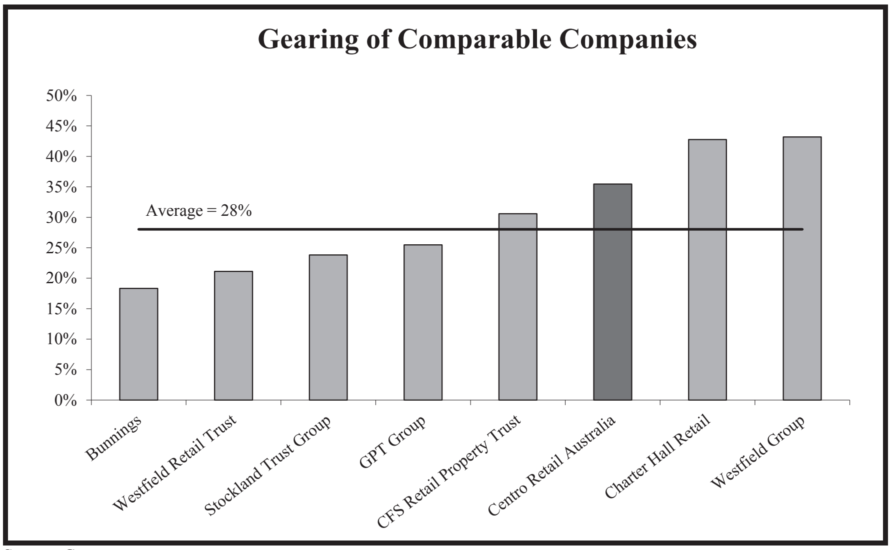
The analysis indicates that CER external securityholders are contributing approximately 14.4-14.8% of the total value contributed to Centro Retail Australia, which is consistent with the 14.5% interest that they will hold in Centro Retail Australia. On this basis, the terms of the Aggregation are fair to CER external securityholders.

- **Centro Retail Australia will be an appropriately capitalised property investment vehicle with attractive investment characteristics.**

Implementation of the Aggregation will see the complete separation of Centro Retail Australia from CNP. It will result in the creation of a financially stable entity:

- Centro Retail Australia's responsible entity will be internally owned and will be free of the financial exposures (by way of guarantee) of CER's current responsible entity;
- Centro Retail Australia will have restructured finance facilities totalling $1.3 billion[5]. As a result, Centro Retail Australia's gearing will be in line with its peers:

[5] Centro Retail Australia's finance facilities have not yet been finalized.



Source: Company announcements
Note: Gearing represents net debt/net debt plus equity.

- 51% of CER's securities are currently held by the Centro Group. The Aggregation should ultimately result in securities in Centro Retail Australia being widely held. It is likely that there will be considerable short term trading in Centro Retail Australia securities, as CNP Senior Lenders sell down their holdings. However, it is reasonable to expect that over time Centro Retail Australia's security register will stabilise with an appropriate spread of institutional investors. Accordingly, Centro Retail Australia should have access to equity to the extent required to support ongoing operations and exploit growth opportunities. In turn, its improved access to equity should make Centro Retail Australia more creditworthy, providing enhanced access to debt on more attractive terms.

The Aggregation should also provide stability from an operational perspective. The Centro Group's current financial position and the associated uncertainties are clear impediments to the recruitment and retention of management and staff. The Aggregation should resolve these issues and ensure that Centro Retail Australia is an attractive employer.

There should be considerable investor demand for Centro Retail Australia securities. Centro Retail Australia is expected to be the second largest ASX-listed retail property investment vehicle by GLA and one of the largest A-REITs generally. Given Centro Retail Australia's size and the composition of its security register, it is reasonable to expect that Centro Retail Australia will also be relatively liquid. It is expected that Centro Retail Australia will be a member of a number of key ASX indices.

- **The alternatives to the Aggregation are not attractive.**

Analysis of the alternatives available to CER requires recognition of CER's position within the Centro Group, the financial stresses faced by the Centro Group and the extent to which those stresses limit or otherwise influence the options available to CER.

CER is 51% controlled by CNP, by way of a 29% direct security holding and an indirect 22% interest (assuming the put options are exercised). CER's responsible entity, Centro MCS Manager, is a wholly-owned subsidiary of CNP. The bulk of CER's property portfolio consists of properties co-owned with other Centro Group entities, principally CAWF and CSIF-A.

CNP is currently facing a material net asset deficiency, with estimated assets of $2.7-3.1 billion, obligations to CNP Senior Lenders of $3.2 billion and amounts due to junior lenders of $1.4 billion, for an overall asset deficiency of approximately $1.6-2.0 billion. CNP's senior debt facilities mature on 15 December 2011. Centro MCS Manager has guaranteed CNP's senior debt obligations.

In this context, the status quo is not an option for CER. CER cannot simply "do nothing". If CER or its security holders chose not to proceed with the Aggregation, then CNP would almost certainly be placed in some form of insolvency administration. The alternatives then realistically available to CER would be:

- the pursuit of a standalone strategy for CER, whereby CER would (as far as possible) separate from the Centro Group and operate as an independent property investment vehicle; and
- an orderly liquidation of CER's property portfolio.

Standalone CER

Comparing the alternative of a standalone CER with implementation of the Aggregation involves consideration of:

- the short term risks and costs associated with the process by which CER would separate itself from the Centro Group; and
- the investment appeal of a standalone CER by comparison with the investment appeal of Centro Retail Australia.

The CNP directors have indicated that, if the Aggregation is not approved, they would re-assess the solvency of CNP and "in all likelihood appoint an external administrator, which would likely be followed by the Senior Lenders appointing a receiver to CNP". This would raise a variety of short term issues and challenges for CER. CER would need to:

- replace its responsible entity;
- make arrangements in relation to funds and property management; and
- ensure the availability of on-going debt facilities to allow continuation of CER's operations.

Resolving these issues would entail risks and uncertainties. In part, these would depend on the nature and extent of the insolvency appointments made within the CNP group. It is possible (but by no means certain) that an administrator and/or receiver would be appointed to Centro MCS Manager, CER's responsible entity. If an insolvency administrator was appointed to CER's responsible entity it is uncertain what action that insolvency administrator would take in relation to CER. It appears likely (but again is not certain) that in these circumstances CER would be able to secure a change of responsible entity. On balance, it appears reasonable to expect that CER would be able to make arrangements to ensure that it had a solvent and stable responsible entity and continued property management services, even if there is likely to be some cost and business disruption in the process. In particular, an insolvency of CNP would be likely to destabilise CNP's property and funds management team, with a risk of deterioration in the performance of the property portfolio and consequent adverse impacts on property values.

Events of default under CNP's senior facilities (such as the appointment of insolvency administrators to the holding entities) may also trigger potential events of default under CER's facilities. On the other hand, CER's lenders appear to have strong security coverage and there is no reason to believe that they would move to enforce their security. CER is in the process of negotiating standstill arrangements with its existing banks should the Aggregation not proceed (although these arrangements have not yet been concluded). There appear to be reasonable grounds to expect that CER would be able to organise on-going finance facilities to support the continuation of its operations (although there can be no absolute certainty in this regard).

Overall, therefore, it appears reasonable to conclude that CER should be able to survive and (to some extent at least) extricate itself from the insolvency of CNP that would likely follow if CER (or its securityholders) chose not to proceed with the Aggregation, whilst acknowledging that any insolvency process would entail unpredictable risks and costs.

While it may be feasible for CER to break away from CNP and pursue an independent future, a standalone CER (in its current form) would have far less investment appeal than Centro Retail Australia:

- CER would be far smaller than Centro Retail Australia and it is likely that trading in its securities would be far less liquid than for securities in Centro Retail Australia;
- CER (in the short term at least) would continue to be 51% controlled by the Centro Group, some of the entities of which would probably be in receivership;
- CER's investments would continue to consist of, principally, 50% interests in properties co-owned with the Centro Group, over which Centro Group entities would continue to have pre-emptive rights. The co-ownership arrangements (particularly if the co-owner is financially troubled) are significant impediments to property development, financing and portfolio management;
- while it is conceivable that CER could internalise its management, it appears more likely, at least initially, that CER would continue to be externally managed (particularly in relation to property management). Even if CER was able to internalise its management, it would not have the benefits of scale available to Centro Group's current funds and property management activities; and
- CER would have limited development options, both in relation to development opportunities within its current portfolio and in relation to growing its investment portfolio, reflecting both the 50:50 ownership arrangements and its limited funding capacity.

To address these issues, CER would need to raise fresh equity. A substantial equity raising could potentially:

- create a much larger listed vehicle with greater trading liquidity;
- fund a much healthier development pipeline; and
- provide an opportunity to acquire some or all of the outstanding 50% interests in the properties co-owned with the Centro Group.

CER's pre-emptive rights mean that CER has a right to match any offer made to CAWF and CSIF-A if they seek to sell their interests in properties co-owned with CER. Given that the rights are no more than rights to match, CER would theoretically acquire the property interests at market values. However, as a practical matter it is possible that the pre-emptive rights could result in CER acquiring some or all of the property interests on attractive terms, to the extent that:

- the pre-emptive rights discouraged other potential buyers of the property interests from competing to acquire them; or
- the market value of a 50% interest in the property was less than half the value of the property on a 100% basis (i.e. CER could capture some value through consolidation of the ownership of the property).

However, there could be no guarantee that CER would be successful in acquiring the outstanding 50% property interests, or that if it was successful any acquisitions would be on value accretive terms. There is no basis for quantifying any benefit that CER could derive through exercise of the pre-emptive rights.

Ideally CER would raise substantial new equity immediately on deciding not to participate in the Aggregation. This would provide the financial capacity required to allow it to take advantage of its

GRANT SAMUEL

pre-emptive rights and participate in any process to divest the property interests of the remainder of the Centro Group. But any substantial equity raising would be difficult, given that:

- 51% of CER's securities would be held directly or indirectly by CNP (in some form of insolvency administration);
- absent a settlement in the interim, CER would continue to be subject to litigation; and
- there would be material uncertainties regarding the management, development and future ownership of the properties in which CER holds interests, given that the majority of the properties would continue to be co-owned with the Centro Group.

Even if a substantial equity raising could be achieved, it would potentially be dilutive to existing securityholders.

Comparison of a hypothetical standalone CER with Centro Retail Australia is essentially theoretical, because it is not clear precisely what form a standalone CER would take, and its development would be to some extent determined by external factors. However, in Grant Samuel's view, there is no reason to believe that a standalone CER would have materially more investment appeal than Centro Retail Australia. To the contrary, it appears likely that it would have less (and perhaps considerably less) investment appeal. Moreover, it would be exposed to a range of risks and uncertainties that do not apply to Centro Retail Australia, including in relation to the need to raise substantial additional capital in potentially very difficult circumstances. Having regard to all these factors, in Grant Samuel's view the "standalone CER alternative" is clearly less attractive than implementation of the Aggregation.

The CER directors have not indicated what strategy they intend to pursue for CER if the Aggregation is not approved by CER securityholders. The reality is that they may not be in control of CER's responsible entity if an administrator or receiver is appointed to CNP.

Orderly Asset Realisation

Given the risks and uncertainties associated with the separation of CER from the rest of the Centro Group and then its development and operation as an ongoing standalone property investment business, the strategy of crystallising the value of CER's property interests and returning that value to securityholders has some attraction.

Crystallisation of the value of CER's property interests through some change of control transaction is unlikely. In the context of an insolvency of CNP, the ongoing uncertainties in relation to the ownership of the residual interests in the properties in which CER holds co-ownership interests, and CER's litigation exposure, there appears to be little or no prospect that a third party would make any fully priced change of control proposal to CER.

On the other hand, there is nothing to prevent CER conducting an orderly sell down of its property interests, either independently or (preferably) in conjunction with the rest of the Centro Group. But it should be recognised that any asset divestment programme would involve a number of disadvantages and risks:

- inevitably, CER and the other members of the Centro Group would be seen as forced sellers, which would make it difficult to realise full value. There would be a real risk that at least some properties would realise well below book value. At worst, the forced sale of a property portfolio of the scale of the Centro Group's property portfolio could result in a downward shift in retail property values generally;
- maximisation of property values within the CER/CAWF portfolio requires a range of identified property refurbishments and developments, to retain important tenants and improve trading performance. In the context of a sell down of the Centro Group's property interests, there would be a risk that the requisite refurbishment and development would not take place, jeopardising property values;

15

- ideally CER would sell all of its property interests in one line. Realistically, however, that is unlikely to eventuate, and it is likely that CER would need to undertake a progressive realisation of its interests. Against the backdrop of a progressive divestment of CER's property interests (presumably, although not necessarily, undertaken as part of a coordinated sale process with the rest of the Centro Group) it will be difficult to maintain the Centro Group's property management platform. A continuing reduction in economies of scale and likely loss of property management staff could be expected to increase property management costs, reduce the efficiency and effectiveness of the property management services and reduce property values;
- CER would need to sell its property interests on a coordinated basis in conjunction with the other entities in the Centro Group if value was to be maximised. Given that such value maximisation would be in the best interests of all stakeholders, it appears reasonable to expect that any realisation process would be on a coordinated basis. On the other hand, in the context of CER having voted down the Aggregation, there would be some risk that cooperation between the various stakeholders would break down and that the sale process would proceed in a less than optimal fashion;
- If CER securityholders were to vote against the Aggregation, it is likely that CNP would enter into some form of insolvency administration. This is likely to give rise to potential events of default in terms of CER's finance facilities. CER's lenders enjoy a strong security position and CER is negotiating to arrange a standstill with its lenders. Accordingly, it would be reasonable to expect that CER would continue to have finance facilities available to it and that its lenders would not take any action pursuant to their security. However, there cannot be any absolute assurance in this regard and there would remain some risk (even if only remote) that CER's lenders would take control of and realise CER's assets pursuant to their security, with potentially material impacts on securityholder value; and
- proceeds from the sale of property interests would not be immediately available to distribute to securityholders. In the first instance proceeds would need to be devoted to paying down CER's secured debt. Moreover, capital distributions may also be restricted until CER's litigation has been settled.

During late 2010 and early 2011 CER (together with other members of the Centro Group) conducted an extensive process in which offers were sought by the Centro Group for both its Australian and US property portfolios. Whilst various indicative proposals were made to the Centro Group, none was determined to deliver sufficient value and certainty to warrant progression. There are no proposals for the acquisition of its property interests currently available to CER.

The Aggregation does not close off the prospects for securityholders of crystallising value for CER's property interests. To the contrary, it is likely that the Aggregation will increase securityholders' prospects of realising full value, through a change of control transaction or otherwise. The creation of Centro Retail Australia will substantially resolve the financing and other uncertainties facing the Centro Group, consolidate the Centro Group's property interests and separate them from CNP. Accordingly, Centro Retail Australia and its property interests should be considerably more attractive to potential acquirers than the current Centro Group entities or the property interests in their current form.

Overall, liquidation of CER's property interests should be viewed as a "last resort" option. Investors (other than short term arbitrage focussed investors) presumably hold CER securities for exposure to retail property. Given the risks and likely costs associated with any asset divestment program, liquidation of CER's property interests is only likely to be the best option for CER securityholders when there are no acceptable alternatives.

Other

Some CER securityholders might prefer a differently structured consolidation of the Centro Group. In particular, there would be some merit in a restructuring that saw the merger of CER, CAWF and CSIF-A but excluded the Syndicate interests of DPF and CNP. Such a restructuring would:

GRANT SAMUEL

- avoid the complexity (from an investor perspective) associated with Centro Retail Australia's holding of multiple Syndicate interests; and
- mean that Centro Retail Australia would not have to pay what appears to be a reasonably full price for the Syndicate property and funds management business.

On the other hand, it is by no means clear that Centro Retail Australia without the Syndicate business would ultimately prove more attractive than Centro Retail Australia as contemplated in terms of the Aggregation:

- without the Syndicate property portfolio, Centro Retail Australia's property and funds management operations would lose some of the economies of scale which enable it to deliver cost efficient services to Centro Retail Australia's property portfolio;
- the Syndicate property portfolio provides Centro Retail Australia with growth options through opportunities to acquire Syndicate properties when Syndicates are wound up; and
- Centro Retail Australia will have an opportunity to stabilise and then re-grow the Syndicate business. While there can be no guarantee that this will ultimately be achieved, Centro Retail Australia in its current form (i.e. including the Syndicate interests) at least provides the potential to re-establish a Syndicate business offering high returns on capital.

In any event, Centro Retail Australia without the Syndicate interests is not an option available to CER securityholders. The structuring of Centro Retail Australia has to reflect the interests of all the major stakeholders in the Centro Group, and the CNP Senior Lenders and DPF investors need some way to efficiently realise value for their exposure to the Syndicate interests. CER securityholders cannot pick and choose those aspects of the Aggregation that they deem most attractive and reject the balance. The choice for CER securityholders is between voting in favour of the Aggregation (and Centro Retail Australia as proposed) or voting against the Aggregation and accepting the risks and costs that would follow in the context of the likely insolvency of CNP. In Grant Samuel's view securityholders will clearly be better off voting in favour of the Aggregation.

- **The impact of the Aggregation on net assets per security and gearing is not expected to be material.**

  The following table sets out the attributable net assets, net tangible assets ("NTA") and gearing on the basis that the Aggregation proceeds and on the assumption that it does not:

Centro Retail Australia - Pro Forma Impact on Financial Position at 30 June 2011

Parameter	Before Aggregation	Pro Forma After Aggregation		
		Amount	Change	
			Amount	Proportion
Net assets per security	$0.44	$0.43	$(0.01)	(2.2)%
NTA per security	$0.44	$0.41	$(0.03)	(6.8)%
Gearing (look through)	40.9%[6]	43.4%	2.5%	6.1%

The Aggregation results in a negligible reduction in pro forma net assets and a modest reduction in NTA per CER security. The reduction in net assets is primarily the result of transaction costs (including stamp duty costs) and the reduction in pro forma NTA reflects both transaction costs and the acquisition of the Service Businesses, which is largely accounted for as an intangible asset.

Overall, the analysis suggests that, from the perspective of CER securityholders, the Aggregation will result in a broadly neutral impact on net assets per security, a modest reduction in NTA per security and a slight increase in gearing. None of these impacts is significant in the assessment of

17

the Aggregation. Essentially, they suggest that in terms of pure short term financial metrics, the Aggregation will have a largely neutral impact on the position of CER securityholders.

- **Centro Retail Australia's debt facilities have not yet been finalised.**

  CER and CAWF have finance facilities that mature between 11 November 2011 and 16 December 2011. The Centro Group is currently in negotiation with various financiers to refinance these facilities on the basis that the Aggregation will proceed, so that lenders under the new facilities will be lending in the context of the merged Centro Retail Australia and the consolidated ownership of its major property interests.

  The Aggregation is conditional on Centro Group successfully arranging new debt facilities for Centro Retail Australia. Although CER, CAWF and DPF could waive that condition, the directors of CER have determined that they do not intend to do so except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. Accordingly CER securityholders are unlikely to be required to vote on the Aggregation unless the new debt facilities are substantially in place.

  In the event that the CER directors were ultimately to waive the condition relating to the establishment of new facilities for Centro Retail Australia, CER securityholders could conceivably face the choice between voting in favour of the Aggregation (but without any certainty that the required facilities would be able to be secured) or voting against the Aggregation.

  CER securityholders already face re-financing risk in relation to the standalone CER facilities. If the Aggregation did not proceed CER would have to re-finance its facilities on a standalone basis. It is likely that its controlling securityholder (CNP) would be in insolvency administration and its responsible entity could potentially also be in some form of insolvency administration. CER would have comparatively limited access to fresh equity and its property interests would continue to be (predominantly) 50% interests in properties co-owned with other members of the Centro Group.

  By comparison, Centro Retail Australia would have considerably more attractive credit characteristics. Centro Retail Australia will be completely separated from CNP. Its capital structure should provide enhanced access to fresh equity (which will make it more creditworthy) and the consolidated ownership of its property interests will allow it to provide more attractive security to its lenders. Accordingly, the Aggregation should improve the prospects of a re-financing relative to a standalone CER. However, CER securityholders should understand that some risk would remain and that if Centro Retail Australia was finally unable to arrange new facilities it would face insolvency. Centro Retail Australia should be a more attractive credit than CER on a standalone basis. Accordingly, while a judgement could only be made having regard to the circumstances at the time, in Grant Samuel's view it is likely that the Aggregation would reduce the risk of this adverse outcome.

- **The effect of the Class Action True-Up Securities on the position of CER securityholders is essentially neutral.**

  CER is defending four separate class actions brought against it. CER is currently defending these claims and has made no provision for any potential liability amounts in relation to any of the claims. CER may ultimately be required to make payments in relation to the class actions (each a "Payment"), by way of a settlement of the class actions, in terms of a court judgement or otherwise in relation to the class actions. The amount and timing of any Payments are highly uncertain. CER's contingent liability in this regard is accordingly not reflected in the estimated net asset contribution upon which the Aggregation terms are based.

  To ensure that the positions of DPF external unitholders and CNP Senior Lenders are protected from the loss of value that would result from any Payments, DPF external unitholders and CNP Senior Lenders will be issued with Class Action True-Up Securities ("CATS"). The CATS will be transferable but not listed on the ASX.

Grant Samuel has reviewed the terms of the CATS and has confirmed that they operate to have the effect that holders of CATS receive compensation (through the issue of additional securities valued at net asset value) for any value lost through Payments, subject only to the effect of the cap described below.

The number of Centro Retail Australia securities that can be issued through the CATS has been capped at 20% of the number of Centro Retail Australia securities on issue at the time of Aggregation. As the cap applies to the number of securities that can be issued, the value of the cap will vary depending on the net asset value of Centro Retail Australia securities at the time of any Payment, the total number of securities then on issue and the amount of the Payment. Based on the number of securities expected to be on issue and the net asset value per Centro Retail Australia security at the time of Aggregation ($2.50), the maximum compensation that could be provided by the CATS would be for Payments totalling $218 million.

The effect of the CATS on the position of CER securityholders is essentially neutral (subject to the cap), in that the operation of the CATS will mean that any Payment will result in the same loss of value for CER securityholders in the context of the aggregated Centro Retail Australia as it would have done in the context of a standalone CER. To the extent (if any) that the cap comes into operation, the CATS will be a positive for CER securityholders, in that CNP Senior Lenders and DPF securityholders will effectively share in the economic loss associated with that portion of a Payment that exceeds the cap.

- **The Aggregation has a number of other advantages and benefits.**

  Control Issues

  At present, CNP directly holds 29% of the securities in CER. Through its 70% holding in DPF it effectively controls a further 22% interest in CER, for a total interest of 51%. A wholly owned subsidiary of CNP manages all of CER's properties and CMCS Manager, also a wholly owned subsidiary of CNP, is the responsible entity for CER. CNP is clearly in a position to control CER.

  Immediately following implementation of the Aggregation, the CNP Senior Lenders will collectively hold a minimum of 73.9% of the securities in Centro Retail Australia, with external CER and DPF securityholders holding 14.5% and 11.6% respectively. The Senior Lenders are hedge funds, banks and other parties. It is expected that none of the Senior Lenders will (initially at least) hold more than 11.3% of the Centro Retail Australia securities on issue based on debt holdings at 30 August 2011. While it is not possible to predict with any certainty precisely how Centro Retail Australia's securities register will evolve, it appears reasonable to expect that over time the Senior Lenders will sell down their positions.

  The ultimate result should be that Centro Retail Australia will have a widely held securities register, with no controlling securityholder. Moreover, the responsible entity of Centro Retail Australia will be a Centro Retail Australia subsidiary. Accordingly, the effect of the Aggregation (from CER's perspective) is that control of CER in terms of securityholdings will be dispersed, while day to day control in a management sense will vest with Centro Retail Australia.

  Property Consolidation

  The Aggregation will result in the consolidation of ownership interests in the CER/CAWF property portfolios, with Centro Retail Australia's property interests principally (with the exception of its Syndicate interests) consisting of 100% owned properties.

  Partial property ownership is not necessarily a disadvantage: major property trusts such as Westfield Retail Trust hold as significant parts of their portfolios partial property interests. However, Centro Group's experience is that the co-ownership arrangements that have been commonplace across the Centro Group have had a number of disadvantages, particularly in the context of the financial stress experienced by the Centro Group. The Aggregation, through consolidating the ownership of CER and CAWF's property interests, will address these disadvantages:

- property developments are likely to be facilitated, as there is no possibility of misalignment of interests as between property co-owners or differences in funding capacity;
- lenders will generally view wholly owned properties as more attractive security than partial property interests, given that wholly owned properties would be easier to realise should lenders ever need to rely on their security. Accordingly, the property consolidation achieved by the Aggregation should help to secure debt funding on more advantageous terms than would otherwise have been the case;
- consolidated ownership of the property portfolio will allow Centro Retail Australia to manage the portfolio (in terms of divestments and potential acquisitions) unfettered by the potentially conflicting objectives or financial constraints of a co-owner.

Growth Opportunities

Centro Retail Australia will have growth options that are either not available to CER or are less easily exploited by CER in its current form:

- consolidated property ownership and improved access to capital will enable Centro Retail Australia to realise an identified development pipeline within the direct property portfolio of approximately $400 million;
- Centro Retail Australia's Syndicate management business should over time provide opportunities to buy properties from Syndicates as they terminate; and
- Centro Retail Australia's scale, the acquisition currency provided by its securities and its access to capital (both equity and debt) should mean that over time Centro Retail Australia will have the capacity and flexibility to take advantage of growth opportunities as they become available (while recognising that there can be no certainty that such future opportunities will in fact transpire).

Internalisation of Management

External management arrangements almost inevitably involve the potential for conflicts of interest. For example, arrangements by which an external manager is remunerated on the basis of assets under management (as is the case for CER) incentivise the manager to maximise assets under management rather than securityholder value. Even if there is no actual conflict, or the conflict is appropriately managed, the perception of potential conflict of interest is likely to be a negative from the perspective of investors. The external management model was a commonplace feature of the Australian investment markets during the years of strong market conditions leading up to the global financial crisis. Since then, the external management model has lost favour and many entities have internalised their management arrangements.

The Aggregation will result in the internalisation of management for Centro Retail Australia, with fund and property management services to be provided by a wholly-owned subsidiary of Centro Retail Australia. The internalisation will eliminate any potential for actual or perceived conflict of interest between the manager and Centro Retail Australia investors and should enhance the investment appeal of Centro Retail Australia.

- **The benefits of the Aggregation outweigh the disadvantages.**

  The Aggregation does involve a number of costs, disadvantages and risks:

  Short Term Security Pricing

  Immediately following the Aggregation, CNP Senior Lenders will hold around 73.9% of the securities in Centro Retail Australia. The Senior Lenders include a range of hedge funds, lending institutions and others. It is likely that many of these will not be long term holders of Centro Retail Australia securities. There is a risk that short term selling pressure as Senior Lenders attempt to exit their investments will drive the Centro Retail Australia security price below its "natural" market price, notwithstanding that the security price is likely to be supported by new investors seeking exposure to Centro Retail Australia's property portfolio. The downward pressure would be exacerbated to the extent that DPF investors that are unable or unwilling to hold Centro Retail Australia securities choose to have their securities sold through the redemption process to be conducted by DPF.

These are essentially short term issues. It is reasonable to expect that over time the Centro Retail Australia securities register will stabilise and that Centro Retail Australia securities will trade in line with Centro Retail Australia's underlying fundamentals. However, for investors who have an urgent need for liquidity, the short term pressure on Centro Retail Australia's security price is likely to be a disadvantage.

Change in Investment Characteristics

CER's property interests consist of interests in, predominantly, regional and sub-regional shopping centres. Centro Retail Australia's direct property interests will continue to consist largely of exposures to regional and sub-regional shopping centres (albeit these will generally be 100% rather than 50% interests). However, Centro Retail Australia will also have exposure to convenience shopping centres, through its Syndicate holdings.

On one view, the increased weighting of convenience shopping centres in Centro Retail Australia's property interests represents a deterioration in the quality of securityholders' property exposure. On the other hand, the quality differential is reflected in differing yields and in the valuations on which the terms of the Aggregation are based. There is no reason to believe that convenience shopping centres should underperform relative to regionals or sub-regionals (on a risk adjusted basis).

Property and Funds Management Activities

CER securityholders currently have a "pure play" property exposure. Centro Retail Australia, through its acquisition of the Syndicate Services Business, will have exposure to funds and property management activities. Centro Retail Australia will not offer pure passive property investment exposure and the inclusion of the funds and property management business will change its risk profile. The additional riskiness will be exacerbated by the uncertainty surrounding the prospects for re-building the Syndicate business. For some investors the change in their risk exposures may be a disadvantage.

But the inclusion of the Syndicate Services Business also offers a range of benefits. The Syndicates' property portfolio provides economies of scale for Centro Retail Australia's Services Business. These economies will benefit Centro Retail Australia's own property portfolio. The Syndicate Services Business provides Centro Retail Australia with growth options (through the opportunity to acquire properties when Syndicates terminate). While the business is not without risk, it provides a platform that gives Centro Retail Australia the opportunity to build a valuable Services Business, potentially offering high returns on capital.

In any event, the Syndicate Services Business is estimated to represent a relatively small investment for Centro Retail Australia. Any negative impact on Centro Retail Australia's risk profile is unlikely to be material.

Syndicate Interests

The Aggregation will result in the inclusion in Centro Retail Australia of the Centro Group's Syndicate interests. The Syndicate interests comprise unit holdings in 27 separate Syndicates, which in turn collectively have interests in 61 properties. Centro Retail Australia's Syndicate interests will have a total net asset value of approximately $521 million, out of net assets for Centro Retail Australia of around $3.3 billion.

From an investor perspective, inclusion of the Syndicate interests in Centro Retail Australia adds a layer of complexity that may diminish the investment appeal of Centro Retail Australia. In addition, the Syndicate interests will generate a lower income yield than Centro Retail Australia's direct property investments. While the underlying property yields for the Syndicate interests should overall be higher than for Centro Retail Australia's direct property holdings, the income yield on the Syndicate interests is expected to be lower than for Centro Retail Australia's direct property holdings, reflecting:

- the marginally greater administration costs related to the Syndicates (representing a difference of around 20 basis points in yield);
- the higher cost of debt generally incurred by Syndicates (although debt costs vary depending upon individual Syndicate's asset quality and financial position); and
- the requirement for some Syndicates to retain earnings to fund debt repayments or property refurbishments or developments.

To the extent that differences in yield reflect Syndicate cash retentions (rather than higher administration or debt costs), there is no adverse value impact on Centro Retail Australia, although reported earnings will be lower.

Of themselves, the Syndicate interests represent less attractive investments than Centro Retail Australia's direct property investments. However, holding these interests is an intrinsic part of operating a continuing Syndicate business, which in turn provides Centro Retail Australia with a range of growth options that would not otherwise be available to it.

CATS

Because the Aggregation involves the issue of CATS, securities in Centro Retail Australia can be expected to trade at lower prices than in the absence of CATS. As a result of the terms of the CATS, the Centro Retail Australia security price should trade on a basis that reflects both the market's assessment of the CER class action litigation risk and the potential dilutionary effect of the issue of new securities or payment of cash compensation under the CATS if any payments are made pursuant to the class actions. However, this should not disadvantage CER securityholders (notwithstanding that they will not receive CATS), because the lower market price should reflect the class action liability that CER securityholders would otherwise have to bear in full if the Aggregation did not proceed.

The security price of a hypothetical standalone CER and the security price of Centro Retail Australia would both be expected to reflect the market's judgement regarding the (uncertain) potential class action liability for CER. However, it is probably the case that the additional complexity of the CATS will make it more difficult to precisely price the CATS for the class action liability, at least for less sophisticated investors (while acknowledging that the market's pricing of this litigation risk will in any event be subject to considerable uncertainty). On this basis there is a risk that the CATS structure will be a disincentive to investment in Centro Retail Australia, although it is not possible to quantify the possible negative effect on the price at which Centro Retail Australia securities might trade.

At the election of Centro Retail Australia, the compensation under the CATS can be achieved by cash settlement rather than the issue of additional securities. To the extent that any cash settlement results in the gearing of Centro Retail Australia increasing beyond an optimal gearing structure, such a cash settlement would increase the financial riskiness and potentially reduce the value of securities in Centro Retail Australia.

Taxation Consequences

As part of the transaction process by which CER securityholders will receive stapled Centro Retail Australia securities, there will be a return of capital on CER securities, with the proceeds used to subscribe for CAWF and DHT units that will then be stapled to the CER securities. (CER securityholders will not receive any cash under the return of capital). The result will be that CER securityholders will be deemed to receive a return of capital of $0.18 per CER security. The return

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of capital will be a capital gains tax event. CER securityholders who acquired their securities at prices lower than $0.18 will realise a taxable capital gain based on the difference between $0.18 and their acquisition cost. The number of CER securityholders subject to this gain is unknown. However, CER securities traded below $0.18 generally between September 2008 and November 2010.

Any CGT payable is not an absolute loss of value because it is essentially a prepayment of CGT that would become payable on any future divestment of the securities, and securityholders' cost base will be reset at $0.18. Nonetheless, any CGT impost does have a real economic cost for the relevant CER securityholders.

There are a number of other tax consequences arising from the Aggregation which could be disadvantageous to some CER securityholders. In particular the components of any distributions (including dividends) from Centro Retail Australia may be different to those that would have been received from CER.

The taxation consequences of the Aggregation are more fully set out in section 13 of the Disclosure Document. Securityholders should refer to the taxation report prepared by KPMG for a more detailed analysis of the taxation consequences of the Aggregation and should in any event consult with their personal taxation adviser as the tax consequences may be complex.

Transaction Costs

The transaction costs for the Aggregation are expected to total approximately $107 million, which will be shared by CNP, CER, CAWF, DPF and Centro Retail Australia. These costs represent less than 3.2% of the combined net assets of Centro Retail Australia.

Approximately $21 million of the transaction costs will have been incurred prior to the securityholder meetings and payable irrespective of whether Aggregation proceeds. Of the balance, a large component relates to stamp duty incurred on the transaction and establishment fees in relation to Centro Retail Australia's new debt facilities. If the Aggregation is implemented, the incremental costs that will be shared by CNP, CER, CAWF and DPF will be approximately $86 million.

Forced Cash Sale for Foreign Securityholders

Stapled securities are not being issued to registered foreign securityholders other than those residents in New Zealand. A Sale Facility has been established to enable registered foreign securityholders to receive a cash amount instead of stapled securities. Under the Sale Facility, CER securities held by registered foreign securityholders will be sold on their behalf and the cash proceeds distributed to them.

The Sale Facility may be disadvantageous to registered foreign securityholders as:

- they will have no say in the timing of the sale of the Centro Retail Australia securities that they are entitled to. The time that the sales agent sells the Centro Retail Australia securities may not be the best time to sell for individual foreign securityholders; and
- they will not be able to retain an exposure to the Centro Retail Australia unless they purchase stapled securities in the Centro Retail Australia after the Aggregation is implemented.

However, the level of registered foreign securityholders in each of the entities is relatively small (estimated at less than 1%). There are other foreign securityholdings held through nominee companies but these are not required to participate in the Sale Facility.

Conclusion

The disadvantages of the Aggregation will vary for different CER securityholders, depending upon factors such as their need for short term liquidity, CGT cost base and investment preferences. In

Grant Samuel's view the disadvantages are not material having regard to the benefits of the Aggregation and the disadvantages and risks to which CER securityholders will be exposed if the Aggregation is not implemented.

- **The terms of the Asset Acquisition are fair and reasonable to CER external securityholders.**

Under the Asset Acquisition, CER will acquire various assets from CNP. Grant Samuel's valuation of these assets is summarised as follows:

CNP Senior Lenders – Estimated Net Asset Value ($ millions)		
	Low	**High**
CNP Assets		
Interests in Syndicates	129	143
Direct property	45	50
Related party loans	203	203
Mark-to-market derivatives	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	336	355
Services Business	230	260
Services Business other net assets	14	14
Underlying value attributable to CNP Assets and Services Business	**580**	**629**

The consideration for the CNP Assets is $347 million payable in CER securities based on CER's net asset value. CER stapled securities had a net asset value at 30 June 2011 of $0.44 per security. Accordingly, approximately 789 million CER securities would have been issued had the Aggregation occurred on 30 June 2011. The market value of these securities, based on the CER security price on 8 September 2011 was $0.31 per security, 30% below the net asset value, and represents a total value of approximately $247 million. These securities will convert to Centro Retail Australia securities as part of the aggregation process at net asset value rather than at the security price.

The consideration for the Services Business is a promissory note which would have had a face value of around $251 million if issued on 30 June 2011. The promissory note face value will be varied:

- for movements in the working capital of the Services Businesses;
- in the event that CMCS 8 is not wound up at the time of aggregation;
- to the extent that property and fund management rights for any of the Syndicates are not transferred to Centro Retail Australia.

CNP will use the promissory note to fund its subscription for Centro Retail Australia securities at net asset value of $2.50 per security. To the extent that Centro Retail Australia securities trade at a discount to net asset value, the value of the consideration for the Services Business will be lower than $251 million.

Ultimately the value of the consideration for the Asset Acquisition will be a function of the market value of CER and Centro Retail Australia securities at the time of the Aggregation (rather than the net asset value of the securities). Based on the current discount to net asset value at which CER securities are trading, the consideration would have value of approximately $419 million (30% discount to net asset value). It is probably reasonable to assume that the discount to net asset value would narrow as uncertainty relating to the Aggregation was progressively resolved. For the purpose of this analysis, Grant Samuel has assumed that a discount of 5-15% relative to underlying value is reasonable for the purpose of assessing the value of the consideration (whilst

GRANT SAMUEL

acknowledging that there is considerable uncertainty in relation to this assumption). On this basis the value of the consideration is in the range $508-568 million.

In total Grant Samuel has valued the CNP Assets and Services Business in the range $580-629 million and the consideration in the range $508-568 million. Accordingly, in Grant Samuel's opinion, the value being contributed by CNP in the form of the CNP Assets and Services Business is greater than the consideration being paid by CER and, as a result, the terms of the Asset Acquisition are fair to CER securityholders not associated with CNP. As the Asset Acquisition is fair it is also reasonable. Moreover, the Asset Acquisition is an integral part of the overall Aggregation, which in Grant Samuel's view is in the best interests of CER securityholders. Overall, therefore, in Grant Samuel's opinion the terms of the Asset Acquisition are fair and reasonable to CER securityholders not associated with the Centro Group.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual CER securityholders. Accordingly, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Securityholders should read the Explanatory Memorandum issued by CER in relation to the Aggregation and Asset Acquisition.

Voting for or against the Aggregation and Asset Acquisition is a matter for individual securityholders, based on their own views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Securityholders who are in doubt as to the action they should take in relation to the Aggregation and Asset Acquisition should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in CER or Centro Retail Australia. This is an investment decision upon which Grant Samuel does not offer an opinion and is independent of a decision on whether to vote for or against the Aggregation. Securityholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

Financial Services Guide
and
Independent Expert's Report
in relation to Centro Retail Australia

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

29 September 2011

GRANT SAMUEL

GRANT SAMUEL & ASSOCIATES

LEVEL 6

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Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for Centro Retail Trust ("CER") in relation to the aggregation of Centro Group entities ("the CER Report"), Grant Samuel will receive a fixed fee of $700,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 12 of the CER Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the CER Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 12 of the CER Report:

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with CNP or other entities in the Centro Group or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Aggregation.

Grant Samuel has also been appointed by other entities within the Centro Group to prepare independent expert's reports in relation to the Aggregation. Grant Samuel has been engaged by:

- *the directors of CNP to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CNP securityholders ("CNP Report"). The CNP Report is to be included in the explanatory memorandum to be sent to CNP securityholders;*
- *the directors of DPF to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of DPF unitholders ("DPF Report"). The DPF Report is for the sole use of the directors of the responsible entity of DPF and is not intended to be distributed to DPF unitholders; and*
- *the directors of CAWF to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CAWF unitholders ("CAWF Report"). The CAWF Report is for the sole use of the directors of the responsible entity of CAWF but may be distributed to CAWF unitholders.*

Grant Samuel commenced analysis for the purposes of this report in March 2011, prior to the announcement of the Aggregation. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Aggregation.

Grant Samuel had no part in the formulation of the Aggregation. Its only role has been the preparation of this report.

GRANT SAMUEL

Grant Samuel will receive a fixed fee of $700,000 for the preparation of this report. This fee is not contingent on the outcome of the Aggregation. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929. If you have any concerns regarding the CNP Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Financial Ombudsman Service at GPO Box 3 Melbourne VIC 3001 or 1300 780 808. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the CER Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

GRANT SAMUEL

Table of Contents

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1 Terms of the Aggregation

On 1 March 2011, the Centro group of entities ("Centro Group") announced the sale of its property portfolio and services business in the United States and plans to aggregate its remaining Australian interests into a single listed entity. The sale of the property portfolio and services business in the United States was completed on 29 June 2011. On 9 August 2011 Centro Group announced that agreement had been reached on the terms on which various entities within the group would merge to create a single entity holding, predominantly, 100% owned Australian regional and sub-regional shopping centres ("Aggregation") and the senior debt in Centro Properties Group would be cancelled in consideration for the transfer to its senior lenders of substantially all of the assets in Centro Properties Group (together the "Proposal").

The major entities within the Centro Group that are relevant to the Aggregation are:

- Centro Properties Limited ("CPL") and Centro Property Trust ("CPT"), of which CPT Manager Ltd is the responsible entity. CPL and CPT trade as a stapled security (Centro Properties Group or "CNP") on the Australian Securities Exchange ("ASX");
- Centro Retail Limited ("CRL") and Centro Retail Trust ("CRT"), of which Centro MCS Manager Ltd is responsible entity. CRL and CRT trade as a stapled security ("CER") on the ASX. Public investors hold 49% of the securities in CER, with the balance held by entities within the Centro Group;
- Centro Direct Property Fund ("DPF"), of which Centro MCS Manager Ltd is responsible entity. DPF is an unlisted open ended fund, in which external investors hold 44% of the units and CNP (and its subsidiaries) holds the balance;
- Centro Australia Wholesale Fund ("CAWF"), of which CPT Manager Ltd is responsible entity. CAWF is an open ended fund wholly owned by Centro Group entities; and
- various closed end property syndicates ("Syndicates"), managed by CPT Manager Ltd ("CPT Manager") or Centro MCS Manager Ltd ("CMCS Manager"). The Centro Group, principally through DPF and CNP, holds interests in these Syndicates.

Subsidiaries of CNP provide property and funds management services to the other entities within the Centro Group. For the purposes of this report the CNP subsidiary entities that provide these services, and their activities, are collectively referred to as the "Services Business".

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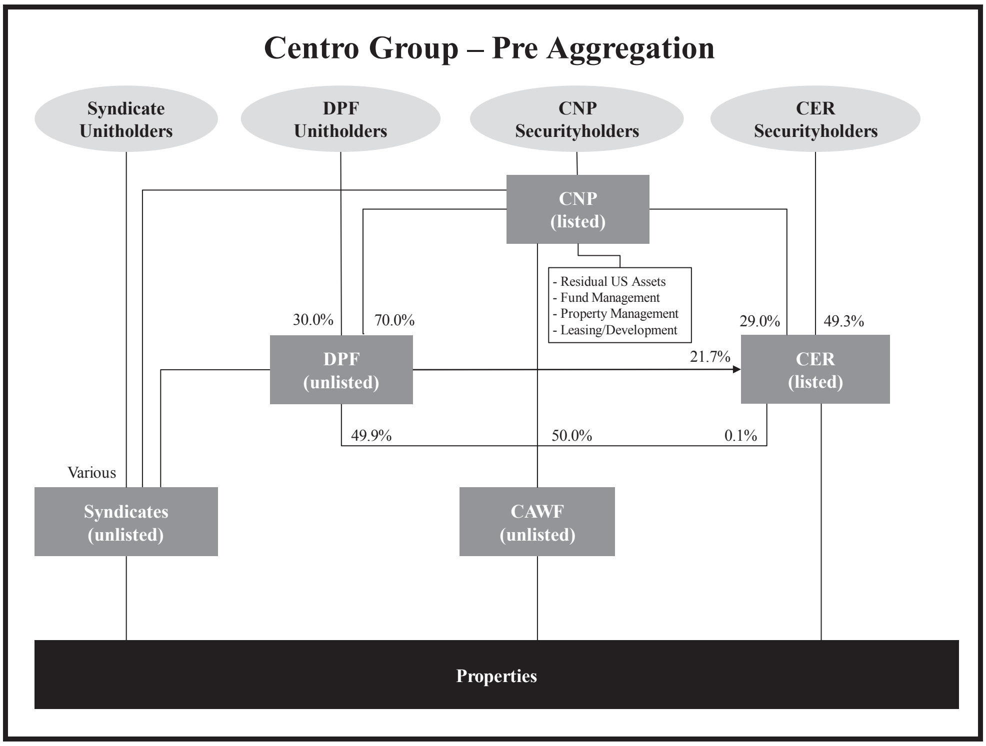
The following is a simplified representation of the current structure of the Centro Group:



Source: CER

Note: Reflects ownership structure assuming Centro Retail Investment Trust is wound up on 30 June 2011 and certain put option arrangements over DPF units are exercised[1].

The Centro Group currently has interests in 99 Australian properties (regional, sub-regional and neighbourhood shopping centres), of which:

- 20 are held in 50:50 joint ventures between CAWF and CER;
- 4 are held in 50:50 joint ventures between CAWF and various Syndicates;
- 5 are held through 50:50 joint ventures between CER and Centro Syndicate Investment Fund A ("CSIF-A");
- 64 are wholly owned by Syndicates (including CMCS 3 and CSIF-A);
- 4 are wholly owned by CER or CNP; and
- 2 are held in 50:50 joint ventures with third parties (no- Centro Group entities).

Under the Aggregation, securities in CER, CAWF and a wholly owned holding trust of DPF ("DHT") are to be stapled together to form a new entity ("Centro Retail Australia"), which will hold all of Centro Group's direct Australian property interests and Centro Group's Syndicate interests. Subject to the necessary approvals being obtained, Centro Retail Australia will be internally managed by CRL (1) Limited, a new responsible entity owned by Centro Retail Australia.

[1] Certain DPF unitholders have put options over their units, in terms of which they are entitled to put the units to CNP at underwritten values. The effect of these puts, if exercised, will be to increase CNP's holding in DPF and its debt.

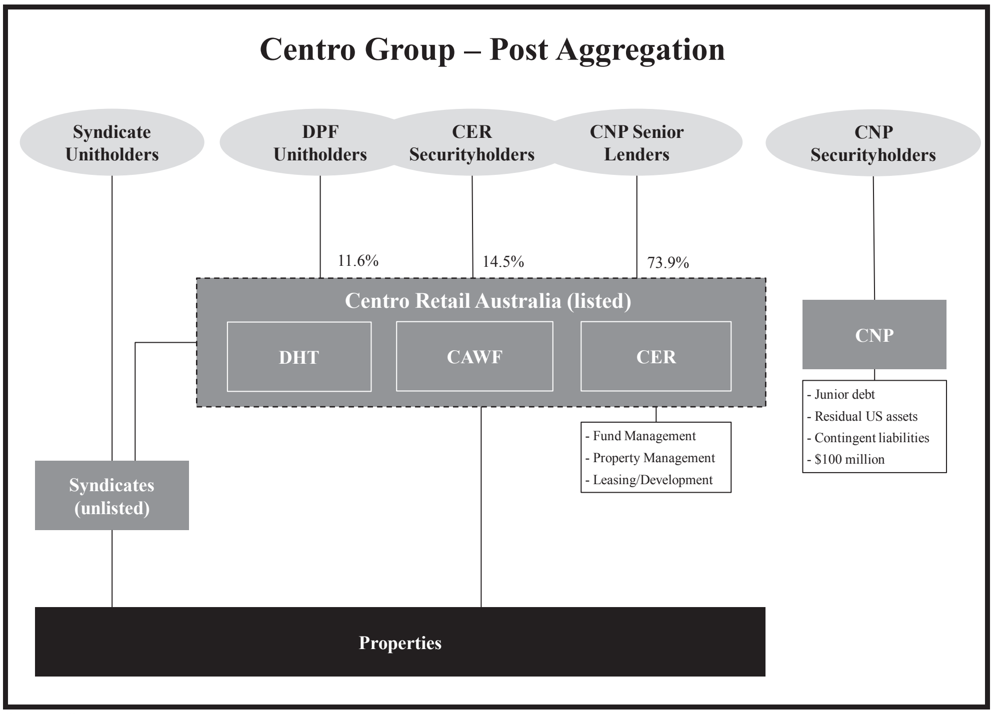
Before the Aggregation, DPF will transfer essentially all its assets (other than its interests in CER and CAWF) to DHT. The assets to be transferred are principally Syndicate interests. Following the Aggregation, DPF's only substantial asset will be its interest in Centro Retail Australia through DHT. DPF will distribute its Centro Retail Australia securities to its unit holders (or at the election of unit holders will sell the securities and remit the proceeds to its unit holders), following which DPF may be liquidated.

Similarly, following the Aggregation, CNP's major assets will be its interest in Centro Retail Australia, two US entities not sold to BRE Retail Holdings Inc (an affiliate of Blackstone Real Estate Partners VI LP ("Blackstone"), $100 million in cash and cash to support the wind up of CNP. As part of the Proposal CNP will distribute its Centro Retail Australia securities to the holders of CNP senior debt ("CNP Senior Lenders") in full satisfaction of the amounts due to the CNP Senior Lenders. CNP will have no residual interest in Centro Retail Australia.

Under the Aggregation:

- CER external securityholders will receive one Centro Retail Australia security for every 5.8 CER securities;
- DPF unitholders will receive one Centro Retail Australia security for every 3.1 DPF units, unless unitholders elect to redeem their units for cash; and
- CNP Senior Lenders will receive approximately 1.0 billion Centro Retail Australia securities in exchange for the cancellation of the senior debt.

The structure of the Centro Group after the Aggregation is illustrated as follows:



Source: CER

Note: The percentage interests in Centro Retail Australia are estimated on the basis that certain put arrangements over DPF units are exercised. If these put arrangements are not exercised, CNP's interest in Centro Retail Australia would fall to 68.5% and the collective interest of DPF external unitholders would increase to 17.0%.

GRANT SAMUEL

Amongst other approvals, the creation of Centro Retail Australia is conditional on CNP, CER, CAWF and DHT securityholder approval. In broad terms, the Aggregation is to be implemented by way of a scheme of arrangement ("Scheme") under Section 411 of the Corporations Act, 2001 ("Corporations Act"), in respect of CRL and CRT, and amendments to the constitutions of each of CRL, CPT, CAWF and DHT pursuant to sections 136 and 601GC of the Corporations Act. If the Aggregation is approved, the following steps will be implemented:

- the number of CER, DHT and CAWF securities on issue will be adjusted (by consolidation or division), which will be determined based on the relative net asset values of each Aggregation entity and a net asset value per Centro Retail Australia security of $2.50;
- CER and CAWF securityholders and DPF as the holder of all the units in DHT, will each receive a distribution representing a capital return. The distributions will be applied to subscribe for units and shares in the entities that investors do not already own. This will result in the issue of new securities in CER, CAWF and DHT such that on implementation, each securityholder (including DPF) will hold the same number of securities in each of CER, DHT and CAWF. The aggregated net asset value per security will be $2.50;
- an internal restructure will be effected with the overall objective of transferring net assets within CNP and DPF to the entities that are to be stapled to form Centro Retail Australia. In exchange, CNP and DPF will receive additional securities in the entities to be stapled. This will have the general effect (with certain exceptions) that the assets of CNP and DPF will purely be holdings in the entities to be stapled. In particular:
  - CNP will sell net assets of $347 million to CER ("CNP Assets") in exchange for CER securities. The net assets to be sold include direct property interests, interests in Syndicates, related party loans and derivatives and certain provisions;
  - CNP's Services Business will be sold to Centro Retail Australia for approximately $240 million (subject to certain adjustments for working capital) in exchange for Centro Retail Australia securities; and
  - DPF will sell its assets (other than its direct and indirect interests in CER) to DHT in exchange for DHT units. The assets to be sold principally comprise interests in Syndicates.
- the CER, DHT and CAWF securities will be "stapled" to each other to form a single security, to be listed on the ASX ("Centro Retail Australia securities");
- the existing responsible entities of CRT, CAWF and DHT, being CMCS Manager and CPT Manager, will be replaced with CRL (1) Limited, the Centro Retail Australia responsible entity;
- DPF will offer its unitholders the opportunity to withdraw their capital. DPF unitholders will be able to elect to receive cash or Centro Retail Australia securities, or a combination of both. In the case of unitholders who choose to receive cash, DPF will sell by way of a book-build process (or through a broker) the Centro Retail Australia securities to which those holders would otherwise have been entitled, and will remit the proceeds to the unitholders. The other DPF unitholders who elect the in-specie distribution will receive their proportional share of Centro Retail Australia securities. Following the asset distribution and realisation of the assets of the fund, DPF may be wound up; and
- pursuant to a creditor's scheme of arrangement ("Senior Debt Scheme"), CNP's Centro Retail Australia securities will be transferred to the CNP Senior Lenders in cancellation of substantially all of its outstanding senior debt. Following this transfer, CNP will have no equity holding in Centro Retail Australia.

Securityholders and unitholders with registered foreign addresses other than those residents in New Zealand ("registered foreign securityholders") will not receive Centro Retail Australia securities. Registered foreign securityholders will receive the net cash proceeds from the sale of their entitlement to Centro Retail Australia securities on the ASX through a sale facility ("Sale Facility").

Other key features of the Aggregation are summarised as follows:

- DHT and CAWF unitholders, as well as CNP Senior Lenders, will also be issued with class action true-up securities ("CATS") to effectively adjust CER's net assets for any future settlement payment in relation the existing class action claim on CER, if any. The CATS are a security which entitles the holders of those securities to the issue of additional Centro Retail Australia securities or cash to compensate those holders had the litigation compensation been known at the time of the implementation of the aggregation. The CATS will be transferrable but will not be listed on the ASX;

- CNP will be left with $100 million of the proceeds from the sale of the United States property assets. This amount will be distributed amongst CNP's Hybrid Securityholders Convertible Bondholders and CNP ordinary securityholders ("Junior Stakeholders") and contingent creditors listed below:

  - $20 million in total to Hybrid Securityholders, who hold hybrid securities with face value of $1.03 billion at 30 June 2011. These securities were issued to senior lenders in January 2009 as part of the Stabilisation Agreement. 49% of the Hybrid Securities are currently held by CNP Senior Lenders;

  - $21.1 million in total to Convertible Bondholders, who hold Convertible Bonds with face value of US$444 million at 30 June 2011. These units matured on 30 June 2010. Because the convertible bonds were not redeemed and no distributions have been paid to bondholders since June 2008, CNP is restricted from paying distributions to CNP ordinary securityholders until the Convertible Bonds are dealt with;

  - 5.03 cents per CNP security or $48.9 million in total to CNP ordinary securityholders; and

  - $10 million to be set aside for contingent creditors such as parties entitled to claim against CNP in respect of settlements or judgements (if any) in relation to litigation brought against CNP.

  Under the Aggregation the Hybrid Securityholders are to receive their allocations, pursuant to separate Creditors Schemes of Arrangement ("Junior Creditors Schemes") and Convertible Bondholders will receive their allocation through amendments to the terms of the bonds. The distribution of the $100 million is conditional on approval of the Aggregation as well as Junior Stakeholders. If the distributions are approved CNP securityholders will not have any further economic interest or claims on CNP;

- Centro Retail Australia will acquire other assets from the Centro Group including property and interests in Syndicates for $71 million. The acquisition of these assets will effectively occur after the Aggregation; and

- CNP has agreed with the CNP Senior Lenders that additional funds (of up to $30 million) will be made available to CNP from the CNP Senior Lenders to fund the costs of winding up the group.

All elements of the Aggregation and Proposal are inter-conditional. In particular, the Aggregation as described is subject to the following:

- the approval of CER external securityholders ;

- the approval of CNP ordinary securityholders;

- the approval of CAWF unitholders; and

- the approval of the DHT unitholders.

GRANT SAMUEL

The Proposal also requires the approval of CNP creditors (CNP Senior Lenders and Hybrid Securityholders) and holders of Convertible Bonds to the settlement of amounts due to them, by way of the Senior Lender and Junior Creditors Schemes and the change to the terms of the Convertible Bonds.

It is proposed that a broadly similar transaction ("Extended Aggregation") will be effected by alternative means in the event that all other conditions are met, but the Proposal is not approved by any one or more of CNP ordinary securityholders, Hybrid Securityholders or Convertible Bondholders. In those circumstances CPL and CPT are likely to become subject to insolvency administrations. The directors of CNP have advised that in those circumstances it would be their intention to re-assess the solvency of CNP and in all likelihood appoint an external administrator to CPL and CPT and the CNP Senior Lenders would then exercise their security and appoint receivers to both entities. The CNP Senior Lenders and CER, DPF and CAWF have agreed to work to achieve an outcome identical to that contemplated under the Aggregation, except that the $100 million will not be available to CNP for distribution to CNP's Junior Stakeholders.

Following the Aggregation, CNP securityholders will continue to own securities in CNP but will have no residual economic interests in CNP. CNP assets and liabilities will comprise the two US entities, $10 million cash set aside for contingent creditors and up to $30 million set aside to fund the wind up costs of CNP. Any surplus capital, either from the sale of the US entities, lower than expected costs arising from the settlement of contingent creditors or wind up of CNP, will be paid to the CNP Senior Lenders. The majority of the management team will transfer to Centro Retail Australia and the board will be reduced in size. CNP will be suspended from trading on the ASX and at a later date delisted and eventually wound up.

2 Scope of the Report

2.1 Purpose of the Report

The directors of CER have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report in relation to the Aggregation. The report will state whether:

- the Aggregation is in the best interests of CER securityholders not associated with the Centro Group ("CER external securityholders") and to state the reasons for that opinion; and
- for the purposes of ASX Listing Rule 10.1, the related party transaction whereby the CNP Assets and Services Businesses will be transferred from CNP to CER ("Asset Acquisition") is fair and reasonable to CER external securityholders.

Section 411

In relation to CRL and CRT, the Aggregation is to be implemented by a Scheme of Arrangement under Section 411 of the Corporations Act between CRL and its securityholders and CPT and its unitholders (together the "Scheme"). Under Section 411 the Scheme must be approved by a majority in number (i.e. at least 50%) of each class of securityholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by CER shareholders, the Scheme will then be subject to approval by the Supreme Court of Victoria.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to securityholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of securityholders subject to the scheme and must state reasons for that opinion.

Based on the requirements of the Corporations Regulations, there is no regulatory requirement for CER to commission an independent expert's report in relation the Scheme , However, the directors of CER have requested that Grant Samuel prepares this report setting out whether, in Grant Samuel's opinion, the Aggregation is in the best interests of CER external securityholders.

Related Party Transaction

Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless the giving of the benefit is approved by shareholders or it falls within specified exceptions. The Aggregation involves the provision of financial benefits through the transfer of the CNP Assets and the Services Business from CNP to CER. Therefore, CER is seeking the approval of non-associated securityholders under Section 208(1) for the giving of those financial benefits. An independent expert's report is not required for the purposes of Section 208(1).

ASX Listing Rule 10.1 also regulates related party transactions. Pursuant to Listing Rule 10.1, an entity may not acquire an asset worth more than 5% of its net assets from a related party without the approval of non-associated shareholders. The notice of meeting at which the approval of non-associated shareholders is sought must include a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

The value attributed to the CNP Assets and the Services Business is more than 5% of CER's net assets. Accordingly, the independent directors have engaged Grant Samuel to prepare an independent expert's report in relation to Asset Acquisition for the purposes of Listing Rule 10.1, and also to assist CER external securityholders to determine whether or not to approve the Aggregation for the purposes of s208(1). The independent expert's report will set out whether, in

GRANT SAMUEL

Grant Samuel's opinion, the Asset Acquisition is fair and reasonable to the non-associated securityholders of CER and state the reasons for that opinion.

A copy of the report will accompany the Notices of Meetings, Explanatory Memorandum and Disclosure Document ("the Explanatory Memorandum") to be sent to securityholders by CER. The report will be available on CER's website or available to CER external securityholders on request.

Grant Samuel has also been appointed by other entities within the Centro Group to prepare independent expert's reports in relation to the Aggregation. Grant Samuel has been engaged by:

- the directors of CNP to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CNP ordinary securityholders ("CNP Report"). The CNP Report is to be included in the explanatory memorandum to be sent to CNP securityholders;
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This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual CER external securityholders. Accordingly, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. CER external securityholders should read the Explanatory Memorandum issued by CER in relation to the Aggregation.

Voting for or against the Aggregation is a matter for individual securityholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Securityholders who are in doubt as to the action they should take in relation to the Aggregation should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in CER or Centro Retail Australia. This is an investment decision independent of a decision to vote for or against the Aggregation. Grant Samuel does not offer an opinion on this investment decision. Securityholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

Section 411

There is no legal definition of the expression "in the best interests". However, the Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert's reports. ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer such as the offeror's existing shareholding, other significant shareholdings, and the probability of an alternative offer.

An offer could be considered "reasonable" if there were valid reasons to accept the offer notwithstanding that it was not "fair".

Fairness is a more demanding criteria. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

The Aggregation is not a typical control transaction. Control is not passing to a new controlling securityholder or group of securityholders. In fact, the effect of the Aggregation is the opposite, given that the Centro Group's collective 51% controlling holding in CER will effectively be distributed (in the form of Centro Retail Australia securities) to the CNP Senior Lenders and to the external investors in DPF. While the CNP Senior Lenders will hold in aggregate approximately 74% of the securities in Centro Retail Australia (at least immediately following the implementation), none of the CNP Senior Lenders is expected to individually hold more than 11.3% of the Centro Retail Australia securities (based on debt holdings on 31 August 2011). Moreover, the Aggregation will result in only modest changes to the assets and businesses to which CER securityholders are exposed. The majority of Centro Retail Australia's assets will be 100% interests in shopping centres in which CER currently has 50% interests. The Aggregation will also result in the internalisation of CER's fund management and property management activities (currently undertaken by CNP subsidiaries) and will provide some (relatively limited) exposure to external fund and property management activities, as Centro Retail Australia will provide fund and property management services to various Centro Syndicates. Overall, the Aggregation (from the perspective of CER external securityholders) is better thought of as a merger and restructure of CER than as a change of control transaction.

In this context, it is not meaningful to assess fairness by comparing the "offer price" (i.e. the market value of Centro Retail Australia securities) with the underlying value of CER securities. Rather, for the purpose of assessing whether the terms of the Aggregation are fair to holders of CER securities, Grant Samuel has compared the proportion of value to be contributed to Centro Retail Australia by CER external securityholders with their proportionate security holding in Centro Retail Australia. The Aggregation will be fair if CER external securityholders' relative interest in Centro Retail Australia is consistent with or greater than the share of value contributed to Centro Retail Australia by CER external securityholders.

In assessing whether the Aggregation is reasonable, Grant Samuel has considered other advantages and disadvantages of the Aggregation. The factors that have been considered include:

- the existing securityholding structure of CER;
- the current financial position of the Centro Group;
- the impact on Centro Group (and in turn on CER) if CER external securityholders do not approve the Aggregation;
- the advantages and disadvantages of CER continuing to operate as a standalone entity;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;

- the expected impact of the Aggregation on earnings and distributions;
- the impact of the Aggregation on CER external securityholders' asset and business exposures;
- the likely market price and liquidity of CER securities in the absence of the Aggregation; and
- other advantages and disadvantages for CER external securityholders of approving the Aggregation.

Related Party Transaction

ASIC Regulatory Guide 111 provides that where an expert assesses whether a related party transaction requiring approval of securityholders under Section 208(1) is "fair and reasonable", this involves separate assessments as to whether the transaction is "fair" and as to whether it is "reasonable", as in a control transaction.

A related party transaction will be "fair" if the value of the financial benefit to be provided by the company to the related party is equal to or less than the value of the consideration being provided to the company. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. In valuing the financial benefit given and the consideration received by the company, all material terms of the proposed transaction should be taken into account.

Reasonableness involves an analysis of other factors that securityholders might consider prior to voting for a proposal such as:

- the financial situation and solvency of the company (including, where the consideration for the financial benefit is cash, benefits such as new capital to exploit business opportunities, a reduction in debt and interest or an injection of working capital);
- opportunity costs;
- the alternative options available to the entity and the likelihood of those options occurring;
- the company's bargaining position;
- whether there is selective treatment of any shareholder, particularly the related party;
- the related party's pre-existing voting power in the securities in the company; and
- any special value of the transaction to the company such as particular technology or the potential to write off outstanding loans from the target.

Fairness is a more demanding criteria. A "fair" proposal will always be "reasonable" but a "reasonable" proposal will not necessarily be "fair". A proposed related party transaction could be considered "reasonable" if there were valid reasons to accept or vote in favour notwithstanding that it was not "fair".

Similarly, an assessment of whether a transaction is fair and reasonable for the purposes of Listing Rule 10.1 requires separate assessments as to "fairness" and "reasonableness".

Grant Samuel has determined whether the Asset Acquisition is fair by comparing the estimated value of the CNP Assets and the Services Businesses with the value of the consideration being provided to CNP. The Asset Acquisition will be fair if the value of the consideration falls within or below the bottom end of a range of fair values for the CNP Assets and the Services Business. In considering whether the transfer is reasonable, the factors that have been considered include:

- whether the overall Aggregation is in the best interest of CER external securityholders;
- the terms of the transfer and their impact on CER external securityholders;

- CER's bargaining position in negotiating the Aggregation;
- the likelihood of alternative transactions which could realise better value and the likely consequences if the Aggregation did not proceed;
- any other advantages and benefits arising from the Aggregation; and
- the costs, disadvantages and risks of the Aggregation.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memoranda (CNP, CER, and CAWF), Disclosure Document and DPF Redemption Brochure;
- annual reports of CNP and CER for the four years ended 30 June 2011;
- financial accounts of CAWF and DPF for the three years ended 30 June 2011;
- half year announcement of CNP and CER for the six months ended 31 December 2010;
- press releases, public announcements, media and analyst presentation material and other public filings by CNP, CER, CAWF and DPF including information available on the Centro Group website;
- brokers' reports and recent press articles on CNP, CER, CAWF, DPF and the Australian retail property industry;
- other publicly available information on other entities within the Centro Group;
- sharemarket data and related information on Australian listed companies engaged in the retail property industry and on acquisitions of companies and businesses in this industry; and
- sharemarket data and related information on Australian companies engaged in the funds management industry and on acquisitions of companies and businesses in this industry.

Non Public Information provided by CER and Centro Group

- Debt/equity model for the Centro Group;
- Pro forma Centro Retail Australia balance sheet model;
- financial forecast model for Centro Retail Australia;
- non public information on other entities in the Centro Group;
- independent property valuations at 30 June 2011; and
- other confidential documents, board papers, presentations and working papers.

In preparing this report, representatives of Grant Samuel visited Centro offices in Melbourne. Grant Samuel has also held discussions with, and obtained information from, senior management of CER and its advisers and senior management of Centro Group and its legal and financial advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could

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create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by CER and its advisers and the other participants in the Aggregation. Grant Samuel has considered and relied upon this information. CER has represented in writing to Grant Samuel that to its knowledge the information provided by it was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Aggregation is in the best interests of CER external securityholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert. In this context, Grant Samuel advises that it has therefore relied on the contents of the public reports (specifically the opinions expressed therein) such as:

- the Investigating Accountant's Report prepared by Ernst & Young Transaction Advisory Services Limited ("Ernst & Young"); and
- the Taxation Adviser's Report by KPMG.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of CER or other entities within the Centro Group. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included the cash flow model for Centro Retail Australia for the year ending 30 June 2012 ("Centro Retail Australia Forecast") and pro forma Centro Retail Australia balance sheet model ("Models"). The Models were prepared by Centro Group management and its advisers.

Centro Group management is responsible for the information contained in the Models. Grant Samuel has considered and, to the extent deemed appropriate, relied on the Models for the purposes of its analysis. Grant Samuel has not investigated this financial information in terms of the reasonableness of the underlying assumptions, accuracy of compilation or application of assumptions. However, the Models have been subject to review by Ernst & Young. On this basis, Grant Samuel considers that there are reasonable grounds to believe that the forward looking information has been prepared on a reasonable basis.

Subject to these limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that the Models have been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account that:

- the outputs of the Models were reviewed in detail by management, the Directors and the advisers of CNP, CER, DPF and CAWF;
- the forecasts have been prepared through a detailed budgeting process involving preparation of "ground up" budgets by the management of individual operations and review by management; and
- Centro Group assets are underpinned by long term contracts (property leases with a weighted average lease expiry of over 4 years) and therefore revenue and costs are relatively stable and predictable.

Grant Samuel has not undertaken any valuations of the properties owned by Centro Group and, for the purposes of this report, has relied on independent property valuations as at 30 June 2011 commissioned by the Centro Group. These independent property valuations covered 101 of the 104 properties in the Centro Group's property portfolio. The Centro Group has detailed policies and procedures for the commissioning of independent property valuations. Centro Group maintains a panel of approved and appropriately qualified valuers, all of which must be members of the Australian Property Institute. Similarly all valuations must be prepared in accordance with the standards and guidelines of the Australian Property Institute. While the property valuations were prepared by independent third party valuers, they were also reviewed by Centro Group directors, management and auditors and have been adopted for the purposes of the audited annual financial statements of the Centro Group entities as at 30 June 2011. Having regard to values realised in divestments of Centro Group properties since 30 June 2011, Grant Samuel has no reason to believe that the value of Centro Group's property portfolio (on an aggregate basis) has changed materially since 30 June 2011. As there are no indications of irregularities or omissions in the independent valuations Grant Samuel has relied on them.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the forecasts is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

As part of its analysis of the Services Businesses, Grant Samuel has reviewed the sensitivity of net present values to changes in key variables. The sensitivity analysis isolates a limited number of assumptions and shows the impact of variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the sensitivity analysis;
- greater or lesser variations to the assumptions considered in the sensitivity analysis than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

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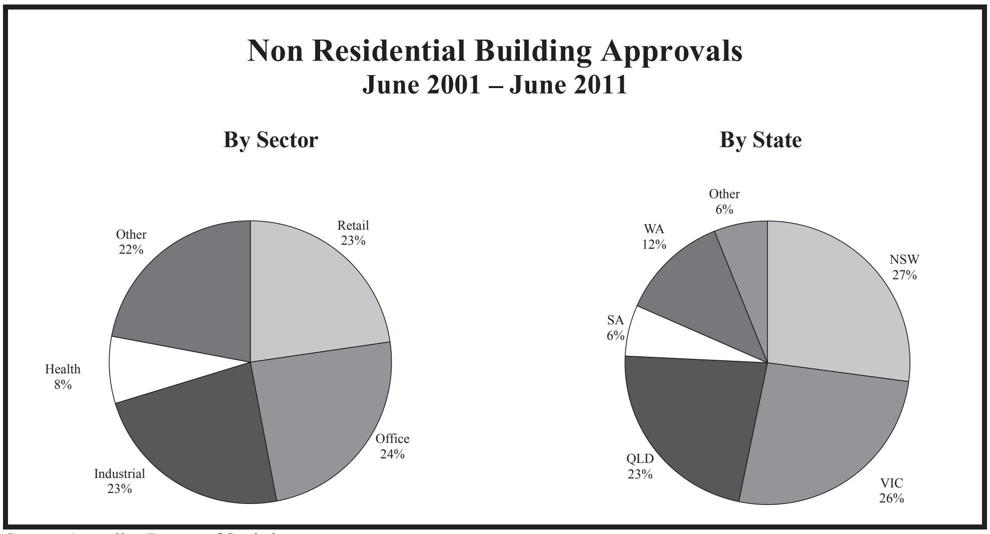
- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandum sent by CER to its securityholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Aggregation will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Aggregation are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 Australian Retail Property Industry

The Australian property sector is a significant component of the Australian economy. As at June 2011, property companies included in the S&P/ASX 300 Index had a collective market capitalisation of over $85 billion, or around 5.8% of the index. These companies engage in property investment, property management, property development, and property funds management in Australia and overseas.

The largest component of the Australian property market is residential properties, which have accounted for approximately two thirds of the total property market (based on building approvals) over the last 10 years. Non-residential sectors of the market include retail, office and industrial. Over the past ten years, retail property has accounted for approximately a quarter of non-residential building approvals. Australia's retail property sector is concentrated in the eastern states, given that the bulk of Australia's population lives in New South Wales, Victoria and Queensland.



Source: Australian Bureau of Statistics

The non-residential property sector performed well between 2001 and the onset of the global financial crisis in 2007 as illustrated by the performance of listed Australian Real Estate Investment Trusts ("A-REIT"):

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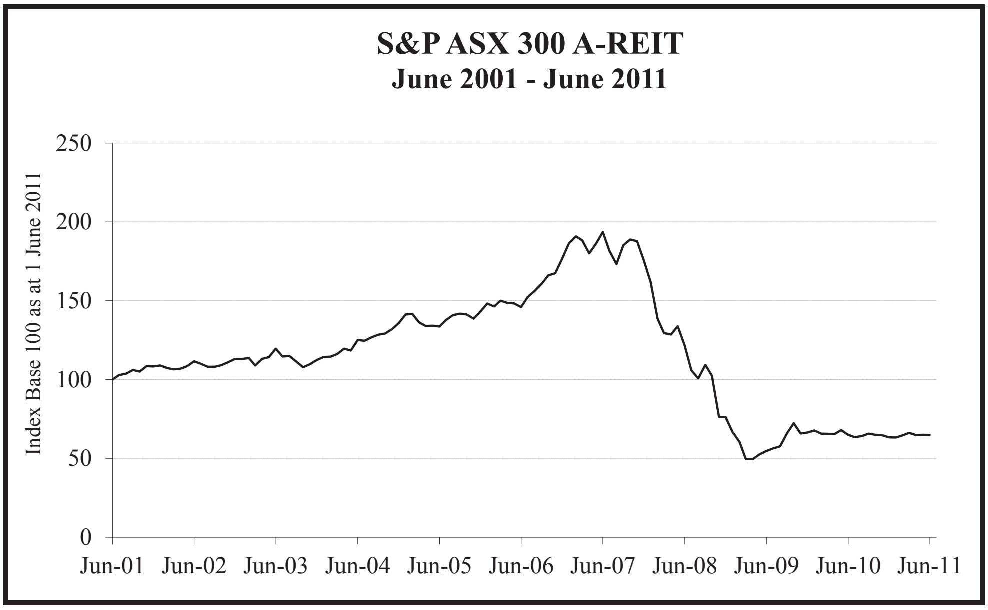
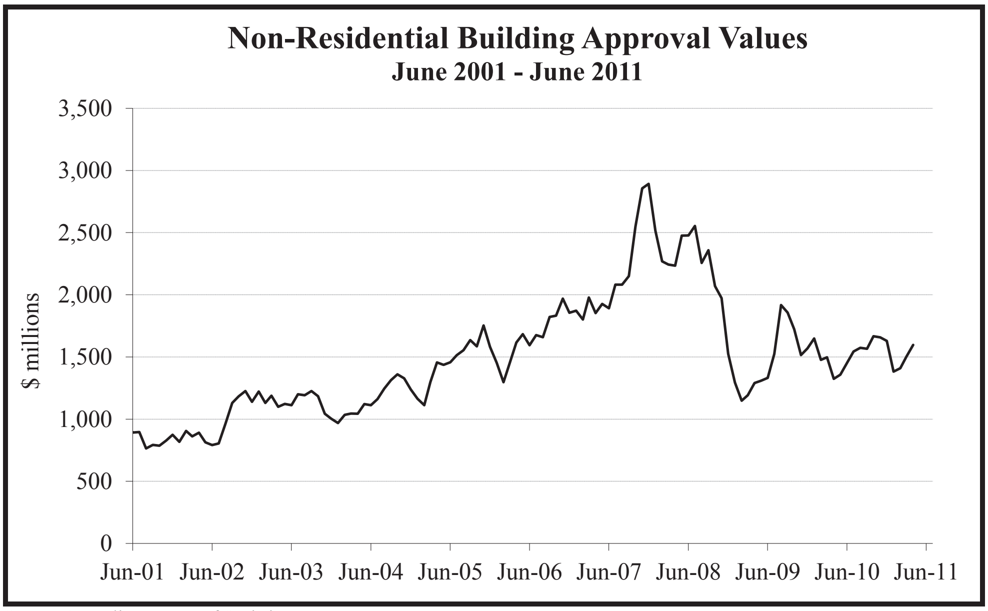


Source: IRESS

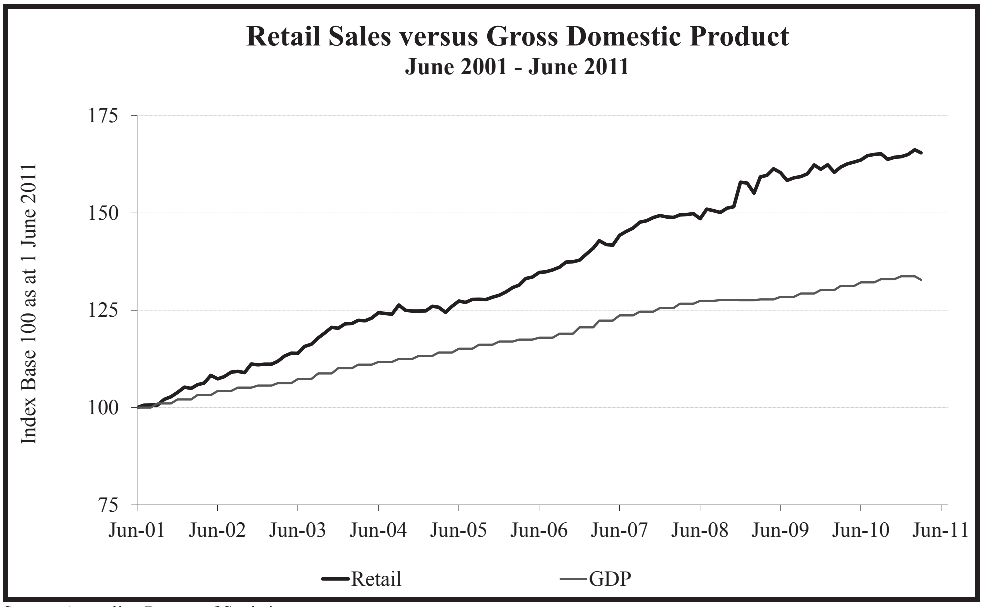
The strong performance until 2007 of the S&P/ASX 300 A-REIT Index was underpinned by favourable economic conditions and the ready availability of cheap capital, particularly debt. Following the onset of the global financial crisis, investor confidence fell and property values declined sharply. Worst impacted were more highly leveraged property owners as opportunities to refinance debt were greatly limited. A number of property groups were forced to recapitalise through asset sales and/or deeply discounted equity issues. Many unlisted property fund managers halted redemptions on unlisted property funds. These developments further undermined investor confidence. Between April 2008 and March 2009, the S&P/ASX 300 A-REIT index fell by over 60%. Over the same period, non residential building approvals fell by approximately two thirds:



Source: Australian Bureau of Statistics

Non residential building approvals over the last three years have been broadly in line with levels experienced in 2006. Much of this activity has related to projects that were commenced and financed prior to the onset of the global financial crisis. The industry expects development activity to increase in 2012, in part the result of "catch up" development and refurbishment expenditure that was deferred in recent years and is now urgently required to maintain property values.

The key drivers for the retail property sector are real household disposable income, consumer sentiment and interest rates. Since 2001, growth in Australian retail sales (which includes food, apparel, appliances, electronics, furniture, sporting goods, etc.) has outperformed gross domestic product ("GDP") growth:



Source: Australian Bureau of Statistics

The impact of the global financial crisis on the retail sector, particularly the non-food sector, was somewhat ameliorated by the Federal government's stimulus packages during 2009 and the beginning of 2010. In the absence of government stimulus and in the face of declining consumer confidence, the retail sector is now experiencing challenging conditions. Most impacted has been the non food sector which has seen a number groups being placed in administration. In contrast, the main food retailers, Coles and Woolworths are performing well.

Retail property can be divided into four key categories: regional, sub-regional, neighbourhood/convenience, and bulky goods centres. Regional centres are the largest of the four and typically incorporate at least one full line department store, one or more full line discount department store, at least one supermarket, and at least 100 speciality shops. Sub-regional centres are medium sized shopping centres typically incorporating at least one full line discount department store, a major supermarket and at least 40 specialty shops. Convenience or neighbourhood centres are the smallest category of food anchored shopping centres, typically incorporating one supermarket and up to 35 specialty shops. Bulky goods centres generally cater to retailers such as furniture, white goods, home wares and other bulky goods. They occupy large areas to display merchandise and may have a small number of specialty shops.

Values for the various retail property categories have experienced similar trends over the last ten years although some sectors have been more volatile than others:

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Source: CER
Note: Cap Rate represents a property's net operating income divided by its market value.

In general, the retail property sector experienced growth in values and a tightening in cap rates until late 2007. The onset of the global financial crisis saw a significant contraction in values and increase in cap rates. Since 2008, yields have been relatively stable except for neighbourhood centres, for which yields did not stabilise until 2010. The current cap rate gap between sectors is not much wider than in the earlier half of the decade.

The size of shopping centres is usually measured in square metres of Gross Lettable Area ("GLA"). The table below shows the total and average GLA for Australian retail property centres.

Australian Retail Property Centres by Type at March 2011

	Number	Total GLA (million sqm)	Average GLA ('000s sqm)	Share of Market[2] (%)
Regional	127	8.4	66.3	44%
Sub-Regional	257	4.9	18.9	26%
Convenience/Neighbourhood	885	4.4	4.9	23%
Bulky Goods	74	1.3	18.0	7%
Total	1,343	19.0	14.1	100%

Source: CER

While GLA is a key metric for the industry, profitability will also depend on how players position themselves in the market. Different centres aim to specialise in different areas and compete in separate market segments. For example, one centre may focus more on food retailing and another on department stores and specialty retailers.

Australia's largest retailers include:

- food and liquor – Woolworths, Coles and Aldi;

[2] Share of market based on GLA.

- discount department stores - Big W, Kmart and Target;
- department stores – Myer and David Jones; and
- specialty groups – such as Just Group, Speciality Fashion Group, Australian Pharmaceutical Group and Prouds.

There are also a large number of smaller specialty retailers.

The largest participants in the Australian retail sector by GLA are the Westfield Group/Westfield Retail Trust, Centro Group, CFS Retail, AMP, Stockland, GPT, Lend Lease, Charter Hall Group, and Mirvac:

Key players – Portfolio Statistics

	Number of Centres	GLA (million sqm)
Westfield[3]	44	3.6
Centro Group[4]	99	1.7
CFS Retail	29	1.6
AMP	36	0.9
Stockland	42	0.9
GPT Group	17	0.7
Lend Lease	15	0.7
Charter Hall Group	63	0.6
Mirvac	25	0.5

Source: CER and publicly available information
Note: As at 31 December 2010 except AMP at 30 April 2009 and Centro at 30 June 2011.

3 Includes both Westfield Group and Westfield Retail Trust.

4 Includes 100% of Syndicates.

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4 Centro Group

CPL was established in 1985 as a subsidiary of Jennings Industries Limited with investments in five shopping centres, an office development and a business park, all located within Australia. In 1985, CNP listed on the ASX and over the next three decades it acquired individual retail property assets as well as a number of property groups in Australia and in the United States. Over this period a number of listed and unlisted satellite property funds were established which were all managed by CNP. From 2003, CNP's strategy relied on CNP's acquisition of assets with bridging finance and then the on-sale of the assets to Centro Group's satellite funds by attracting third party capital. CNP retained control of the property management and fund management activities.

Significant transactions since 2003 have included:

- the acquisition of $736 million of retail property assets from Westfield Trust in July 2003;
- the acquisition in July 2003 of MCS Property Limited, at the time Australia's largest property syndicator and the responsible entity for 21 Australian retail property syndicates and DPF, for $193 million;
- the acquisition of a US$488 million portfolio of Californian properties in October 2003;
- the acquisition of the Kramont Realty Trust in the United States for US$1.2 billion in April 2005;
- the initial public offering in August 2005 of CER, with 47 shopping centres located in Australia and the United States. The transaction was effected by a return of capital to Centro shareholders via a special in specie distribution of CER securities;
- the acquisition of Heritage Property Investment Trust ("Heritage") in the United States for $4.3 billion in October 2006. Heritage was acquired by CNP (50%), Centro Direct Property Fund International (35%) and CER (15%);
- the establishment of CAWF in December 2006, which held interests in 33 Australian shopping centres. The intention at the time was to divest the majority of CAWF to institutional investors, but this never eventuated; and
- the acquisition of New Plan Excel Realty Trust, Inc for US$5.0 billion by CNP (US$3.2 billion) and CER (US$1.8 billion) in April 2007.

CNP's "bridging" model was successful while underlying property values increased and relatively cheap capital, both debt and equity, was available. By 2007, CNP managed approximately $27 billion in retail property assets and had a market capitalisation of over $8 billion. CER had a market capitalisation of approximately $3.5 billion. Assets were held in a complex cross ownership structure of 40 wholly owned and partially owned managed funds. With the onset of the global financial crisis in late 2007, access to new debt and equity became extremely limited and property values subsequently fell significantly in both Australia and the United States. The decline in property values put pressure on debt facilities across the property sector, with borrowers in particular struggling to comply with loan to value ratio ("LVR") covenants. By December 2007, the Centro Group had total debts of $22 billion, CNP had $2.7 billion of debt in need of refinancing and CER had indirect interests in US joint venture facilities of $1.2 billion in need of refinancing.

During 2008 CNP explored opportunities to recapitalise the group through capital raisings and/or asset sales, or to sell the group as a whole. CNP's debt facilities were repeatedly extended over the year until, in January 2009, CNP entered into a Stabilisation Agreement with its senior lenders.

Key aspects of the Stabilisation Agreement are summarised as follows:

- a three year extension to $3.9 billion of senior syndicated debt;

20

- the issue of Hybrid Securities with a face value of $1.05 billion to Australian senior lenders and US private placement noteholders, effectively a partial debt for equity swap;
- the issue of 124.9 million ordinary CNP securities to Australian senior lenders and US private placement noteholders;
- standardisation and simplification of financial covenants;
- the approval of a working capital facility;
- removal of guarantees to certain US facilities; and
- the imposition of a restraint on the payment of distributions to CNP securityholders.

Moreover, the CNP Senior Lenders gained the right to approve any restructure or material transaction before it could proceed.

CER entered into a similar stabilisation agreement in relation to its US joint venture facilities, although no additional CER securities were issued.

Since January 2009, Centro Group and the entities within the Centro Group have together and independently explored various strategic and financial options with the aim of maximising the value available for stakeholders. In November 2010, the Centro Group instigated a competitive tender process for its assets in Australia and the United States. Offers were received for both the Australian and United States assets. On 1 March 2011, CNP and CER announced that it had entered into an agreement with BRE Retail Holdings Inc, an affiliate of Blackstone Real Estate Partners VI LP ("Blackstone"), to sell all of its assets in the United States for an enterprise value of approximately US$9.4 billion. The transaction involved the sale of assets from CNP, CER, DPFI and six separate syndicates. The transaction (slightly amended from the originally announced proposal) was completed in June 2011. Two US property syndicates, holding seven US properties with nil net asset value, will remain with CNP as certain approvals and consents were not received before closing. Blackstone has agreed to manage the properties for an interim period. Approximately US$1.4 billion in capital was returned to the Centro Group, of which US$650 million was used to repay CNP's corporate debt, US$514 million was returned to CER to repay debt and close out CER's remaining hedge positions. The remaining amount was distributed to external investors in other managed funds.

The Centro Group is still one of the largest property groups in Australia, with 99 shopping centres worth $7.0 billion at 30 June 2011. Subsidiaries of CNP provide property and funds management services to the other entities within the Centro Group. For the purposes of this report the CNP subsidiary entities that provide these services, and their activities, are collectively referred to as the "Services Business".

The relationship between the key Centro Group entities is illustrated below:

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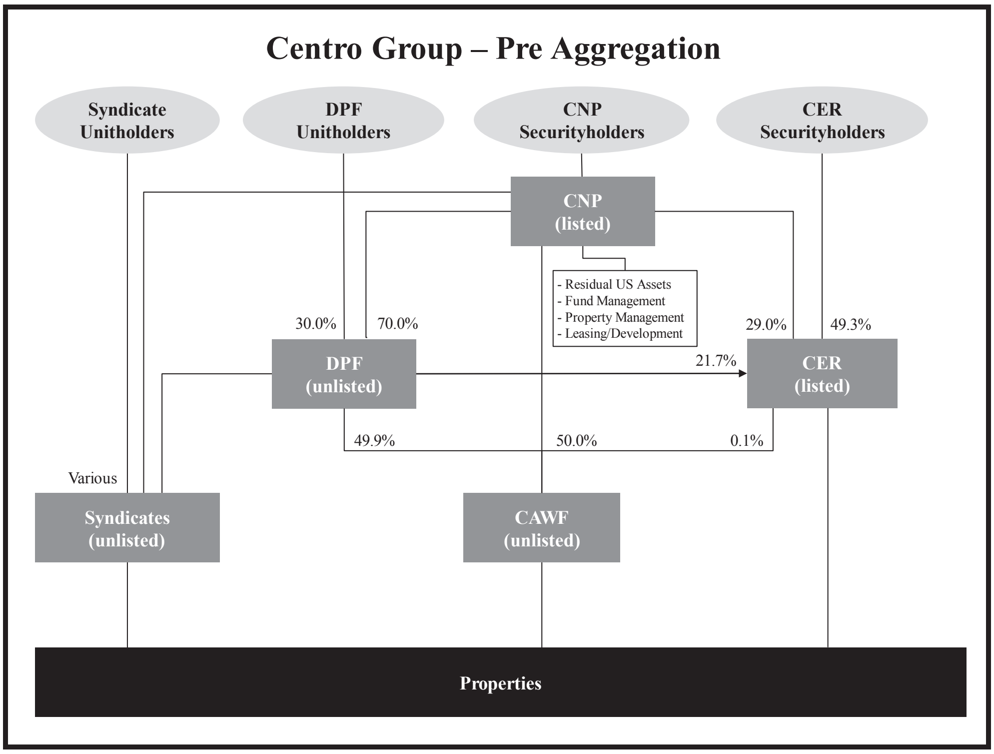


Source: CER
Note: Reflects ownership structure following the wind up of Centro Retail Investment Trust in September 2011 and assuming certain put option arrangements over DPF units are exercised.

There are a number of cross ownerships within the Centro Group, both at the fund level and at the property level. In particular, the majority of Centro Group's property interests (by value) are properties held in 50:50 joint ventures by CER and CAWF. A number of other properties are held in joint ventures between CAWF and various Syndicates.

5 Profile of Centro Retail Trust

5.1 Overview

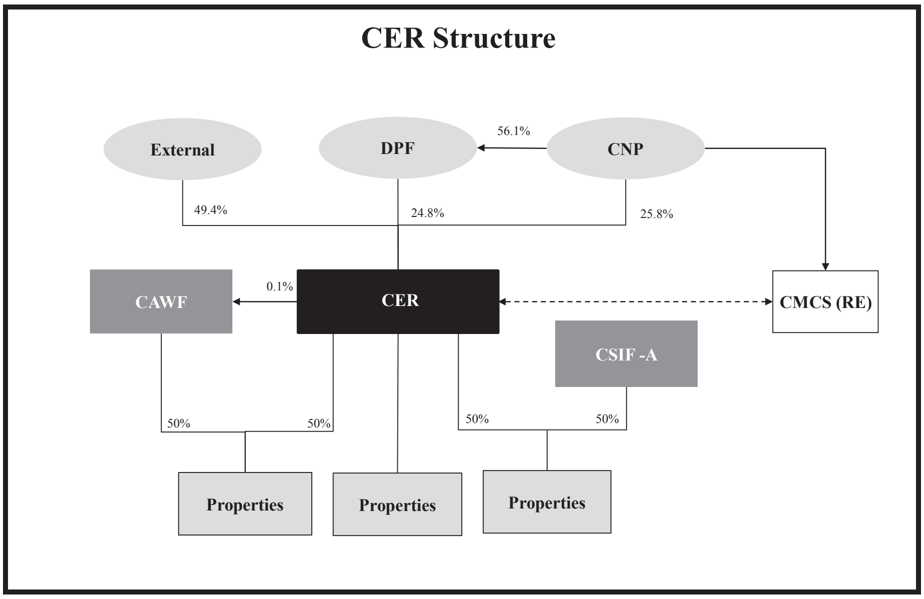
CERis an A-REIT with interests in shopping centres located across Australia valued at approximately $1.7 billion as at 30 June 2011. CER is listed on the ASX and had a market capitalisation of approximately $740 million on 10 August 2011.

CER securities commenced trading on the ASX on 17 August 2005 following the distribution to CNP security holders of 50% of CNP's interest in CER. Prior to listing, CER had acquired stakes in Australian and US shopping centres from CNP. CNP's remaining interests in the Australian shopping centres were later transferred to CAWF or CSIF-A.

Since listing, CER's portfolio of properties has evolved, mainly as a result of the following transactions:

- in April 2007, CER entered into the Super LLC joint venture with Centro to acquire the New Plan Excel Realty Trust, Inc ("New Plan") portfolio of US retail properties. The acquisition was financed mainly by debt and increased CER's US property interests by approximately US$1.8 billion;
- in October 2007, CER merged with Centro Shopping America Fund ("CSF") to add $4.8 billion of US and Australian assets to its portfolio, including $2.2 billion worth of assets acquired by CSF from Centro as part of the transaction; and
- CER announced on 1 March 2011 that it had entered into a binding agreement to sell its US assets to Blackstone for US$4.3 billion, which settled on 29 June 2011.

CER is a stapled security structure consisting of Centro Retail Limited ("CRL") and Centro Retail Trust ("CRT"). External investors hold 49.4% of the securities in CER and other Centro Group entities (principally CNP and DPF) hold the balance. CRL has no activities or operations. CRT holds CER's interests in the shopping centres and is externally managed by CMCS Manager, a wholly-owned subsidiary of CNP. CER's property interests now consist of significant stakes in 28 Australian shopping centres and a minor stake in CAWF, which itself has property interests. CER's structure is illustrated below:



Source: CER

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As the responsible entity of CRT, CMCS Manager is accountable for the overall governance and strategy of the trust and receives fees for these services. The Services Businesses provides property management, leasing, development and other operational services to CER. CMCS Manager's fee structure is summarised as follows:

- property management fees of up to 6% of gross rental income;
- funds management fee of up to 0.75% of asset values (although it currently charges 0.45% of gross asset values);
- performance fee of 5% of CER's performance over and above the S&P/ASX 200 Property Accumulation index and 15% of CER's performance over and above 2% greater than the S&P/ASX 200 Property Accumulation index; and
- reimbursement of costs.

The funds management and performance fee is capped at 0.80% of gross asset value in any single year. CER is also required to pay fees for new leases, developments, acquisitions and divestments and any new financing arrangements.

5.2 Property Portfolio

As at 30 June 2011, CER owned significant interests in 29 regional, sub-regional and convenience shopping centres located mainly in the southern half of Australia. Birallee was sold in July 2011 reducing CER's interests to 28 properties. CER co-owns 20 of these centres with CAWF, either directly or through the CSIF-B (effectively a wholly owned subsidiary of CER). Of the remainder, six are held in joint venture with CSIF-A, and three are wholly-owned by CER. CER's property portfolio is summarised as follows:

CER – Property Portfolio as at 30 June 2011	Ownership	GLA (000's sqm)	Value ($m)	Cap Rate (%)	Share (%)
New South Wales					
Centro Armidale	CER[5] 50%/CSIF-A 50%	14.6	19.5	8.50	1.1
Centro Goulburn	CER 50%/CAWF 50%	13.8	24.0	8.75	1.4
Centro Lavington	CER[5] 50%/CAWF 50%	20.1	30.5	7.75	1.8
Centro Tweed Mall	CER 50%/CAWF 50%	18.5	36.5	8.25	2.1
Centro Warriewood	CER 50%/CAWF 50%	22.2	67.3	7.25	3.9
Centro Westside	CER 50%/CSIF-A 50%	16.7	17.3	9.50	1.0
Queensland					
Centro Buranda	CER 50%/CSIF-A 50%	11.6	17.0	7.75	1.0
Centro Springwood	CER 50%/CAWF 50%	15.4	26.0	8.00	1.5
Centro Taigum	CER 50%/CAWF 50%	22.8	38.6	7.50	2.2
Centro Toombul	CER 50%/CAWF 50%	33.7	99.2	8.00	5.8
Centro Whitsunday	CER[5] 50%/CAWF 50%	22.3	24.9	8.25	1.4
South Australia					
Centro Colonnades	CER 50%/CAWF 50%	65.6	148.7	7.25	8.6
Centro Mount Gambier	CER[5]	12.6	37.5	9.50	2.2
Victoria					
Centro Birallee[6]	CER[5] 50%/CSIF-A 50%	2.8	5.8	9.50	0.3
Centro Box Hill (North)	CER 50%/CAWF 50%	14.2	30.5	8.00	1.8
Centro Box Hill (South)	CER[5] 50%/CAWF 50%	23.5	54.2	7.75	3.2
Centro Cranbourne	CER 50%/CAWF 50%	33.9	60.0	7.50	3.5
Centro Karingal	CER 50%/CAWF 50%	41.6	90.0	7.25	5.2
Centro Lansell	CER[5] 50%/CSIF-A 50%	18.2	17.0	9.00	1.0
Centro Mildura	CER 50%/CAWF 50%	20.2	44.8	8.00	2.6
Centro Mornington	CER 50%/CAWF 50%	11.7	27.0	7.50	1.6
Centro The Glen	CER 50%/CAWF 50%	59.2	205.7	6.25	12.0
Centro Wodonga	CER 50%/CSIF-A 50%	17.6	20.7	9.00	1.2
Western Australia					
Centro Albany	CER	12.3	26.8	8.50	1.6
Centro Galleria	CER 50%/CAWF 50%	73.1	307.5	6.00	17.9
Centro Halls Head	CER[5] 50%/CAWF 50%	6.0	14.4	8.00	0.8
Centro Mandurah	CER[5] 50%/CAWF 50%	39.7	118.0	7.25	6.9
Centro Warwick	CER[5] 50%/CAWF 50%	30.0	63.7	7.75	3.7
Centro Warnbro	CER	11.3	47.5	7.75	2.8
Total		**705.2**	**1,721.0**	**7.29**	**100.0%**
Total excl. Birallee		**702.4**	**1,715.2**	**-**	**-**

Source: CER
Note: GLA stands for Gross Lettable Area.
Value represents CER's share.
Cap Rate represents the capitalisation rate used by the independent valuers to determine market value.

Victoria and Western Australia each account for over one third of CER's property interests by value, with Queensland, New South Wales and South Australia contributing the balance. CER's largest single property is Centro Galleria in Perth which represents 17.9% of the total portfolio. Sub-regional shopping centres represent slightly more than half of the portfolio (by value), while regional shopping centres make up most of the balance:

[5] Properties owned through CSIF-B.

[6] Sold in July 2011.

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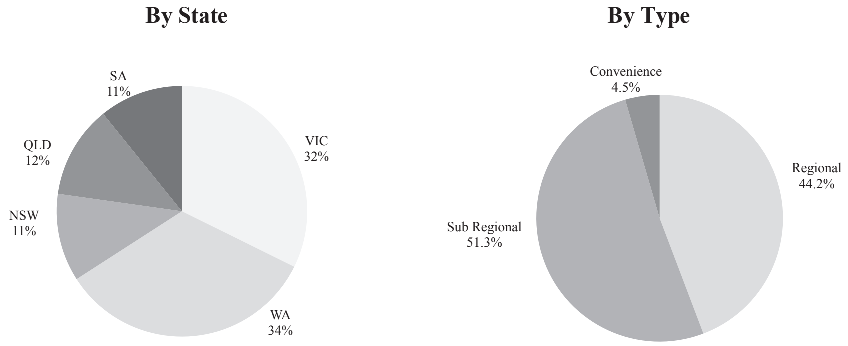
Property Portfolio at 30 June 2011



Source: CER

CER's portfolio has approximately 2,800 retail tenants. The top 10 retailers in terms of total income are Woolworths, Coles, Big W, Kmart, Target, Myer, Terry White Chemists, David Jones, The Reject Shop, Best & Less, and OPSM which collectively occupy 115 separate stores. The top 10 retailers represent over 26% of total base rental income but over 53% of gross lettable area.

At 30 June 2011, CER's portfolio had an occupancy of 99.5% and a weighted average lease expiry of 4.5 years at 30 June 2011. Over 44% of income is secured by leases which expire in, or after, 2016. The majority of leases incorporate annual rent review provisions which typically reflect fixed increases of between 4.0% and 5.0%.

Like most of its competitors, CER has significantly curtailed its development activities since the onset of the global financial crisis. It is currently undertaking some relatively minor development at Toombul and Tweed, which are fully funded from existing cash reserves and are expected to be completed by the end of the year. A number of feasibility studies on developments that will maintain or increase the value of selected properties have been progressed. However, the co-ownership arrangements currently in place complicate CER's ability to implement these development plans.

CER's development opportunities are relatively minor and would require an estimated $139 million in capital expenditure across nine properties over four years. Only three developments, representing $11 million in capital expenditure, have been board approved and are underway. CER has also identified a number of assets for sale. CER's strategy is ultimately to divest these properties, but no formal sales process has yet commenced. Under the co-ownership arrangements between CER, CAWF, and CSIF, interests in any of the jointly owned properties can only be sold with the consent of the co-owner, and the co-owner has pre-emptive rights in relation to any proposed sale where less than a 100% interest in the property is being sold[7].

[7] CER's pre-emptive rights mean that CER effectively has a right to match any offer made to CAWF and CSIF-A if they seek to sell their interests in properties co-owned with CER.

5.3 Financial Performance

The historical and forecast financial performance of CER for the five years ended 30 June 2011 is summarised below:

CER - Financial Performance[8] ($ millions)[9]					
	Year ended 30 June				
	2007 actual	2008 actual	2009 actual	2010 actual	2011 actual
Net Australian property income	74.5	104.5	109.7	111.8	114.3
Net US property income	101.2	375.4	515.3	376.1	228.5
Net property income	**175.7**	**479.9**	**625.0**	**487.9**	**342.8**
Other revenue	25.7	41.1	19.8	13.0	12.5
Other operating expenses	(16.8)	(57.4)	(103.9)	(59.6)	(38.5)
Financing costs	(106.8)	(278.7)	(355.1)	(281.1)	(247.2)
Underlying profit	**77.8**	**184.9**	**185.8**	**160.2**	**69.6**
Asset revaluation	172.2	(882.7)	(1,861.7)	(216.0)	170.8
Movements in mark-to-market value of financial instruments	40.4	116.9	(662.0)	137.6	211.5
Provision for non-recovery of investments in associates	-	(317.0)	(318.5)	-	-
Reversal of current period losses/(profits)	-	-	-	35.8	(90.0)
Other	(21.9)	29.6	(26.3)	(3.9)	(4.7)
Net profit after tax	**268.5**	**(868.3)**	**(2,682.7)**	**113.7**	**357.2**
Non controlling interests	(1.9)	0.6	4.4	(0.4)	(0.5)
Net profit after tax attributable to CER security holders	**266.6**	**(867.7)**	**(2,678.3)**	**113.3**	**356.7**
Statistics					
Earnings per security	*39.6*	*(44.9)*	*(117.1)*	*5.0*	*15.6*
Underlying profit per security	*12.7*	*13.3*	*8.1*	*7.0*	*3.0*
Distributions per security	*12.7*	*1.4*	*0.4*	-	-
- tax-advantaged	*12.7*	*0.3*	*0.0*	-	-
- fully taxable	-	*1.1*	*0.4*	-	-
Tax advantaged component of distributions	*100%*	*24%*	*3%*	-	-
Total net income growth	*na*	*173.1%*	*30.3%*	*(21.9)%*	*(29.7)%*
Underlying profit growth	*na*	*137.7%*	*0.5%*	*(13.8)%*	*(56.5)%*
Interest cover[10]	*1.7*	*1.7*	*1.5*	*1.6*	*1.3*

Source: CER and Grant Samuel analysis

CER's statement of financial performance reflects the group's focus on property investment. It includes CER's interest in its US property portfolio until 28 February 2011 and Australian portfolio for the full year.

Apart from the revaluation of US investments, which in the past generated deferred tax liabilities or assets, CER is generally not subject to tax. However, CER booked relatively small current tax

8 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

9 Items are shown net of tax.

10 Interest cover represents underlying profit before financing costs divided by financing costs.

expenses in 2009, 2010 and 2011 relating to withholding taxes on distributions made by the US entities to the Australian parent.

CER's financial performance over the period reviewed reflects, in general, the onset of the global financial crisis at the end of 2007 and the stabilisation and partial recovery of the property markets since then. As an investor in property assets, the impact of the fall in property values is mainly reflected through fair value adjustments. CER was also impacted by strong movements in the mark-to-market values of its forward foreign exchange contracts and interest rate swaps.

CER's financial statements for the year ended 30 June 2011 have been presented on a going concern basis however, the auditors have noted the inherent uncertainty regarding CER's continuation as a going concern given its reliance on ongoing support from its lenders. In the year ended 30 June 2011, underlying profit decreased by over 56% as the US properties only contributed income up to 28 February 2001. US property income was also adversely impacted by the appreciation of the Australian dollar against the US dollar. Net Australian property income increased by 2%.

5.4 Financial Position

The financial position of CER as at 31 December 2010 and 30 June 2011 is summarised below.

CER – Financial Position ($ millions)		
	As at 31 December 2010 audited	**As at 30 June 2011 audited**
Debtors	26.0	15.3
Creditors	(39.0)	(27.4)
Net working capital	**(13.0)**	**(12.1)**
Investment accounted for using the equity method	1,689.2	1,403.9
Investment properties	550.8	111.8
Non current assets classified as held for sale	-	5.8
Financial assets carried at fair value through profit or loss	28.2	36.4
Other financial assets	48.6	48.7
Foreign exchange derivatives (net)	(9.9)	-
Deferred tax assets/(liabilities)	(16.1)	-
Other net assets/(liabilities)	(30.2)	(15.1)
Total funds employed	**2,247.6**	**1,579.5**
Cash (including restricted cash)	100.7	167.6
Interest bearing liabilities	(1,388.9)	(734.3)
Interest rate derivatives (net)	(11.9)	(0.3)
Net borrowings	**(1,300.1)**	**(567.0)**
Net assets	**947.5**	**1,012.5**
Outside equity interests	(4.3)	-
Equity attributable to CER security holders	**943.2**	**1,012.5**
Statistics		
Securities on issue at period end (million)	*2,286.4*	*2,286.4*
Net assets per security	*$0.41*	*$0.44*
NTA[11] per security	*$0.41*	*$0.44*
Gearing[12]	*58%*	*36.0%*
Gearing (look through[13])	-	*45.5%*

Source: CER and Grant Samuel analysis

CER's financial position at 30 June 2011 is significantly different from its financial position at 31 December 2010, due to the sale of its US assets to Blackstone. Over this six month period CER's Australian property portfolio has also increased in value and various hedging contracts have been terminated (although the majority of CER's hedges were closed out prior to 31 December 2010). CER's financial position now reflects the group's focus on property investment in Australia, recorded as follows:

- investments accounted for using the equity method relate to the properties in which CER has a 50% interest, which account for most of the portfolio;
- investment properties are properties wholly-owned by CER. Following the sale of the US portfolio, these are Centro Albany, Centro Mount Gambier and Centro Warnbro;

11 NTA is net tangible assets, which is calculated as net assets less intangible assets.

12 Gearing is net borrowings divided by net assets plus net borrowings.

13 Look through gearing represents total look through borrowings divided by look through assets.

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- financial assets carried at fair value through profit or loss relate to minority investments in Centro funds (0.12% interest in CAWF) and various Syndicates. CER had investments in CMCS 38, CMSC 39 and CMCS 40 (all US Syndicates) as at 30 June 2011 the Syndicates which were in the process of being wound up;
- other financial assets relate to CER's option over a 50% stake in Centro Karingal, which essentially results in CER having a 50% economic interest in the centre; and
- other assets/(liabilities) at 30 June 2011 represents a related party payable to CNP in relation to a previous interest rate swap arrangement. The amount is repayable in January 2012.

CER received net equity proceeds of $514 million on 29 June 2011 following the sale of its US assets, of which CER received net proceeds of $480 million. The proceeds were used to repay debt.

CER's debt facilities as at 30 June 2011 are summarised as follows:

CER – Debt Facilities at 30 June 2011 ($ millions)

Facility	Expiry	Drawn[14]	Facility Limit
Consolidated			
CSIF-B club facility	11 Nov 11	209.0	209.0
Commercial bill facility	30 Nov 11	89.0	89.0
Syndicated finance facility	16 Dec 11	171.0	171.0
CMBS 2006-1	20 Dec 11	155.4	155.4
Related party loans	-[15]	111.3	111.3
Total		735.7	735.7
Equity accounted			
CER/CAWF syndicated loan	4 Dec 12	150.0	150.0
Total		**885.7**	**885.7**

Source: CER

CER intends to repay the CMBS debt on 20 September 2011. All other debt is due to expire between 11 November 2011 and 16 December 2011 except the $111 million non-recourse related party loans provided by CNP to CER. These loans comprise a $101 million loan to acquire CER's 50% interest in Centro Karingal and a smaller $10 million loan. As part of the loan documentation, the Karingal loan cannot be greater than the value of the Centro Karingal property. As a result the loan is to be impaired by $11.1 million to approximately $90 million as part of the Aggregation. Following the repayment of the CMBS debt and a proportion of the CSIF-B facility (due to the sale of Centro Birallee), CER's look through gearing is expected to reduce from 45.6% to 40.9%.

CER's debt facilities are generally secured against CER's direct property interests or over units in subsidiary trusts that hold the property interests. There are no direct cross-default provisions between these facilities and CNP's senior debt facilities. However, there are linkages between the financial positions of certain entities within the Centro Group (i.e. the responsible entities) which can have an impact on CER's debt facilities.

CER is in the process of negotiating standstill arrangements with its lenders in the event that the Aggregation does not proceed.

[14] The drawn amount excludes $1.5 million in accounting adjustments.

[15] Matures on the date of aggregation.

As at 30 June 2011, CER had terminated all foreign exchange hedge arrangements, however, certain interest rate hedge arrangements which match CER's debt maturity profile were still in place. The mark-to-market value of the interest rate derivatives was $(0.3) million ($(1.0) million including swaps equity accounted).

As at 30 June 2011, CER had a number of contingent liabilities:

- CRL and CMCS Manager (as the responsible entity for the CRT) are the defendants in two separate class actions commenced in May 2008 in relation to the alleged misclassification of debt in the 30 June 2007 accounts, the distributable profit forecast for the 2008 financial year and the refinancing of US joint venture debt in December 2007. The claims have been made in relation to CER securities acquired between 7 August 2007 and 15 February 2008. Claims have also been made to PricewaterhouseCoopers, CER's previous auditor, and various cross claims have been filed. The matter is yet to be resolved and is scheduled to be heard in the Federal Court on 22 August 2011. CER has made no provision in relation to the matter;
- the Victorian State Revenue Office has assessed CSIF in relation to the acquisition of interests in Victorian properties. Through CER's investment in CSIF-B, CER could be indirectly affected through this assessment. The amount assessed (including penalties and interest) is approximately $12.5 million. In addition, the Victorian State Revenue Office has assessed CSIF in relation to the acquisition of CSIF-B by CER. The assessed amount (including penalties and interest) is $3.5 million. CSIF is disputing both assessments; and
- in November 2009, ASIC commenced proceedings against a number of individuals who were directors or officers of CER when the financial statements for the year ended 30 June 2007 were published. CER had entered into deeds of indemnity with some of these individuals when they were directors or officers of the company. Several of them made a request for indemnity, which CER agreed to. These indemnities are limited to funding the defence costs. In June 2011 the directors were found guilty and were sentenced in August 2011. CER might be able to recover some of these costs from its insurance providers.

5.5 Taxation Position

CRT is a trust and on the basis it distributes all its income is not itself subject to tax. CRL is a company and is normally subject to the corporate tax rate of 30% on its taxable income. However, as CRL is dormant it has not historically had taxable income.

At 30 June 2011, CRT had carried forward income losses of approximately $66 million and approximately $28 million of carried forward capital losses. CRL had no carried forward income or capital losses. CRT should be able to utilise the capital losses whether or not Aggregation proceeds. CRT may be able to utilise the income losses, subject to certain loss availability tests set out in the Tax Act if Aggregation does not go ahead. If Aggregation proceeds it is expected that CRT will not be able to use the income tax losses.

At 30 June 2011, CRL had no accumulated franking credits.

5.6 Capital Structure and Ownership

As at 12 August 2011, CER had 2,286,399,424 fully paid stapled securities on issue. CER has no other securities, such as performance rights or options, on issue.

At 12 August 2011 there were 10,321 registered security holders in CER. The top ten securityholders accounted for approximately 87% of the securities on issue:

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CER - Securityholders as at 12 August 2011		
Security Holder	**Number of Securities**	**Percentage**
CPT Manager Limited (CPT)	543,392,947	23.77%
Centro MCS Manager Limited	524,950,491	22.96%
Citicorp Nominees Pty Limited	466,888,495	20.42%
HSBC Custody Nominees (Australia) Limited	142,094,021	6.21%
J P Morgan Nominees Australia Limited	116,426,395	5.09%
National Nominees Limited	71,535,990	3.13%
Citicorp Nominees Pty Limited	43,941,804	1.92%
Centro MCS Manager Limited (DPF)	41,832,404	1.83%
Centro MCS Manager Ltd (DPFI)	26,495,624	1.16%
HSBC Custody Nominees (Australia) Limited-Gsco Eca	22,803,452	1.00%
Subtotal - Top ten security holders	**2,000,361,623**	**87.49%**
Other security holders	286,037,801	12.51%
Total	**2,286,399,424**	**100.0%**

Source: CER

CER has received notices from the following substantial security holders:

CER – Substantial Security Holders as at 8 August 2011			
Security Holder	**Date of Notice**	**Number of Securities**	**Interest**
CPT Manager Limited <Centro Property Trust>	-	543,392,947	23.8%
Centro MCS Manager Limited <Centro Retail Holding>	-	524,950,491	23.0%
Marathon Asset Management L.P	16 July 2011	147,016,971	6.43%
Centro Senior Lender Group	10 August 2011	1,194,188,984	52.23%

Source: CER

32

5.7 Security Price Performance

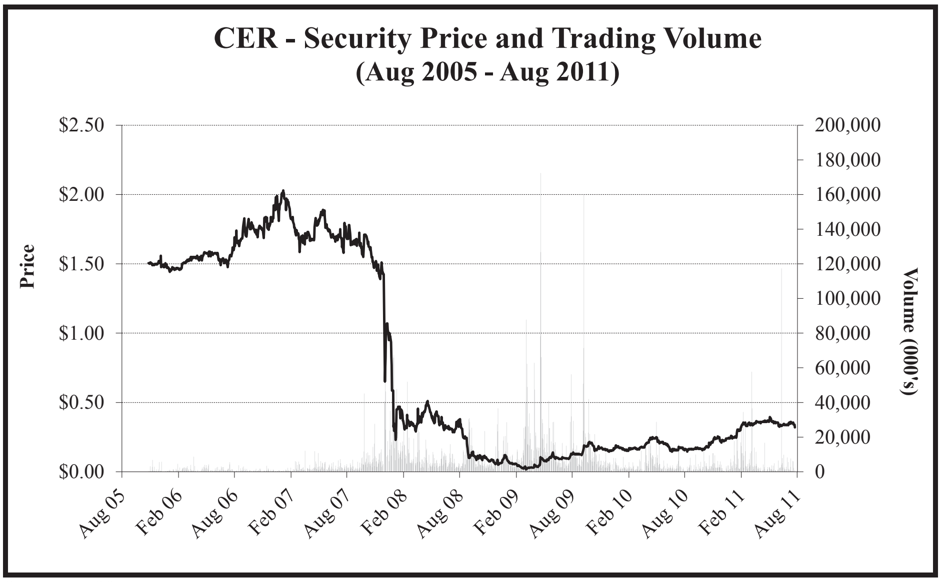
A summary of the price and trading history of CER since listing on 17 August 2005 is set out below:

CER - Security Price History

	Security Price ($)			Average Weekly Volume (000's)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2005	1.57	1.47	1.48	11,381	438
2006	2.05	1.42	1.98	4,753	705
2007	2.09	0.51	0.95	20,079	2,664
2008	1.02	0.05	0.07	45,225	3,097
2009	0.23	0.02	0.17	68,447	1,448
2010	0.27	0.15	0.24	16,615	639
Quarter ended					
31 March 2011	0.39	0.23	0.35	39,044	991
30 June 2011	0.39	0.31	0.33	19,751	1,239
Month ended					
30 April 2011	0.38	0.35	0.37	10,179	716
31 May 2011	0.39	0.33	0.36	11,150	1,308
30 June 2011	0.37	0.31	0.33	38,211	1,690
31 July 2011	0.36	0.33	0.35	12,165	811

Source: IRESS

The following graph illustrates the movement in the CER security price and trading volumes since listing on 17 August 2005:



Source: IRESS

From listing on 17 August 2005 to 14 December 2007, CER traded in the range $1.39-$2.03 per security. CER securities then lost more than 75% of their value during the month ended

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15 January 2008 and reached a low of 1.6 cents per security on 20 March 2009 before recovering to current levels around $0.30 per security.

On 13 December 2007, CER requested that its securities to be placed in a trading halt pending an announcement regarding a likely earnings guidance downgrade. On 17 December 2007, CER announced that negotiations regarding the refinancing of $1.2 billion in maturing facilities were ongoing and that the tightened credit conditions would result in increased financing costs. CER downgraded its forecast distributable profit per security by 7% and announced that CER would not declare any distribution for the half year ending 31 December 2007 because of the refinancing uncertainty. CER securities came out of trading halt on the same day and fell 40% and then a further 24% the following day to close at $0.65 per security on 18 December 2007.

The CER security price continued falling until 11 January 2008, when CER was placed on trading halt at the same time as CNP. On 15 January 2008, CNP announced that it had initiated a review of its classification in its 30 June 2007 accounts of current versus non-current liabilities. CER also announced that it was conducting a review of its debt and announced a $0.6 billion increase in the balance of debt facilities maturing in 12 months relative to the position announced on 17 December 2007. CER securities closed 44% down at $0.33 per security on 15 January 2008.

Since January 2008 CER's securities have traded down to a low of $0.02 per security but have recovered significantly over the last two year, such that since 1 January 2011, CER's securities have traded in the range of $0.23-0.39 per security. Key drivers for CER's improved security price performance appear to be the various updates on the sale of its assets, announcements in relation to the sale of the US assets to Blackstone and aggregation proposal. In particular the sale of the US assets had a material impact on the gearing of the group. CER's security price has been relatively stable in comparison to the recent volatility of the broader market. CER is still trading at over 20% below its NTA.

CER is a member of various indices including the S&P/ASX 300 A-REIT and the S&P/ASX 300. At 12 August 2011 its weighting in these indices was approximately 1.07% and 0.06% respectively. The following graph illustrates the performance of CER securities since listing on 17 August 2005 relative to the S&P/ASX 300 A-REIT and S&P/ASX 300 Indices:

Source: IRESS

CER underperformed both indices from around January 2007, reflecting growing market concerns regarding CER's debt levels. The underperformance accelerated in late 2007 and early 2008, as

34

the extent of the financial difficulties facing both CER and the broader Centro Group became apparent. Since reaching a low of 1.6 cents per security in March 2009, CER securities have outperformed the S&P/ASX 300 A-REIT Index, as it has become increasingly apparent that CER has retained substantial equity holder value. In particular since August 2010, CER has doubled its security prices, whereas the S&P/ASX 300 A-REIT and the S&P/ASX 300 have actually declined. Moreover, CER and the S&P/ASX 300 A-REIT's performance over the first 10 days of August was only slightly down in comparison to the significant decline, and volatility of the broader market.

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6 Centro Properties Group

6.1 Overview

CNP is an Australian REIT listed on the ASX. CNP invests in shopping centres, primarily through holding equity investments in listed and unlisted property investments funds. CNP also operates a Services Business which provides funds management, property management, leasing and development management services. As at 10 August 2011, CNP had a market capitalisation of approximately $40 million.

CNP is a stapled security structure. Each CNP stapled security comprises one share in CPL and one unit in CPT. CPL owns the entities that conduct the Services Business and CPT owns CNP's direct and indirect property interests. CNP has not made any income distributions to securityholders since the 2007 financial year and, under the Stabilisation Agreement entered into on 15 January 2009, may not pay distributions to ordinary securityholders for the duration of its senior loan facilities.

CNP's direct and indirect property portfolio interests are summarised below:

Investment Portfolio as at 30 June 2011 ($ millions)

Fund	CNP's Interest	Share of Property Values ($ millions)	Share of Net Assets ($ millions)
Direct Property Interests			
- Centro Somerville	100%	38	-
- Centro Keilor (Land)	100%	9	-
Indirect Property Interests			
CER	29.0%	499	294
CAWF	50.0%	1,144	681
DPF	70.0%	-	992
Syndicates (inc CSIF-A)	Various	-	136

Source: CNP
Note: CNP's interest in CER assumes the wind up of CRIT and CNP acquires Direct Property Fund International's 4.3% direct and indirect interest in CER for $41 million at 30 June 2011. CNP's interest in DPF assumes transfer to CNP of DPF units following the exercise of put options.

As part of the Aggregation, CNP will contribute the following assets and liabilities:

- CNP's interests in CER, CAWF and DPF;
- the CNP Assets comprising:
  - its investments in Syndicates (including CMCS 3 and CSIF-A) which are outlined in Appendix 1 and described in more detail below;
  - direct property interests including Centro Somerville and Centro Keilor land; and
  - related party loans with a face value of $203 million, certain working capital balances and $89 million worth of stamp duty provisions; and
- the Services Business described below.

6.2 Syndicate Business

The Syndicates are unlisted investment trusts with fixed investment terms (generally between five and seven years) and generally pay quarterly distributions. Syndicate assets typically comprise one or more subregional or convenience shopping centres. As a Syndicate matures the responsible entity will recommend to investors whether the Syndicate should be "rolled-over" for a further fixed term or wound up. If a Syndicate is wound up, any remaining assets are sold and capital is

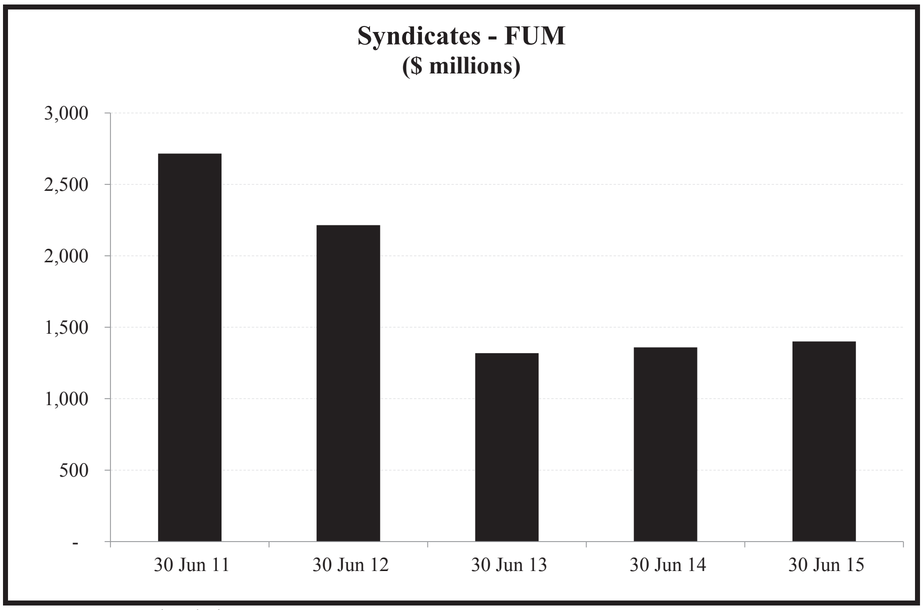
36

returned to the investors. Investors vote to determine which strategy is adopted at a unitholders meeting.

As at 30 June 2011, CNP's syndicate business consisted of 27 Syndicates[16] to which CNP subsidiaries provide funds and property management services. The Syndicates own stakes in 61 shopping centres across Australia (of which four are currently subject to conditional sale contracts) and have total funds under management ("FUM") of approximately $2.6 billion. The Centro Group (principally through DPF and CNP) holds substantial interests (generally of the order of 10-50%) in the majority of Syndicates. The remaining interests are held, principally, by over 12,500 retail investors. The Syndicates generally hold wholly-owned properties, although some co-own their property investments with other syndicates, CAWF or external parties.

The funds management team manages the Syndicates depending on a large number of factors, including property market conditions. As market conditions can change over time, so can the strategies of the Syndicates.

With the exception of CSIF-A and one Syndicate, all the Syndicates will reach the end of their terms over the next three years. Based on current market conditions, CNP currently expects that eight Syndicates will terminate, three will be aggregated into Centro Retail Australia and the remainder will be rolled over for a further term. This process and the planned disposal of non-core properties owned by the remaining Syndicates are expected to lead to the sale to external parties of 27 properties worth a total of approximately $820 million, the sale to Centro Retail Australia of four 50% interests in properties co-owned with CAWF (worth approximately $550 million) and the sale of a further property to Centro Retail Australia. As a result, Syndicate FUM is expected to fall over the next couple of years and then grow in line with property values as follows:



Source: Grant Samuel analysis
Note: Includes CMCS 3 in FUM at 30 June 2011 and excludes CSIF-A.

16 Excludes CSIF-A and CMCS03 (which is owned by CNP, DPF and CSIF-A) but includes CMCS08, which will be wound up prior to the Aggregation.

6.3 Services Business

The Services Business is owned by CNP. The major activities of the Services Business are the day-to-day management and operation of the shopping centres and the funds as well as the provision of services such as property leasing, property development, asset sales and debt refinancing. The Services Business previously provided property and funds management services in relation to Centro Group's United States assets. These activities were transferred to Blackstone as part of the overall United States asset transaction.

The Services Business now manages 31 separate managed funds, including syndicates and internal funds, with a total of 99 properties in Australia and New Zealand. The funds have total FUM of approximately $7.0 billion. The Services Business' managed funds are summarised as follows:

Services Business - Managed Funds

	CER	DPF	CAWF	Syndicates[17]
Type	listed	unlisted	unlisted	Unlisted
Net assets at 30 June 2011	$1.0bn	$1.4bn	$1.4bn	$1.4bn
Investor Type	Institutional/ Retail	Retail	Internal	Retail
No of external investors	>10,000	~2,000	-	~12,500
Term	Open ended	Open ended	Open ended	Fixed Term
Liquidity	Daily - ASX	Daily (currently suspended)	Limited	Limited
Investments	Direct and Indirect	Indirect	Direct	Direct

Source: CNP

The Services Business is one of the largest unlisted property fund managers and the second largest retail property manager in Australia (by gross lettable area). The scale of the business delivers significant benefits, including stronger relationships with major tenants, synergies derived through leveraging specialist skills across a broad asset base, and cost savings in managing the underlying properties through bulk purchasing of goods and services.

Funds Management

The Funds Management business primarily involves acting as responsible entity for Centro Group's internal and external managed investment schemes. A responsible entity has the dual role of trustee and manager of an investment scheme. A responsible entity must be an Australian public company, and is required to hold free capital based on the value of the scheme's assets. It is required to act in the best interest of members of the investment scheme and treat all investment scheme members equally. The responsible entity is required to ensure that all legal and regulatory requirements are fulfilled, communicate with scheme investors, and undertake accounting and other administration services.

The Funds Management business is also responsible for determining the strategic direction of the funds and syndicates including selling non-core assets, debt refinancing, rolling over or winding up schemes and establishing new schemes.

The Centro Group's funds management compliance activities are largely undertaken by two responsible entities:

[17] Includes CSIF-A.

Centro Group - Responsible Entities	
Centro CMCS Manager Ltd	**CPT Manager Ltd**
Centro Retail Trust	Centro Property Trust
Centro Direct Property Fund	Centro Australia Wholesale Fund
MCS Syndicates 3-6, 8-12, 14-20, 30, 34, 37	Centro MCS Syndicate Investment Fund
Centro Premium Fund No.1	MCS Syndicates 21-28, 33

Source: CNP

The Funds Management business earns fees based on asset values and net property income. Typical fees include:

- an annual management fee of 0.45% of gross value of assets;
- reimbursement of administration costs; and
- performance fees typically based on unit price performance above a benchmark index or through meeting target performance levels at the maturity of finite life funds.

The Funds Management business has around 20 staff located at Centro Group's headquarters in Melbourne. Staff are divided into specialist teams focused on funds management, investment management, acquisitions, corporate marketing or retail distribution. The provision of "shared services" to the funds such as accounting, IT, legal and tax services are also provided by corporate staff at Centro Group's headquarters.

The Funds Management arrangements between the various funds and Syndicates and their Responsible Entities are set out in the scheme's constitutions and the Corporations Act. There are no separate formal agreements between the CNP subsidiary responsible entities and the various Centro Group funds and Syndicates. The funds management arrangements have no fixed term and, except in limited circumstances, may not be terminated by the scheme for so long as the relevant Responsible Entities continues to perform the role. However, it is open for the schemes to replace their Responsible Entities by way of an extraordinary meeting of securityholders[18]. This is a very high voting threshold and although there are a number of non Centro examples where the responsible entity has been replaced, it is not a common occurrence. Moreover, it is not certain if CNP as a securityholder in some of these schemes and also the owner of the current responsible entities, would be entitled to vote at such a meeting. In relation to a number of the schemes, in the event that the responsible entity is changed the outgoing responsible entity is entitled to a fee of approximately 3% of gross assets.

Property Management

The Property Management business encompasses the day-to-day management of the shopping centres (tenant liaison, rental collection, marketing and advertising, property maintenance, cleaning and security), leasing activities and property development management.

The Property Management business manages 96 of the 99 properties which have a total value of $7.0 billion and GLA of 1.7 million square meters. The portfolio had a total occupancy of 99.4%, recorded comparable income growth of 3.6% for the year ended 30 June 2011 and had weighted average lease expiry of 4.6 years. The portfolio represents a mixture of regional, sub-regional and convenience shopping centres. The properties are located throughout Australia with another two in New Zealand:

18 To change the responsible entity of a listed registered scheme the members of the scheme have to pass an ordinary resolution, being 50% of those securities voted. For unlisted registered schemes, the members of the scheme have to pass an extraordinary resolution being at least 50% by value of those entitled to vote. The responsible entity and its associates are entitled to vote on a resolution to remove the responsible entity of a listed registered scheme (e.g. CER and CPT) and appoint a new one. They would not be able to vote in relation to an unlisted registered scheme if they have an interest other than as member of that scheme (i.e. DPF and Syndicates).

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Source: CNP

Leasing activities focus on ensuring high occupancy levels, strong rental income growth and an optimal retail mix (which helps to attracts visitors and visitor spend). Leasing activities are divided into maintenance leasing (leasing existing space to existing and new tenants) and project leasing (leasing new space to new tenants).

The tenants of the shopping centres are a mixture of anchor tenants and specialty stores. The anchor tenants are usually national grocery stores (Coles and Woolworths), department stores (Myer and David Jones) and discount department stores (Kmart, Big W and Target). Specialty stores are a mixture of national operators (such as Baker's Delight, major banks, post offices and chemists) and small operators. Recent trends have seen an increase in the number of service-based retailers such as manicurists, beauticians and mobile phone stores as demand has increased for these types of services.

Anchor tenants typically have long term leases of around 20 years and options thereafter with annual rent increases set at a fixed amount or CPI. Leases for smaller, specialty retailers are generally five years, with annual reviews based on fixed amounts or CPI. Some leases also include a performance component based on a share of sales.

Retail properties require continuous upgrading and improvement to ensure optimal performance and to maintain their position within a competitive environment. The development management team continuously review development opportunities within the portfolio, and, as financially feasible projects are identified and approved, project manage the development. Through this role, the development management team manage relationships with regulatory authorities, architects, builders and other development stakeholders but does not take on any development risk.

Prior to 2007, annual developments or upgrades represented around 5% of the value of the portfolio. Since then Centro Group has had very limited access to capital and, as a result, development activities have been constrained.

Development and leasing activities typically generate fees as follows:

- development management – 5% of project costs;
- project leasing – 15% of incremental year one rent; and

- maintenance leasing – variable percentage of year one rent but up to 15%.

Property management activities generally earn fees based on a fixed percentage of rent net of certain outgoings. Fees range from 3.0-6.0% but average approximately 4.5% across the portfolio. Lower fees typically apply to properties where maintenance leasing fees are payable. In addition, the Property Management business is entitled to recover from tenants or owners some or all of the direct costs for managing the property.

The Property Management team has a total staff of over 400, consisting of approximately 58 property managers and leasing staff located at Centro Group's head office and in regional offices, centre based staff located throughout the country and a small development team also located in Melbourne. The property managers are responsible for a high proportion of the maintenance leasing activities.

The Property Management services are provided by subsidiaries of CPL. In relation to CER and CAWF, the services are provided pursuant to Property Management, Development Management and Project Leasing Agreements ("PMAs") between CER/CAWF and the relevant CNP entity. The PMAs have no prescribed term (that is, they are perpetual) and CER and CAWF cannot terminate them without cause. However, the PMAs can be terminated for the insolvency of the relevant CNP entities (although not for the insolvency of CPL/CPT). The rights under the PMAs are not assignable to third parties. However, the rights can effectively be transferred to third parties through the sale of the relevant CNP subsidiaries.

In relation to the Syndicates the property managers are appointed by the responsible entities pursuant to PMAs. As with CER and CAWF, the PMAs have no term and the Syndicates have very limited control over their appointment and the ability to appoint another party. CNP has the ability to assign the management rights to a related party or, with approval from securityholders, third parties. However, CNP is not restricted from selling property managers to a third party.

Financial Performance

The historical financial performance of the Australian Services Business for the five years ended 30 June 2011 are summarised as follows:

Services Business - Financial Performance ($ million)

	Year ended 30 June				
	2007 actual	**2008 actual**	**2009 actual**	**2010 actual**	**2011 actual**
Property Management	28.1	31.1	33.6	33.2	32.3
Funds Management					
- monthly management fees	44.6	62.6	54.9	49.9	49.1
- transaction fees	56.1	42.6	9.5	2.9	-
- minus US related fees	(2.5)	3.0	0.4	(0.6)	(4.3)
Total income	**126.3**	**139.3**	**98.5**	**85.4**	**77.1**
Overheads	(33.5)	(39.9)	(34.7)	(33.0)	(36.8)
EBIT	**92.8**	**99.4**	**63.8**	**52.4**	**40.2**
Statistics					
EBIT margin	*73.5%*	*71.3%*	*64.8%*	*61.4%*	*52.2%*
EBIT margin (exc transaction fees)	*52.2%*	*58.7%*	*61.0%*	*60.0%*	*52.2%*

Source: CNP

The financial performance summarised above has been prepared by management and is indicative only. The Services Business is not owned by a separate single entity or managed as a separate business and historically many costs centres have serviced both the Australian and United States operations. As a result, CNP does not record the financial performance of the Services Business as a standalone operation, in the ordinary course of business. In particular, the overheads summarised above reflect an allocation of staff costs who are directly and indirectly involved in the business.

The earnings of the Services Businesses have declined over the last four years. However, this decline is attributable to the absence of transaction fees and declining FUM rather than a deterioration in the performance of the underlying assets. Notwithstanding the sale of approximately 31 Australian properties since 2007, property management fees have actually increased slightly reflecting an increase in gross income. Similarly, funds management fees have increased slightly over the period but have come off a high in 2008.

Transaction fees in 2007 and 2008 were significantly higher than for the period 2009 to 2011. Up to late December 2007 the Services Business was able to actively grow and manage the Syndicate business. Since then, the capacity of the Services Business to establish new Syndicates, rollover existing Syndicates or trade assets has been constrained by the financial position and uncertainty of the broader group. There is now a requirement to rollover or wind up many of the Syndicates with all Syndicates except one (and excluding CSIF-A) reaching the end of their terms over the next three years.

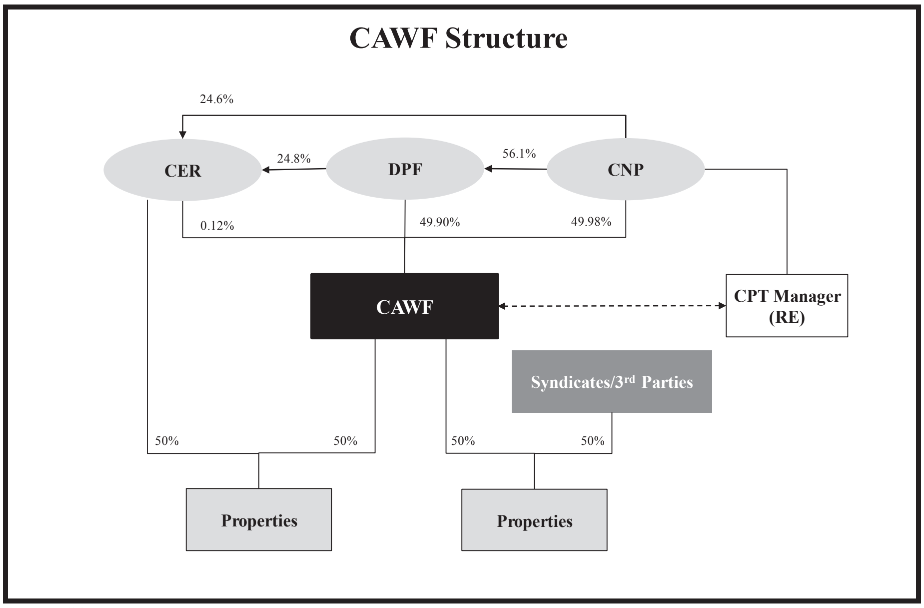
7 Profile of Centro Australia Wholesale Fund

7.1 Overview

Centro Australia Wholesale Fund ("CAWF") was established in December 2006. It is an open ended wholesale fund that invests in Australian retail property.

CAWF's property portfolio consists of 50% interests in 26 Australian shopping centres, 20 are co-owned with CER, four properties co-owned with Syndicates and two properties co-owned with parties not associated with the Centro Group. CAWF's property portfolio was valued at approximately $2.3 billion as at 30 June 2011.

CAWF is a unit trust owned by entities of the Centro Group and externally managed by CPT, a wholly-owned subsidiary of CNP. CAWF's ownership structure is illustrated below:



Source: CAWF

As the responsible entity of CAWF, CPT Manager is accountable for the overall governance and strategy of the trust. CPT Manager also provides property management, leasing, development and other operational services to CAWF. Key terms of CPT Manager's fee structure is summarised as follows:

- property management fees of up to 6% of rental income;
- funds management fees of 0.45% of asset values;
- performance fee of 15% per annum of CAWF's performance in excess of the S&P/ASX 200 Property Accumulation Index; and
- reimbursement of costs.

The total of any funds management and performance fees are capped at 1.0% of gross asset value in any single year. CAWF is also obliged to pay fees on new leasing arrangements, development fees and acquisition fees.

7.2 Property Portfolio

As at 30 June 2011, CAWF owned interests in 26 regional, sub-regional and convenience shopping centres located mainly in Victoria, Western Australia and New South Wales. CAWF's property portfolio is summarised as follows:

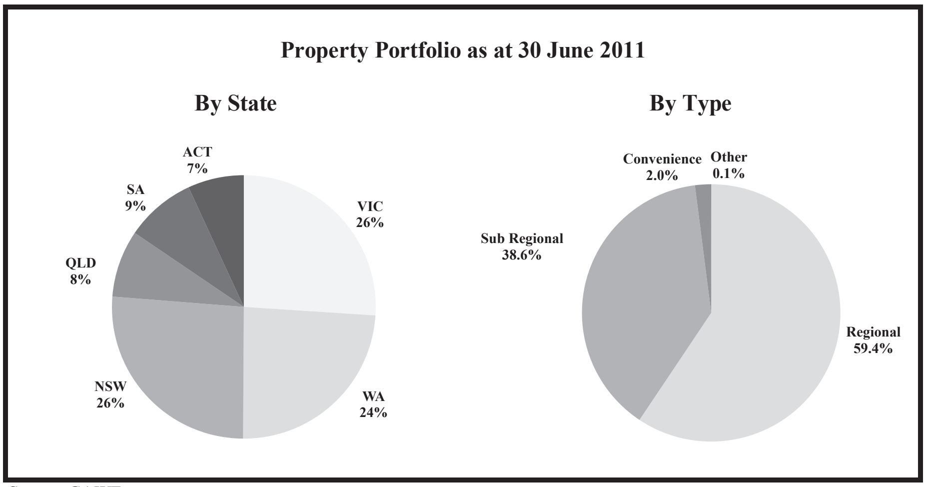
CAWF – Property Portfolio as at 30 June 2011

Name	Ownership	GLA (000's sqm)	Value ($m)	Cap Rate (%)	Share (%)
ACT					
Centro Tuggeranong[19]	CAWF 50%/Leda 50%	76.8	157.5	7.50	6.9
New South Wales					
Centro Bankstown	CAWF 50%/CMCS28 50%	84.0	277.5	6.75	12.1
Centro Goulburn	CAWF 50%/CER 50%	13.8	24.0	8.75	1.0
Centro Lavington	CAWF 50%/CER 50%	20.1	30.5	7.75	1.3
Centro Roseland	CAWF 50%/CMCS21 50%	61.4	162.5	7.00	7.1
Centro Roseland - Land	CAWF 50%/CNP 50%	0.0	0.4	-	0.0
Centro Tweed Mall	CAWF 50%/CER 50%	18.5	36.5	8.25	1.6
Centro Warriewood	CAWF 50%/CER 50%	22.2	67.3	7.25	2.9
Queensland					
Centro Springwood	CAWF 50%/CER 50%	15.4	26.0	8.00	1.1
Centro Taigum	CAWF 50%/CER 50%	22.8	38.6	7.50	1.7
Centro Toombul	CAWF 50%/CER 50%	33.7	99.2	8.00	4.3
Centro Whitsunday	CAWF 50%/CER 50%	22.3	24.9	8.25	1.1
South Australia					
Centro Arndale	CAWF 50%/CMCS33 50%	40.4	48.5	8.50	2.1
Centro Colonnades	CAWF 50%/CER 50%	65.6	148.7	7.25	6.5
Victoria					
Centro Box Hill (North)	CAWF 50%/CER 50%	14.2	30.5	8.00	3.6
Centro Box Hill (South)	CAWF 50%/CER 50%	23.5	54.2	7.75	2.4
Centro Cranbourne	CAWF 50%/CER 50%	33.9	60.0	7.50	3.9
Centro Karingal	CAWF 50%/CER 50%	41.6	90.0	7.25	2.0
Centro Mildura	CAWF 50%/CER 50%	20.2	44.8	8.00	1.2
Centro Mornington	CAWF 50%/CER 50%	11.7	27.0	7.50	9.0
Centro The Glen	CAWF 50%/CER 50%	59.2	205.7	6.25	1.3
Victoria Gardens	CAWF 50%/Salta 50%	31.2	83.5	7.00	2.4
Western Australia					
Centro Galleria	CAWF 50%/CER 50%	73.1	307.5	6.00	13.4
Centro Halls Head	CAWF 50%/CER 50%	6.0	14.4	8.00	0.6
Centro Karratha	CAWF 50%/CMCS25 50%	23.8	46.2	7.75	2.0
Centro Karratha - Land	CAWF 50%/CNP 50%	-	0.7	-	0.0
Centro Mandurah	CAWF 50%/CER 50%	39.7	118.0	7.25	5.2
Centro Warwick	CAWF 50%/CER 50%	32.2	63.7	7.75	2.8
Total		**907.3**	**2,288.7**	**7.12**	**100.0%**

Source: CAWF
Note: GLA stands for Gross Lettable Area and corresponds to CAWF's share.
Valuation corresponds to CAWF's share.
Cap rate represents the capitalisation rate adopted by the independent valuers to determine market value.

Victoria, Western Australia and New South Wales each account for approximately one quarter of CAWF's property interests by value, with Queensland, South Australia and ACT making up the balance. CAWF's largest exposure, Centro Galleria, represents 13.4% of the total portfolio. Regional shopping centres represent more than half of the portfolio (by value) and sub-regional shopping centres make up most of the balance:

[19] Centro Tuggeranong is currently externally managed by CFS Global Asset Management.



Source: CAWF

CAWF's portfolio has over 3,400 retail tenants. The top 10 retailers in terms of total income are Kmart, Big W, Woolworths, Coles, Myer, Target, David Jones, Best & Less, The Reject Shop and Terry White Chemist. They collectively occupy 106 separate stores and represent around 52% of gross lettable area.

CAWF's property portfolio had a weighted average lease expiry of 4.4 years by income and occupancy of 99.4% at 30 June 2011. Over 56% of income is secured by leases which expire in, or after, the year ending 30 June 2015. The majority of leases incorporate annual rent review provisions which typically reflect fixed increases of between 4.0% and 5.0%.

Like most of its competitors, CAWF has significantly curtailed its development activities since the onset of the global financial crisis. It is currently undertaking some relatively minor developments at its Toombul, Warwick and Tweed properties. These are fully funded and are expected to be completed by the end of the year. There are plans for developments for a number of other properties in which CAWF has an interest. However, lack of access to capital (whether debt or equity) and the co-ownership arrangements through which the properties are held are major obstacles to the progression of these developments.

7.3 Financial Performance

The historical financial performance of CAWF for the four and a half years ended30 June 2011 is summarised below:

CAWF - Financial Performance[20] ($ millions)					
	7 mths ended 2007 audited	Year ended 30 June 2008 audited	2009 audited	2010 audited	2011 audited
Net property income	81.7	140.6	143.1	139.6	135.3
Other revenue	0.2	6.5	5.2	5.4	9.1
Other operating expenses	(7.5)	(16.0)	(12.6)	(11.0)	(12.1)
Finance costs	(22.0)	(49.0)	(56.8)	(59.8)	(56.6)
Underlying profit	**52.4**	**82.2**	**78.9**	**74.2**	**75.7**
Asset revaluation	133.8	(90.2)	(394.5)	(6.3)	110.5
Movements in mark-to-market value of financial instruments	16.4	9.4	(79.6)	0.8	10.8
Other	(7.7)	(1.9)	(2.4)	-	-
Net profit after tax attributable to CAWF unit holders	**194.9**	**(0.6)**	**(397.6)**	**68.7**	**197.0**
Statistics					
Earnings per security	*11.85*	*(0.03)*	*(24.17)*	*4.17*	*11.98*
Underlying profit per security	*3.19*	*4.99*	*4.54*	*4.51*	*4.60*
Distributions per security	*3.03*	*4.56*	*4.62*	*3.64*	*na*
- tax-advantaged	*2.17*	*1.79*	*2.15*	*1.53*	*na*
- fully taxable	*0.86*	*2.77*	*2.47*	*2.11*	*na*
Tax advantaged component of distributions	*71%*	*39%*	*47%*	*42%*	*na*
Net property income growth	*1.8%*	*(2.5)%*	*(3.1)%*	*8.3%*	*1.8%*
Underlying profit growth	*(3.9)%*	*(6.0)%*	*2.1%*	*(56.8)%*	*(3.9)%*
Interest cover[21]	*1.8%*	*(2.5)%*	*(3.1)%*	*8.3%*	*1.8%*

Source: CAWF and Grant Samuel analysis

CAWF's financial performance summarised in the above table represents CAWF's share of income and expenses. Net property income reflects CAWF's 50% share of rental income net of property management fees and outgoings. Other revenue represents interest earned on a loan guarantee provided to a financier of CER. The arrangement was terminated in June 2011 when CER repaid the loan.

Other operating expenses include fund management and performance fees. The last performance fee was paid in the 7 months ended 30 June 2007. The movement in financial instruments represent non cash movement in interest rate swaps. As CAWF is a passive property investor and distributes all of its income to its unitholders, it is generally not subject to tax.

CAWF's financial performance over the period under review generally reflects the onset of the global financial crisis at the end of the 2007 and the stabilisation and partial recovery of the property markets since then. Net property income fell in 2010 following a 16% devaluation of CAWF's property portfolio in 2009. The reduction in operating expenses also reflects the fall in property values, as fund management fees are based on the value of assets under management.

20 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

21 Interest cover is underlying profit before finance costs divided by finance costs.

Increased interest rates margins on CAWF's debt also resulted in a higher interest expense. Despite the poor market conditions, CAWF's interest cover ratios remain stable and CAWF continues to pay quarterly distributions.

CAWF's financial statements for the year ended 30 June 2011 have been presented on a going concern basis. However, the auditors have noted the inherent uncertainty regarding CAWF's continuation as a going concern given its reliance on ongoing support from its lenders.

7.4 Financial Position

The financial position of CAWF as at 31 December 2010 and 30 June 2011 is summarised below. During the six months ended 30 June 2011, CAWF's financial position was mainly affected by the increase in Australian property values:

CAWF - Financial Position ($ millions)

	As at 31 December 2010 actual[22]	As at 30 June 2011 audited
Debtors	13.5	16.8
Creditors	(13.3)	(12.1)
Net working capital	**0.2**	**4.7**
Investment accounted for using the equity method	1,908.9	1,987.6
Other assets/(liabilities)	6.1	7.0
Total funds employed	**1,915.2**	**1,999.3**
Cash	13.4	12.7
Provision for distributions	(9.7)	(18.1)
Interest bearing liabilities	(636.4)	(610.6)
Interest rate derivatives (net)	(16.1)	(19.4)
Net borrowings	**(648.8)**	**(635.4)**
Equity attributable to CAWF unit holders	**1,266.3**	**1,363.8**
Statistics		
Securities on issue at period end (million)	*1,644.9*	*1,644.9*
Net assets per security	*$0.77*	*$0.83*
NTA[23] per security	*$0.77*	*$0.83*
Gearing[24]	*33.5%*	*31.2%*

Source: CAWF and Grant Samuel analysis

CAWF's statement of financial position reflects the group's focus on the ownership of 50% interests in property investments. CAWF's property assets are recorded on its balance sheet as equity accounted investments. They are carried on the balance sheet at fair value, which represents the directors' assessment of the fair value of the properties, informed by independent property valuations. In the ordinary course of business all of CAWF's properties are independently valued every year.

At 30 June 2011, the gross value of CAWF's share of investment properties totalled $2.3 billion. This represents a 4.6% increase relative to the carrying value as at 31 December 2010 of $2.2 billion, net of the sale of Centro Harvey Bay for $31 million in April 2011.

22 CAWF's financial position at 31 December 2010 is based on management accounts and was not audited.

23 NTA is net tangible assets, which is calculated as net assets less intangible assets.

24 Gearing is net borrowings divided by net assets plus net borrowings.

CAWF's debt facilities as at 30 June 2011 are summarised as follows:

CAWF – Debt Facilities at 30 June 2011 ($ millions)			
Facility	**Expiry**	**Drawn**	**Facility Limit**
Consolidated			
Commonwealth Bank of Australia ("CBA")	15 Dec 11	610.9	640.5
Equity accounted			
Macquarie/GIC	4 Dec 12	150.0	150.0
ANZ	15 Dec 11	146.6	150.0
Total		**907.5**	**940.5**

Source: CAWF

The CBA facility is secured against CAWF's interest in most properties and over CAWF's equity interest in the trusts that own the assets against which the ANZ and Macquarie/GIC facilities are secured. The Macquarie/GIC facility is CAWF's 50% share of a $300 million syndicated facility with CER in relation to four assets: Centro Cranbourne, Centro Karingal, Centro Mandurah, and Centro Warriewood. The two ANZ facilities relate to the Tuggeranong Town Centre and Victoria Gardens joint ventures. There are cross-default provisions between the CBA facility and CNP's senior debt facilities. Moreover, if there is a change of CAWF's responsible entity CBA has the right to repayment.

CAWF has historically entered into arrangements with CNP to hedge its exposure to movements in interest rates. As at 30 June 2011, CAWF had contracts with a notional principal amount of $900 million over $611 million of loans at various interest rates and maturities. The mark-to-market value of these hedging arrangements at 30 June 2011 was $19.4 million ($20.2 million including equity accounted swaps).

CAWF's only contingent liabilities relate to the Victoria State Revenue Office which has issued an assessment to CAWF relating to its establishment and has also issued a joint assessment to the DPF and CAWF in relation to the DPF's acquisition of units in CAWF. The combined amount of the assessments (including penalties and interest) is approximately $49 million. CAWF and its stamp duty advisors do not consider duty to be payable and have objected against these assessments. No amount has been provided for in the accounts and these matters are noted as contingent liabilities.

CAWF is not a defendant in or otherwise liable in relation to the class actions and ASIC proceedings currently on foot against other entities of the Centro Group.

7.5 Taxation Position

CAWF is a trust and as such is not subject to taxation as long as all income is distributed. CAWF has carried forward capital losses of approximately $5.8 million at 30 June 2011.

7.6 Capital Structure and Ownership

As at 30 June 2011, CAWF had the following securities on issue:

- 1,644,887,630 ordinary units;
- 1 DPF special unit that entitles DPF only to voting rights but no economic rights; and
- 1 special unit (which is currently partly paid) that entitles CPT to the economic rights of ordinary units (except on termination of the trust) but no voting rights, it is partly paid. Once fully paid, it will have the same rights as ordinary units.

At 30 June 2011, there were three registered unit holders in CAWF:

- CER owned 2,000,000 ordinary units;
- DPF owned 820,798,927 ordinary units and 1 DPF special unit; and
- CPT owned 822,088,703 foundation units and 1 special unit.

As a wholesale fund CAWF's unit price is recorded at net asset value:

7.1 Unit Price History

As a wholesale fund CAWF's unit pricing is determined on the basis of its prevailing net asset value.

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8 Profile of Centro Direct Property Fund

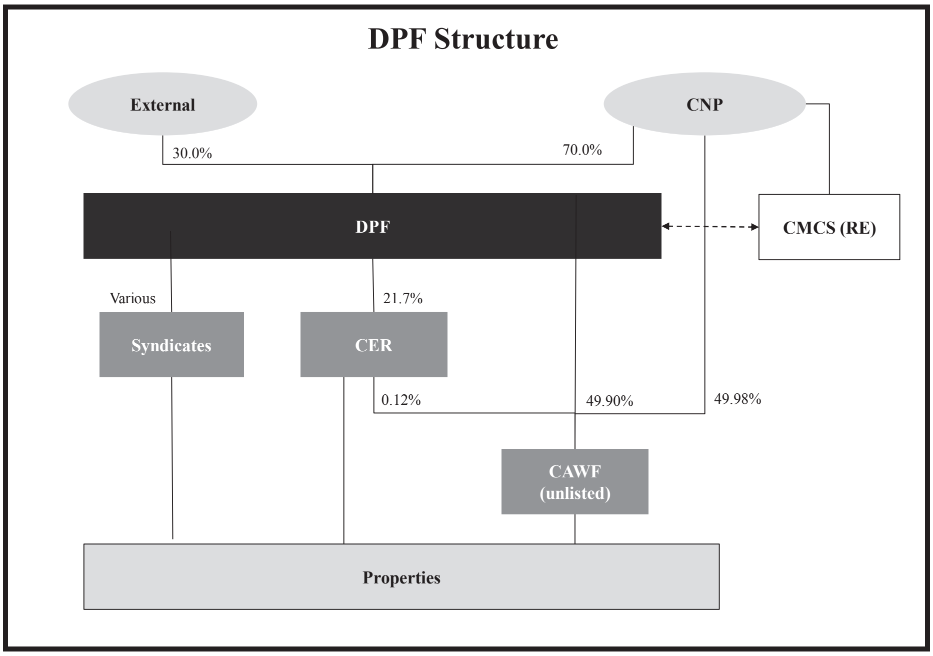
8.1 Overview

The Centro Direct Property Fund ("DPF") is an unlisted, property investment fund established in June 2002. CNP has a 56.1% interest in DPF and the remaining interest is held by external retail and wholesale investors.

DPF is essentially a fund-of-funds. It has a 49.9% interest in CAWF, a 1.8% direct interest in CER, a 19.6% indirect interest in CER through Centro Retail Investment Trust ("CRIT") and varying interests in a number of the CMCS syndicates. At 30 June 2011, DPF had net assets of $1.4 billion and no direct borrowings.

CRIT was established in early 2008 to enable DPF and Centro Direct Property Fund International ("DPFI"), which had mandates to invest only in unlisted investments, to invest in CER. CPT provided a guarantee to both DPF and DPFI that upon the disposal of their CRIT units at the end of the investment term in 2014, any shortfall to net asset backing would be met by CPT. The CRIT agreement also contains various trigger events that would allow DPF and DPFI to dispose of the CRIT units prior to 2014, at which time the same guarantee provisions would apply. The guarantee does not prevent DPF or DPFI from disposing of the units at a premium to NAB and retaining such premium for their own benefit.

A number of DPF units are subject to put option arrangements between certain DPF unitholders and CNP. If exercised, CNP's interest in DPF would increase by approximately 14% to 70.0%. DFP's structure (assuming the put arrangements are exercised) is illustrated as follows:



Source: DPF

CMCS Manager acts as responsible entity for DPF. CMCS Manager is accountable for the overall governance and strategy of the trust and receives a fee for these services. CMCS Manager's fee structure (as outlined in the most recent product disclosure statement dated 15 January 2007) is summarised as follows:

- funds management fees of 0.67% of gross asset values;

50

- administration fees of up to 0.15% of the net assets;
- reimbursement of costs; and
- annual performance fees of 10.25% of DPF's performance over and above 6% growth in gross asset values in a financial year.

The management fees were reduced from 0.67% of gross asset value to 0.56% in July 2008. As DPF does not have any direct property interests it does not incur property management fees.

8.2 Investment Portfolio

DPF holds its indirect property exposure through investments in CAWF and Syndicates, as well as a small direct stake in CER and a larger indirect interest in CER through CRIT. DPF's indirect property interests are summarised below:

Investment Portfolio as at 30 June 2011 – DPF Share		
Fund	**DPF Interest**	**Investment Value ($ millions)**
CAWF	49.9%	680.5
CER	21.7%	213.4
Syndicates	Various	419.2
Other assets	Various	90.4
Total		1,403.5

Source: DPF

DPF has investments in 27 Syndicates (of which 26 have investors outside of the Centro Group), which had net assets of $424 million at 30 June 2011 as outlined in Appendix 1. The Syndicates are unlisted investment trusts with fixed investment terms (generally between five and seven years) and generally pay quarterly distributions.

DPF's other assets include:

- 5 million units in MAB Diversified Property Trust valued at $3.5 million at 30 June 2011;
- 4.4 million units in MPG Bulky Goods Trust valued at $4.5 million at 30 June 2011; and
- a portfolio of investments in companies listed on the ASX, managed by JB Were and valued at approximately $1.2 million at 30 June 2011.

Through its interests in CER, CAWF and the Syndicates, DPF is exposed to a small development pipeline.

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8.3 Financial Performance

DPF's historical and forecast financial performance for the five years ended 30 June 2011 is summarised below:

DPF – Financial Performance[25] ($ millions)

	Year ended 30 June				
	2007 actual	**2008 actual**	**2009 actual**	**2010 actual**	**2011 actual**
Revenue from investments	98.9	77.9	91.9	56.5	53.9
Other income	0.6	0.6	0.6	0.6	0.6
Responsible entity management fees	(8.5)	(12.2)	(7.6)	(5.7)	(5.9)
Other expenses	(2.0)	(1.8)	(0.5)	(0.4)	(2.5)
EBIT[26]	**89.0**	**64.5**	**84.4**	**51.0**	**46.0**
Net interest expense	(42.2)	(22.7)	0.4	0.2	0.3
Distributable income	**46.8**	**41.8**	**84.8**	**51.2**	**46.3**
Repayment of unitholder funds/(undistributed income)	**24.9**	**0.9**	**(10.3)**	**6.6**	**6.9**
Distributed income	**71.7**	**42.7**	**(74.5)**	**57.7**	**53.2**
Adjustments					
- Net fair value gain/(loss) on financial assets at fair value through profit or loss	169.8	(337.1)	(781.1)	(32.3)	169.0
- Net movement on mark-to-market of derivatives	(0.6)	0.6	(0.1)	(0.2)	0.7
- Responsible Entity Performance Fee	(8.9)	-	-	-	-
- Repayment of unitholder funds/(undistributed income)	(24.9)	(0.9)	10.3	(6.6)	(6.9)
- Loss on sale of investment	-	-	-	-	(0.1)
- Total adjustments	135.4	(337.4)	(770.9)	(39.1)	162.7
Profit after tax attributable to DPF unitholders	**207.1**	**(294.7)**	**(696.4)**	**18.7**	**215.9**
Statistics					
Earnings per security (cents)	*28.48*	*(26.15)*	*(42.81)*	*1.15*	*13.3*
Distributable income per security (cents)	*6.44*	*3.71*	*5.21*	*3.15*	*2.85*
Distributions per security (cents)	*9.23*	*5.64*	*5.23[27]*	*3.42*	*2.95*
- tax-advantaged	*9.23*	*5.00*	*4.17*	*1.57*	*1.46*
- fully taxable	*0.00*	*0.64*	*1.06*	*1.85*	*1.49*
Tax advantaged component of distributions	*100%*	*89%*	*80%*	*46%*	*49%*
Total revenue growth	*na*	*(21.2%)*	*18.0%*	*(38.5%)*	*(4.6)%*
EBIT growth	*na*	*(27.5%)*	*30.8%*	*(39.6%)*	*(9.8)%*
EBIT margin	*90.0%*	*82.8%*	*91.8%*	*90.2%*	*85.3%*
Interest cover[28]	*2.11x*	*2.84*	*nm*	*nm*	*nm*

Source: DPF and Grant Samuel analysis

DPF's financial performance summarised in the above table represents DPF's return on investments in, principally, CAWF, CER, CRIT and the Syndicates, as well as its interest in DPFI, which is in the process of being wound up. DPF records these investments at net asset backing such that any movement in any of the entities net asset backing is recorded in DPF's financial

25 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

26 EBIT is earnings before net interest, tax, investment income, and non-cash items.

27 Includes a 1.25 cent capital distribution.

28 Interest cover is EBIT divided by net interest.

52

performance as a fair value gain or loss. Revenue from investments reflects distributions paid by the underlying funds.

DPF's financial statements for the year ended 30 June 2011 have been prepared on a liquidation basis. DPF's responsible entity will determine a strategy for the future operation of DPF once the outcome of the redemption requests is known. If the number of redemption requests is significant, and as a result DPF is reduced in size to an extent that it is no longer viable and is not able to achieve its objective, it is anticipated that DPF's responsible entity will determine to take steps to wind-up DPF. If the Aggregation is not approved and implemented DPF's responsible entity will seek alternative ways to liquidate the fund's assets and thereby provide liquidity to investors.

Distributable income is a financial measure which is not prescribed by the Australian Accounting Standards. It represents reported profit adjusted for certain unrealised, non-cash items and reserve adjustments and assists in the determination of the amounts available for distribution to unitholders. The amount distributed is at the discretion of the responsible entity as determined under DPF's constitution. DPF's distributable income recognised in each year reflects the distributions from DPF's investments for the first three quarters of the corresponding period and for the final quarter of the prior year. Accordingly there is a timing difference between distributable income per security and actual distributions per security.

Revenue has declined over the four years to 30 June 2011 as distributions from DPF's investments have fallen. In particular, CER (including CRIT), DPFI and some of the Syndicates have stopped paying distributions or have paid significantly reduced distributions. Revenue in 2009 increased due to significantly larger distributions from CAWF. This followed a period since December 2007 when CAWF's distributions were reduced due to uncertainty over its debt position. DPF's performance in the year ended 30 June 2011 improved largely as result in an increase in net asset backing.

Prior to 30 June 2008, DPF had 605.5 million equity notes on issue. The equity notes incurred interest equal to the return on ordinary units. In 2008, DPF redeemed the equity notes for ordinary units in DPF, which resulted in a substantial reduction in interest expense from 2009 onwards.

Fees paid to DPF's responsible entity comprise a management fee calculated at 0.56% of gross assets, an administration component calculated at up to 0.15% of net assets and a performance component. No performance fee has been paid since 2007. The decrease in fees between 2007 and 2008 (excluding the performance fee paid in respect of 2007) was due to a sharp drop in the gross value of DPF's assets post December 2007.

Reported net profits in the three years ended 30 June 2010 were materially reduced due to the recognitions of the reduction in value of DPF's investments.

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8.4 Financial Position

The financial position of DPF as at 31 December 2010 and 30 June 2011 is summarised below:

DPF- Financial Position ($ millions)	As at 31 Dec 2010 actual	As at 30 June 2011 actual
Debtors and prepayments	9.6	13.7
Creditors, accruals and provisions	(2.1)	(2.5)
Net working capital	**7.6**	**11.2**
Financial assets at fair value through profit or loss		
- 49.9% interest in CAWF	631.9	680.5
- Interest in CER through CRIT	185.1	199.9
- 1.8% direct interest in CER	10.0	14.0
- Various interest in Syndicates	395.2	419.2
- Other investments	95.4	90.4
- Estimated restructure and liquidation costs	-	(2.6)
- Total	1,317.6	1,401.4
Derivative financial instruments	0.4	-
Total funds employed	**1,325.6**	**1,412.6**
Cash and deposits	7.4	3.8
Equity attributable to DPR unitholders	**1,333.0**	**1,416.5**
Statistics		
Units on issue at period end (million)	*1,626*	1,626
Net assets per unit	*$0.82*	$0.87
NTA[29] per unit	*$0.82*	$0.87

Source: DPF and Grant Samuel analysis

DPF's statement of financial position reflects the group's interest in other Centro Group entities and Syndicates. DPF's investments at 30 June 2011 were:

- a 49.9% interest in CAWF's net assets;
- DPF's 19.6% indirect investment in CER through CRIT, representing a 23.0% share of CRIT's CER units based on the June 2011 net assets of the domestic pools in CRIT relative to the international pools in which DPFI has an interest;
- a 1.8% direct investment in CER, recorded at CER's prevailing security price;
- various interests in Syndicates which are held at fair market value, representing DPF's share of the Syndicate's net assets; and
- interests in MAB Diversified Property Trust, MPG Bulky Goods Trust and Australian companies listed on the ASX.

DPF's interests in CAWF and Syndicates and its indirect interest in CER through CRIT are all carried at fair value, being the entities directors' assessment of the fair value of the properties informed by independent property valuations. All the properties held by the Centro Group were independently valued as at 30 June 2011 in contemplation of the Aggregation and associated debt refinancing.

[29] NTA is net tangible assets, which is calculated as net assets less intangible assets.

DPF has no debt. DPF's indirect debt exposure is related to the debt is held in DPF's underlying investments.

DPF has noted a contingent liability in relation to stamp duty matters in its financial accounts at 30 June 2011. The contingent liability relates to an assessment made by the Victorian State Revenue Office ("SRO") to DPF (and CAWF jointly) in respect of DPF's acquisition of units in CAWF. The assessed amount (including penalties and interest) is approximately $16.7m. In addition, the DPF may have an indirect contingent liability, by virtue of its 49.9% ownership interest, in relation to an assessment raised by the SRO to CAWF on its establishment. The assessed amount (including penalties and interest) is approximately $32.6m (i.e. DPF's indirect liability is approximately $16.3m). Management and its advisors consider that no stamp duty is payable.

8.5 Taxation Position

DPF is a trust and as such is not subject to taxation as long as all income is distributed. At 30 June 2011, DPF is not expected to have carried forward income or capital losses of any material nature.

8.6 Capital Structure and Ownership

As at 12 August 2011, DPF had 1,626,105,903 ordinary units on issue. At June 2011 there were 2,096 registered unitholders in DPF. The top ten unitholders accounted for approximately 74% of the total units on issue:

DPF – Unitholders as at 31 July 2011		
	Number of Units	**Percentage**
Australian Public Trustees Ltd	307,210,679	18.9%
Sandhurst Nominees (Vic) Ltd	157,953,556	9.7%
CPT Manager Limited	143,040,858	8.8%
CPT Manger Limited	111,700,000	6.9%
Commonwealth Bank of Australia	105,381,481	6.5%
Merrill Lynch International	105,381,481	6.5%
CPT Manger Limited	100,000,000	6.1%
BT Portfolio Services Limited	73,780,122	4.5%
CPT Manger Ltd	52,739,979	3.2%
Asgard Capital Management Ltd	51,812,551	3.2%
Subtotal - Top ten unitholders	**1,209,000,707**	**74.3%**
Other shareholders	417,105,196	25.7%
Total	**1,626,105,903**	**100.0%**

Source: DPF
Note: In August 2011, Merrill Lynch International transferred its interest in DPF to Silver Oak Capital LLC.

Those of the top ten registered unitholders that are not holding units on behalf of CNP entities are principally institutional nominee or custodian companies. However, some of these nominee or custodian entities typically act on behalf of the wrap platforms which attract money from retail investors. DPF has a significant retail investor base with a majority of registered unitholders classified as retail. This is estimated to account for around 25% of units on issue. DPF unitholders are predominantly Australian based investors (over 99% of registered unitholders and over 99% of units on issue).

CNP is the only substantial shareholder in DPF with 912,618,876 units representing a 56.12% interest (including also units held by CNP in the Premium Fund and Retail Co-Investment Trust both of which are invested in DPF).

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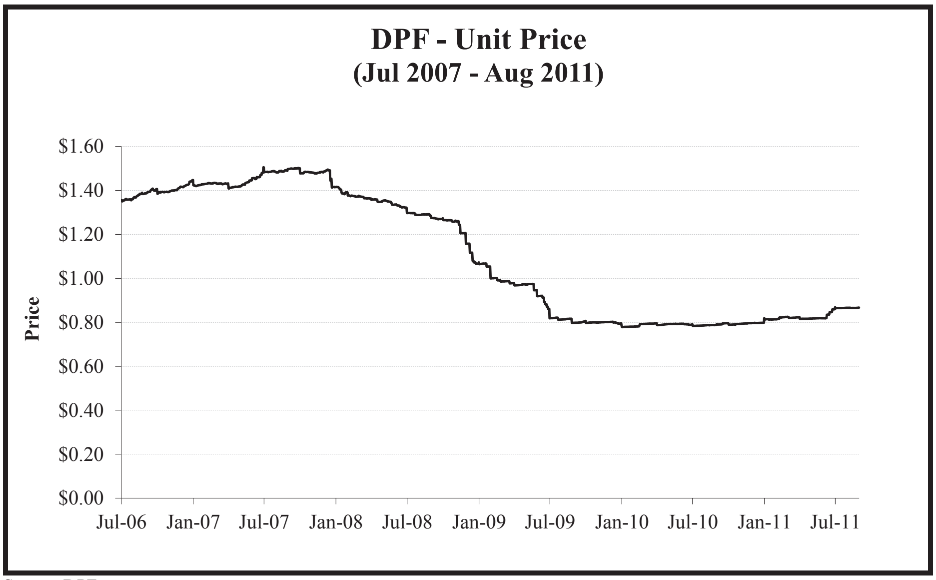
8.7 Unit Price History

Prior to December 2007, DPF operated as an open fund providing investors with the ability to trade on a daily basis. DPF's daily unit price performance is illustrated on the following chart:



Source: DPF
Note: Represents redemption price.

Units are valued daily based on net assets and in the past investors could subscribe for new units through a product disclosure statement or lodge a redemption notice to sell units. On 17 December 2007, following difficulties with the broader Centro Group, DPF suspended the issue of new units and redemptions. However, under relief granted by ASIC pursuant to the Corporations Act, DPF can accept and process redemptions in the circumstance of hardship. Hardship includes financial hardship and other forms of hardship such as illness and compassionate grounds. Hardship redemptions are capped at $30,000 per investor per year. 205,036 units were redeemed in the year ended 30 June 2011 due to hardship.

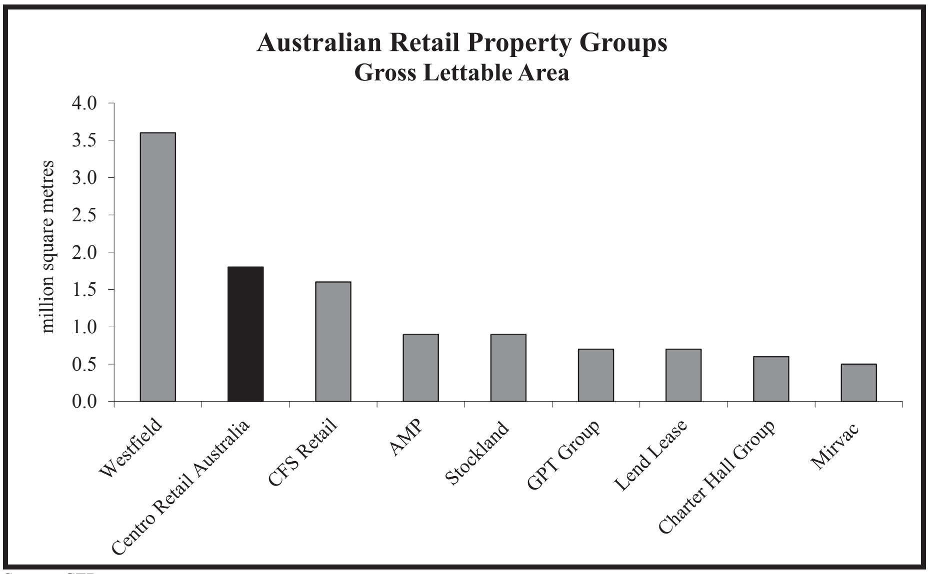
9 Profile of Centro Retail Australia

9.1 Overview

Centro Retail Australia will be a fully integrated REIT with:

- $4.4 billion direct property portfolio comprising 100% interests in 36 properties and 50% interest in 7 properties;
- $0.5 billion of investments in 27 Syndicates which collectively own 61 properties valued at $2.6 billion; and
- Funds and property management business with 99 properties under management with a total value of $7.0 billion in assets.

Centro Retail Australia will be the second largest REIT in Australia, in terms of gross lettable area:



Source: CER
Note: As at 31 December 2010 except AMP at 30 April 2009 and Centro Group at 30 June 2011.

Centro Retail Australia's strategy is to optimise returns from its Australian shopping centres portfolio and maintain its position as one of Australia's leading managers of unlisted property funds. Centro Retail Australia will have one of the largest retail property portfolios in Australia. Over 82% of the portfolio by value will be wholly owned giving Centro Retail Australia full control over the day-to-day operations of the property and the strategic direction of the properties and portfolio. Centro Retail Australia will also be internally managed giving it the capabilities to operate and develop the portfolio.

Centro Retail Australia's objective is to deliver strong, consistent returns to investors from its property portfolio and maintain its position as a leading manager of unlisted retail property funds. Centro Retail Australia will also seek to undertake developments and selective acquisitions and disposals. Centro Retail Australia has identified a number of non-core properties which are intended to be divested over time. The longer term strategy is to execute development opportunities and raise equity for CMCS syndicate rollovers.

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Direct Property Portfolio

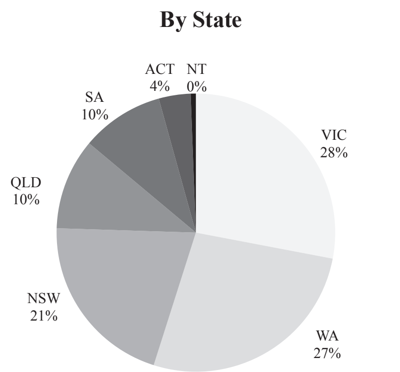
Centro Retail Australia will have total direct property investments of 43 centres with a total value of approximately $4.4 billion at 30 June 2011:

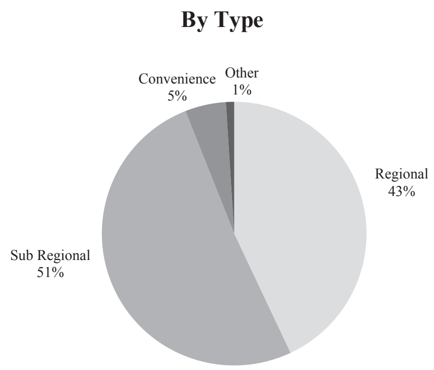
Centro Retail Australia – Direct Property	
No of properties	43
Total property value (Centro Retail Australia Share)	$4.4 billion
Weighted average capitalisation rate	7.29%
GLA	1.1 million sqm
Portfolio occupancy	99.4%
WALE	4.6 years

Source: CER

The direct property portfolio is expected to contribute 79% of total pro forma forecast income for the year ending 30 June 2011. Of the total portfolio 36 centres representing 82% of the portfolio by value and 72% of the total portfolio by area, will be wholly owned. The portfolio will be well diversified throughout Australia and have predominately regional and sub-regional properties:

Pro forma Property Portfolio at 30 June 2011





Source: CER

The top 10 retailers will represent 142 stores and 43% of gross lettable area and 28% of total income.

Investments in Managed Funds

Centro Retail Australia will have investments in various Syndicates. The Syndicates are summarised below:

Centro Retail Australia –Investments (100% basis)	
No of Syndicates (inc CMCS 8)	27
No of properties (includes five co-owned properties)	61
Total property value	$2.6 billion
Weighted average capitalisation rate	8.09%
GLA	0.9 million sqm
Portfolio occupancy	99.6%
WALE	4.6 years

Source: CER

Centro Retail Australia's investment (share of equity) is $460 million and it is expected to contribute 6% of total pro forma forecast income for the year ending 30 June 2012. The weighted average capitalisation rate is higher than for the direct property portfolio due to the properties location, smaller size and tenant profile. Otherwise the characteristics of the properties held within the Syndicates are very similar to Centro Retail Australia's direct interests. However, it should be noted that the properties held within Syndicate structures tend to have a higher cost structure (in particular higher management fee structure and debt costs) than Centro Retail Australia's direct property portfolio such that the yield that Centro Retail Australia can achieve through its investment in these Syndicates is expected to be lower than that received from the direct property interests.

Services Business

Centro Retail Australia will also own and operate one of the largest property fund managers in Australia with 99 properties with a total value of $7.0 billion. Centro Retail Australia will be the largest landlord to Woolworths and Coles. The business is essentially the Services Business currently owned by CNP. Centro Retail Australia will seek to maintain and potentially grow the Services Business by realising a $400 million development pipeline, optimising the portfolio by divesting around $400 million worth of assets, acquiring new properties from the Syndicates or third parties, facilitating new investors into existing Syndicates and establishing new Syndicates.

9.2 Financial Performance

The pro forma historical, pro forma forecast and statutory forecast financial performance of Centro Retail Australia for the three years ending 30 June 2012 is summarised below:

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Centro Retail Australia – Pro Forma Financial Performance ($ millions)				
	Year ending			
	2010 actual	2011 actual	2012 pro forma forecast	2012 statutory forecast
Property ownership revenue	461.9	473.6	490.9	288.7
Property services revenue	34.8	35.0	28.6	14.9
Distribution revenue	12.8	10.6	14.3	11.3
Other income	1.2	2.0	0.2	0.6
Total income	**510.7**	**521.2**	**534.0**	**315.5**
Other expenses	(166.3)	(170.2)	(173.4)	(124.6)
Depreciation and amortisation	(1.7)	(1.4)	(1.2)	(0.7)
EBIT[30]	**342.7**	**349.6**	**359.4**	**190.2**
Finance costs			(151.9)	(88.7)
Net profit excluding fair value adjustments			**207.5**	**64.0**
Adjustment for Aggregation transaction costs			-	60.0
Adjustment for other non-distributable expenses			(2.7)	(1.6)
Distributable income			204.8	122.4
Cash retained to fund capital expenditure			(38.0)	(19.7)
Undistributed earnings				(17.0)
Funds available for distribution			**166.8**	**85.8**
Statistics				
Distributable income per security			*15.3*	*9.1*
Distribution payout ratio (%)			*81%*	*70%*
Cash distributions per security			*12.4*	*6.4*

Source: CER

The pro forma forecasts assume the Aggregation occurs on 1 July 2011 and the statutory forecast assumes the Aggregation occurs on 1 December 2011. Ernst & Young has reviewed the Centro Retail Australia Forecasts. Its opinion is set out in section 12 of the Explanatory Memorandum. The Centro Retail Australia Forecasts are based on Centro Retail Australia Directors' forecasts and various pro forma adjustments. The assumptions are outlined in section 7 of the Disclosure Document.

Centro Retail Australia's distribution policy is to payout 100% of distributable income less cash retained to fund maintenance capital expenditure. This policy is subject to market and business conditions and other matters the board of Centro Retail Australia may consider relevant.

[30] Earnings before financing costs and tax expenses.

9.3 Financial Position

The pro forma financial position of Centro Retail Australia as at 30 June 2011 is summarised below:

Centro Retail Australia – Pro Forma Financial Position ($ millions)	As at 30 June 2011 pro forma
Current assets	174.6
Current liabilities	(90.6)
Net working capital	**84.0**
Investment properties	4,266.8
Investment accounted for using the equity method	513.9
Managed fund investments	297.9
Intangible assets	199.7
Puttable interests in consolidated finite life trusts	(93.6)
Other net assets/(liabilities)	(77.3)
Total funds employed	**5,191.3**
Cash	54.1
Borrowings	(1,893.7)
Net borrowings	**(1,839.6)**
Equity attributable to CER security holders	**3,351.8**
Statistics	
Securities on issue at period end (million)	*1,340.7*
Net asset value	*$2.50*
NTA[31] per security	*$2.35*
Gearing:	
- borrowings/investment properties and equity accounted investments	*39.6%*
- total liabilities excluding puttable interests / total assets	*37.6%*
- look through	*43.4%*

Source: CER

Centro Retail Australia pro forma financial position and the underlying assumptions are set out in detail in section 8 of the Disclosure Document. The pro forma financial position of Centro Retail Australia as at 30 June 2011 is based on the audited financial position of CER, CAWF, DHT and CSIF-A as at 30 June 2011 and various pro forma adjustments. Ernst & Young has reviewed the Centro Retail Australia pro forma financial position and its opinion is set out in Section 12 of the Disclosure Document.

It is the current intention of Centro Retail Australia that the long term gearing of Centro Retail Australia will be within the range of 25-50% where gearing is defined as interest bearing liabilities divided by total property assets and equity accounted investments. Centro Retail Australia's pro forma gearing at 30 June 2011 on this basis was 39.4%.

Centro Retail Australia is currently in the process of putting in place new debt facilities that will apply following implementation of the Aggregation. These debt facilities are summarised in section 7 of the Disclosure Document. These facilities are still to be finalised. The Centro Group is currently in discussions with a syndicate of domestic and international banks to provide a facility which will also include a working capital facility and a maintenance capital expenditure facility. The Centro Group is also negotiating debt facilities for the Bankstown, Karratha, Lutwyche and Roselands joint ventures. To date indicative term sheets been executed by Centro

[31] NTA is net tangible assets, which is calculated as net assets less intangible assets.

Retail Australia and the lenders which include agreed terms and conditions for the facilities. The lenders are currently undertaking due diligence.

The intention is that Centro Retail Australia's debt maturity will be no less than three years for its core debt facilities. In addition, Centro Retail Australia will continue to manage its interest rate exposure through hedging arrangements and intends to hedge 75% of its core debt facilities.

Centro Retail Australia will retain some of the contingent liabilities of the individual entities, namely: stamp duty exposures, CER class action litigation and CER ASIC proceedings. The CNP related class action and ASIC proceedings will remain with CNP.

9.4 Capital Structure and Ownership

Centro Retail Australia will have 1,340,253,784 fully paid stapled securities on issue which are to be listed on the ASX. Each stapled security will comprise a stapled security in CER (being one unit in CRT and one share in CRL), one unit in CAWF and one unit in DHT.

Centro Retail Australia will also issue class action true up securities or CATS. The CATS will entitle securityholders to cash or additional New Fund Securities once the CER litigation has been settled. Any settlement of Centro Retail Australia securities will occur at Centro Retail Australia's most recent audited or reviewed net asset value, not Centro Retail Australia's prevailing market price. The CATS will not be listed on the ASX but will be transferrable, and will expire six months after the final CER litigation is settled. The CATS will not be entitled to receive any distributions from Centro Retail Australia.

The structure of Centro Retail Australia's securities register is uncertain and will depend upon the number of DPF unit holders who take cash rather than Centro Retail Australia securities and whether certain put arrangements over DPF units are exercised. However, the largest shareholder is expected to hold around 11.3% of Centro Retail Australia securities (based on CNP Senior Lender's debt holdings at 31 August 2011).

10 Valuation of Aggregation Entities

10.1 Summary

Grant Samuel has estimated that the value to be contributed to Centro Retail Australia by each of the major stakeholders is:

- $457-542 million by CER external securityholders
- $372-430 million by DPF external unitholders; and
- $2,344-2,693 million by CNP Senior Lenders.

The value contributions represent the share of the estimated full underlying value of Centro Retail Australia to be contributed by each of the CER external securityholders, the DPF external unitholders and the CNP Senior Lenders. The estimated values exceed the price at which, based on current market conditions, Grant Samuel would expect securities in CER or Centro Retail Australia to trade on the ASX. For each entity, the estimated value represents the aggregate of the estimated market value of property interests and other assets less external borrowings and non-trading liabilities. The estimated value contributions are summarised below:

Underlying Valuation Summary ($ million)			
	Contribution	Valuation Range	
		Low	High
CER external securityholders	14.4-14.8%	457	542
DPF external unitholders	11.7-11.7%	372	430
CNP Senior Lenders	73.9-73.5%	2,344	2,693

The valuation analysis was conducted on the following basis:

- property assets were valued on the basis of property valuations as at 30 June 2011, as adopted by the relevant Centro Group entities for the purpose of determining the carrying values of the properties in their financial accounts as at 30 June 2011. The Centro Group commissioned independent property valuers to prepare valuations for 101 of the 104 properties in the group for this purpose (a number of properties have been divested since then). Grant Samuel has relied on these valuations for the purposes of its report and has not undertaken its own valuation of the properties.
- investments in Syndicates were valued based on the proportional share of net assets, which consist primarily of properties (valued on the basis of the independent valuations), adjusted for debt, cash and the mark-to-market value of interest rate swaps;
- the Services Business was valued having regard to discounted cash flow analysis and other valuation evidence including capitalisation of earnings and valuation benchmarks related to FUM. The discounted cash flow analysis was based on a financial model developed by Grant Samuel having regard to information and projections provided by Centro Group. Projected ungeared after tax cash flows were discounted to a present value using a nominal after tax discount rate of 9.0-10.0%; and
- external debt and related party loans were valued at face value net of the mark-to-market value of interest rate swaps and other cash adjustments. The mark-to-market values of interest rate swaps were as adopted for the audited financial statements of the Centro Group entities as at 30 June 2011.

The estimated values represent full underlying value, and exceed the price at which securities in the entities (where applicable) would be expected to trade on the ASX. The aggregation analysis only includes assets that will be the subject of the Aggregation (i.e. that are effectively contributed by each of the stakeholders) and excludes assets to be acquired by Centro Retail Australia after the Aggregation such as the minority interest in CSIF-A and the Arndale property.

10.2 Methodology

Overview

The value of the assets and the Services Business has been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. Property groups are typically valued based on net assets which are determined based on underlying property valuations. Property valuers typically adopt a form of capitalisation of earnings or discounted cash flow analysis to determine individual property values. Funds management businesses are generally valued based on discounted cash flow or capitalisation of earnings methodologies as well as by reference to benchmarks based on funds under management or assets under management. Grant Samuel has had regard to all of these methodologies in determining the values of the assets that will be contributed to Centro Retail Australia through the Aggregation.

Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis. Grant Samuel has had regard to the EBIT multiples implied by comparable transactions when assessing the value of the Services Business but notes that the cash flows for the Services Business can vary dramatically from year to year depending on the quantum of transaction fees received and are, in particular, expected to decline significantly in the 2014 financial year following the receipt of substantial transaction fees in 2012 and 2013.

Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial and service businesses. Discounted cash flow valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed terms contracts (which are typical in the resources sector), the effect of a turnaround in the business, the ramp up to maturity, the cyclical nature of a business or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. In addition, even where cash flow forecasts are available, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made. Grant Samuel has had regard to discounted cash flow analysis ("DCF analysis") when assessing the value of the Services Business.

Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. The ratio of value to funds under management is commonly used in the fund and asset management sector and has been considered in the context of the valuation of the Services Business. However, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation. In the present case, they do not adequately reflect the specificities of the underlying assets, the growth profile of the asset portfolio, the contractual arrangements in place and the timing and lumpiness of the cash flows.

Net Assets/Realisation of Assets

Valuations based on net assets are commonly applied to property or other investment businesses. For these types of businesses investments (such as properties) are generally carried on the balance sheet at market value. For the purpose of net asset based valuations, the carrying value of other assets or liabilities that are not carried on the balance sheet at market value are adjusted to reflect market value. Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

Grant Samuel has adopted the net asset approach to determine the value of the assets and liabilities contributed to Centro Retail Australia by the CER and DPF external unitholders and the CNP Senior Lenders excluding the Services Business.

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10.3 CER External Securityholders

The value attributable to CER external securityholders has been estimated to be in the range $457-542 million. The valuation is summarised below:

CER – Estimated Underlying Value ($ millions)		
	Low	**High**
0.12% interest in CAWF	2	2
Direct property interests	1,635	1,807
Cash	168	168
Remaining proceeds from US sale	35	35
Distributions receivable	6	6
Debt	(774)	(774)
Related party loans	(100)	(100)
Mark-to-market derivatives	(1)	(1)
Transaction costs	(17)	(17)
Accrued interest expense	(10)	(10)
Other related party payables	(15)	(15)
Adjusted net debt	(709)	(709)
Underlying value	**927**	**1,099**
Number of issued securities (millions)	2,286	2,286
Underlying value per security ($ per security)	0.41	0.48
Underlying value attributable to external securityholders (49.3% interest)	**457**	**542**

Note: May not add up due to rounding.

In reviewing the value attributable to CER external securityholders the following should be noted:

- the value of CER's 0.12% interest in CAWF is estimated below:

CAWF – Estimated Underlying Value ($ millions)		
	Low	**High**
Direct property interests	2,174	2,403
Cash	13	13
Distributions receivable	19	19
Distributions paid post 30 June 2011 (net of reinvestment)	(11)	(11)
Debt	(907)	(907)
Mark-to-market derivatives	(20)	(20)
Transaction costs	(8)	(8)
Accrued net interest	(3)	(3)
Adjusted net debt	(918)	(918)
CAWF equity value	**1,256**	**1,485**
0.12% interest in CAWF	2	2

Note: May not add up due to rounding.

- the value of CAWF and CER's direct property interests has been determined based on property valuations undertaken by independent property valuers. The property valuations have been adopted for CER's balance sheet at 30 June 2011. Grant Samuel has adopted a range of ±5% around the valuer's point estimate of value;
- CAWF and CER net debt has been adjusted for:

- cash still to be received by CER from the wind up of the remaining syndicates in the US, being CMCS 38, CMCS 39 and CMCS 40;
- distributions receivable from sub trusts or other entities at 30 June 2011;
- distributions payable to CAWF unitholders at 30 June 2011, net of the amount to be reinvested by unitholders;
- any related party loans. CER's cash has also been adjusted for $15 million repayable to CNP in January 2012 in relation to a previous interest rate swap arrangement;
- the mark-to-market value of interest rate swap arrangements at 30 June 2011;
- transaction costs expected to be paid by CAWF and CER in relation to the Aggregation;
- accrued interest payable or receivable at 30 June 2011.

The valuation of CER does not include an adjustment for the potential settlement of the CER class action litigation. The impact of any settlement of the CER litigation will be adjusted for through the issue of CATS to Centro Retail Australia securityholders (other than CER securityholders).

The valuation of CER securities in the range $0.41-0.48 per security is 28-50% higher than the weighted average security price in August 2011 of $0.32. The difference represents a number of factors including the difference between underlying value and the value of a portfolio interest and, potentially, the market's assessment of the amount required to settle the CER class action litigation.

10.4 DPF External Unitholders

The value attributable to DPF external unitholders has been estimated to be in the range $372-430 million. The valuation analysis is summarised below:

DPF – Estimated Underlying Value ($ millions)		
	Low	**High**
49.9% interest in CAWF	627	741
21.7% interest in CER	201	238
Interests in Syndicates	403	446
Other investments	8	8
Underlying value	**1,238**	**1,433**
Number of issued units (millions)	1,626	1,626
Underlying value per unit	0.76	0.88
Underlying value attributable to external unitholders (30.0% interest)	**372**	**430**

In reviewing the value attributable to DPF external unitholders the following should be noted:

- the value of DPF's interest in CAWF and CER represents DPF's proportionate interest in the estimated underlying value of CAWF and CER, as summarised above;
- the value of DPF's interests in the Syndicates is based on DPF's share of the estimated net asset value of the relevant Syndicates, as summarised in Appendix 1. Grant Samuel has adopted a valuation range of ±5% around net assets at 30 June 2011; and
- other investments include DPF's interests in non-Centro Group unlisted property trusts. The valuation is based on a range of ±5% around unit prices at 30 June 2011.

10.5 CNP Senior Lenders

The value of the assets to be contributed by CNP Senior Lenders has been estimated to be in the range $2,344-2,693 million. The value analysis is summarised below:

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CNP Senior Lenders – Estimated Underlying Value ($ millions)		
	Low	High
50.0% interest in CAWF	628	742
29.0% interest in CER	269	319
70.0% interest in DPF	866	1,003
CNP Assets		
Interests in Syndicates	129	143
Direct property	45	50
Related party loans	203	203
Mark-to-market derivatives	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	336	355
Services Business	230	260
Services Business other net assets	14	14
Underlying value attributable to CNP Senior Lenders	**2,344**	**2,693**

In reviewing the value attributable to the CNP Senior Lenders the following should be noted:

- the value of the interests in CAWF, CER and DPF represents CNP's proportionate interest in the estimated underlying value of CAWF, CER and DPF;
- the value of CNP's interests in the Syndicates is based on CNP's share of the estimated net asset value of the relevant Syndicates, as summarised in Appendix 1. Grant Samuel has adopted a valuation range of ±5% around the estimated net assets at 30 June 2011;
- direct property includes Centro Somerville, land adjoining Centro Keilor, freehold interests in Centro Mandurah and Centro Bankstown. The value is based on a valuation range of ±5% around the point estimate of value determined by independent valuations at 30 June 2011;
- related party loans represent loans provided by CNP to other entities within the Centro Group at 30 June 2011, net of provisions at 30 June 2011 in relation to Centro Karingal ($11.3 million) and Centro Toormina ($15.8 million) and a $2.5 million repayment after 30 June 2011 in relation to loans with CMCS 8 and CMCS 12;
- other receivables payable by other Centro Group entities include $15 million payable by CER in relation to previous interest rate swap arrangements and $2 million in accrued related party interest;
- provisions represent stamp duty provisions at 30 June 2011; and
- mark-to-market derivatives represent interest rate swap arrangements between CNP and other Centro Group entities as at 30 June 2011.

The valuation of the Services Business is discussed in more detail below. The other net assets attributable to the Services Business include $2.5 million of cash and $11.4 million of receivables not considered to form part of ordinary working capital.

10.6 Services Business

Overview

Grant Samuel has valued the Services Business in the range $230-260 million. The value attributed to the Services Business is an overall judgement having regard to a number of valuation methodologies and parameters, including valuation evidence from discounted cash flow analysis, comparable transaction analysis and benchmarks commonly used in the fund and asset management sector. Grant Samuel has also had regard to the outcome of the sale process undertaken by Centro Group to sell its syndicate funds management business.

The following table sets out the multiples of revenue and EBIT and the percentage of FUM implied by the valuation. The multiples are calculated based on both recurring fees, which include base fund management fees, property management fees and recoveries, and on total fees, which also include transaction fees such as rollover, termination and performance fees:

Service Business – Implied Valuation Parameters			
	Variable ($ million)[32]	Low	High
Value Range		230	260
Multiple of EBIT (recurring fees)			
Year ending 30 June 2012	35.4	6.5	7.3
Year ending 30 June 2013	26.9	8.6	9.7
Multiple of EBIT (total fees)			
Year ending 30 June 2012	70.2	3.3	3.7
Year ending 30 June 2013	50.7	4.5	5.1
Valuation as percentage of FUM			
As at 30 June 2011	6,975	3.3%	3.7%

In Grant Samuel's view the multiples are reasonable. However, the reality is that there is considerable uncertainty in relation to the valuation of the Services Business. Benchmarks in terms of earnings and FUM percentages provide only broad guidance as to value. While the DCF analysis provides apparently precise outcomes, a very wide range of values can be calculated on the basis of different assumptions regarding Syndicate rollovers and wind ups. Moreover, it is probably the case that the Services Business is more valuable for Centro Retail Australia Group than for a third party as a significant part of the acquisition represents the internalisation of management for Centro Retail Australia and therefore effectively delivers low risk incremental cash flows (in terms of management fees avoided) in perpetuity. To the extent the acquisition delivers any value that is unique to Centro Retail Australia this "special value" should theoretically be excluded from the valuation analysis. As a practical matter the distinction between special value and value generally available is not easily made.

In assessing the value of the Services Business, Grant Samuel has also had regard to the valuation parameters implied by offers received by CNP to acquire the fund management rights for its Syndicates. These offers followed CNP's announcement on 29 July 2010 that it was seeking a strategic partner for its syndicate funds management business. CNP received offers for certain Syndicate fund management rights, which implied a consideration to FUM ratio of approximately 1.5% (based on FUM as at 30 June 2010) and a multiple of approximately 5 times five-year average normalised EBIT.

Funds management fees contribute approximately 50-60% of the total income of the Services Business, with the balance contributed by property management fees. (Excluding transaction fees, funds management fees are around 50% of total income. Including transaction fees, funds management fees are around 60% of total income). The offers described above, which were only for funds management rights, implied a consideration of approximately 1.5% of FUM as at 30 June 2010. Given the ratio of funds management fees to property management fees, the value of both fund management and property management rights would be approximately 2.5-3.0% of FUM. On the basis of total Services Business FUM at 30 June 2011 of $6,975 million, this would imply a value for the Services Business of approximately $175-210 million.

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32 As per the Centro Group plan.

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However, this analysis is based on simplified assumptions and does not take in to account all aspects of the business or the circumstances of the offer. It should be noted that:

- while it would ordinarily be expected that offerors would have "cherry picked" the most attractive Syndicates, this is not necessarily the case. Three of the Syndicates representing just under 20% of FUM were excluded from the process by Centro Group and a number of other Syndicates had assets that were subject to Centro Group's asset sale process;
- the Syndicates and internal funds (CER, CAWF and CSIF-A) are subject to different fee agreements. The main differences are that the internal funds do not generate transaction fees but have, effectively, perpetual fund lives. Given these differences it is not obvious whether management rights over internal funds are worth more or less than management rights over external Syndicates (on a value per unit of FUM basis);
- the income streams from property management are lower risk than the income from funds management because the property management rights are essentially perpetual. On this basis the property management rights would be considered more valuable and warrant a higher percentage of FUM and higher earnings multiples; and
- at the time of the offer the Centro Group would have been viewed as a forced seller. It is likely that even today the Centro Group would be viewed as a forced seller. In different circumstances, the Centro Group may have been able to negotiate a better proposal.

The net present values from the DCF analysis represent a wide range ($228-415 million) reflecting the different range of outcomes for the business. The DCF analysis implies a higher value for the Services Business (and potentially a significantly higher range of values) than the values implied by the offers.

Grant Samuel's valuation reflects a judgement that an appropriate valuation range for the Services Business is at a modest premium to values implied by the offers, but towards the bottom of the range of DCF analysis values. It suggests that the Services Business may have more value for Centro Retail Australia Group than for an arm's length third party purchaser, potentially by a significant margin.

Discounted Cash Flow Analysis

The DCF analysis was based on a financial model developed by Grant Samuel on the basis of operating models and long term business plans provided by Centro Group for CER, CAWF, CSIF-A and the Syndicates.

The Grant Samuel model uses the 30 June 2011 property valuations as its starting point and projects cash flows from 1 July 2011 to 30 June 2050, with a terminal value calculated to represent the value of cash flows in perpetuity. Grant Samuel modelled the cash flows over a relatively long period to better capture the impact of transaction fees, which are lumpy in nature and are material to the overall valuation.

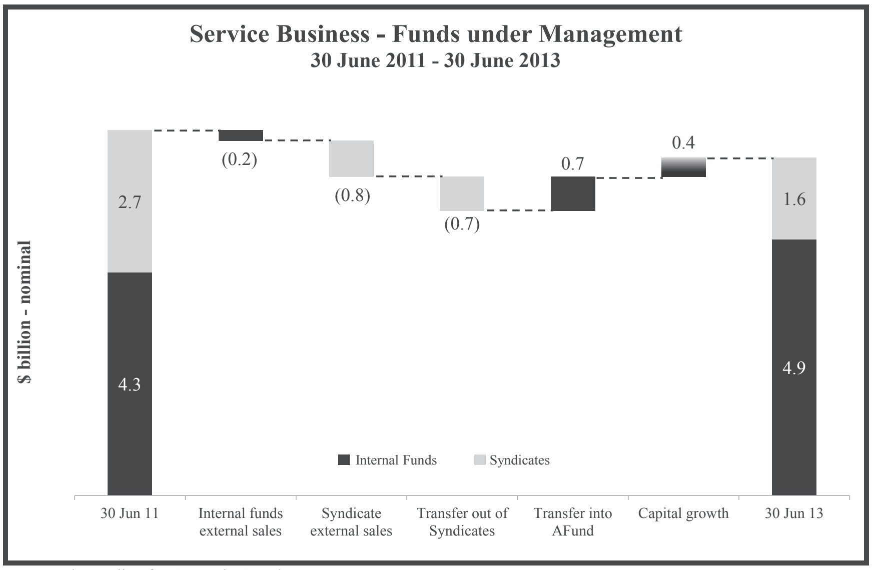
The financial model projects the businesses key drivers both at the property level and at the Services Business level to forecast revenues, costs and capital expenditure. It utilises a large number of assumptions and is subject to significant uncertainties and contingencies, many of which are outside the control of the property and fund managers. The key assumptions underlying the financial model are:

- the Syndicate's property interests are partially restructured in line with the Centro Group's current strategy. Seven syndicates are assumed to be wound up in the next 18 months and a further three[33] syndicates are expected to be aggregated into Centro Retail Australia. Approximately $790 million worth of property currently owned by the Syndicates is expected to be sold to third parties and an additional $550 million co-owned by the Syndicates and

[33] Includes CMCS03, which is 100% owned by Centro entities.

70

CAWF is assumed to be sold into Centro Retail Australia. CAWF, CER and CSIF-A are assumed to divest their interest in seven properties worth approximately $205 million. The impact of the proposed restructure on FUM is illustrated in the chart below:



Note: Only applies for Scenario 1 and 2.

- property values and net operating income grow at 2.5-3.5% per annum, which is consistent with Centro Group's medium term expectations;
- all fee structures remain in line with current arrangements. The Services Business continues to earn property management fees, base fund management fees and transaction fees (termination, roll-over and success fees);
- overhead costs are based on estimated overhead costs for the year ended 30 June 2011. Overhead costs are broken down into fixed and variable costs. Fixed costs are inflated at 2.5-3.5% per annum and adjusted for the various scenarios assessed in the DCF analysis discussed below. Variable unit costs are inflated at 2.5-3.5% per annum; and
- the corporate tax rate is 30%.

The projected nominal ungeared after tax cash flows were discounted to a present value by applying a nominal after tax discount rate of 9.0-10.0%. The discount rate was selected having regard to the Capital Asset Pricing Model ("CAPM"). There is little or no directly relevant evidence on which to base assumptions regarding the inputs for the CAPM. Grant Samuel has adopted the following assumptions:

- a risk free rate of 5.0% based on the Commonwealth Government ten year Bond rate;
- a market risk premium of 6% as consistently adopted by Grant Samuel;
- a beta factor of 0.8-1.0 reflecting a judgement that the systematic riskiness of the Services Business should be marginally less than the systematic riskiness of the equity market in general. Given that revenues for the business are ultimately dependent on relatively stable retail property values and income, in Grant Samuel's view this assumption is reasonable;
- a cost of debt of 7.50%, which represents the expected future cost of borrowing for the medium to long term;
- a debt/equity mix ranging from 15/85 to 25/75, which is generally lower than that of real estate investment trusts; and

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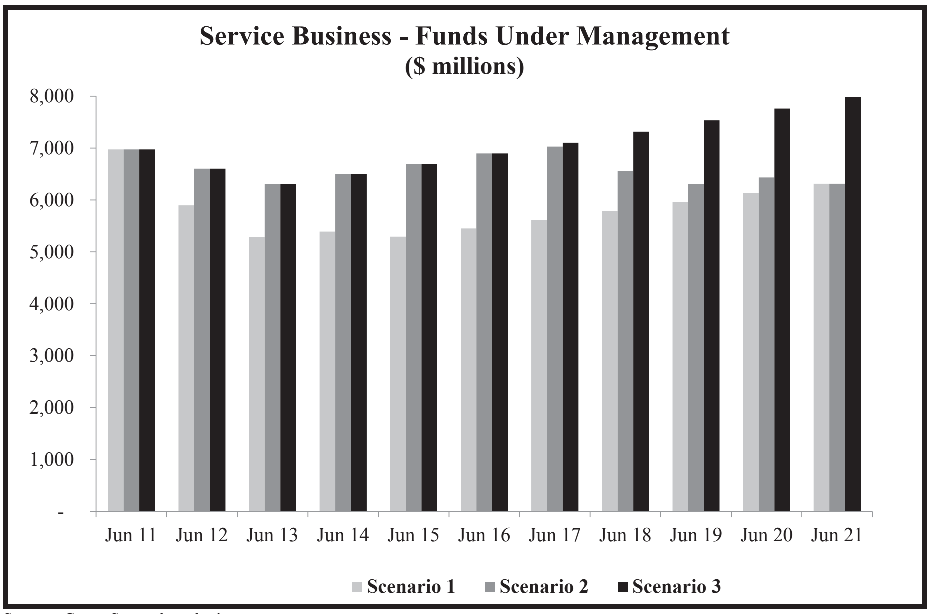
- a corporate tax rate of 30%.

The calculated nominal after tax WACC based on the parameters above is in the range 8.7-10.1%. Grant Samuel selected a range of 9.0-10.0% for the purpose of its DCF analysis.

Property value growth rates and assumptions regarding Syndicate duration are the most significant drivers of value for the Services Business. Grant Samuel has modelled three different scenarios in its DCF analysis:

- **Scenario 1** assumes the winding up or aggregation of all the Syndicates at the end of their current terms. As a result Syndicate FUM declines from 2011 to 2015 and then falls to zero. FUM for the internal funds (CER, CAWF and C-SIF) then grows in line with property values;
- **Scenario 2** also assumes the winding up of seven Syndicates and the aggregation of three Syndicates into Centro Retail Australia at the end of the current term and the roll-over of the balance. However, it is assumed that the Syndicates rolled over continue for one more term only and are then wound up. As a result FUM declines from 2017 to 2021 (following which it relates to internal funds only) and then grows in line with property values; and
- **Scenario 3** corresponds to Centro Group's current strategy and assumes the winding up of seven Syndicates and the aggregation of three Syndicates into Centro Retail Australia at the end of their current term. The remaining Syndicates are assumed to roll-over into perpetuity.

Each of the scenarios assumes the continuation in perpetuity of Centro Retail Australia's internal funds (CER, CAWF and CSIF-A). The impact of these three scenarios on FUM is shown below:



Source: Grant Samuel analysis

The projected cash flows upon which the DCF analysis is based (assuming 3% growth per annum in property values) are summarised as follows:

Service Business – Net Cash Flows ($ millions)						
Year ended 30 June	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Scenario 1						
Management fees	66.6	53.0	49.8	49.5	49.8	50.8
Transaction fees	34.8	23.9	1.3	-	-	2.3
Overhead costs	(35.7)	(36.2)	(37.5)	(38.4)	(39.6)	(27.9)
EBIT	65.7	40.7	13.7	11.1	10.2	25.2
Net cash flow after tax	46.0	28.5	9.6	7.8	7.2	17.7
Scenario 2						
Management fees	70.0	61.8	63.3	65.4	67.7	69.2
Transaction fees	34.8	23.9	1.3	-	-	2.3
Overhead costs	(36.2)	(37.0)	(38.2)	(39.3)	(40.5)	(41.6)
EBIT	68.6	48.7	26.4	26.1	27.2	29.9
Net cash flow after tax	48.0	34.1	18.5	18.3	19.1	20.9
Scenario 3						
Management fees	70.0	61.8	63.3	65.4	67.7	69.3
Transaction fees	34.8	23.9	1.3	-	-	2.3
Overhead costs	(36.2)	(37.0)	(38.2)	(39.3)	(40.5)	(41.7)
EBIT	68.6	48.7	26.4	26.1	27.2	29.8
Net cash flow after tax	48.0	34.1	18.5	18.3	19.1	20.9

The output of the DCF analysis is summarised below:

Service Business – Net Present Values ($ millions)				
	Nominal Discount Rate	**Annual Capital, Income and Cost Growth**		
		2.5%	**3.0%**	**3.5%**
Scenario 1	10.0%	228	233	240
	9.5%	241	248	256
	9.0%	257	265	274
Scenario 2	10.0%	273	278	284
	9.5%	287	294	301
	9.0%	304	312	321
Scenario 3	10.0%	341	351	362
	9.5%	362	374	387
	9.0%	387	400	415

Calculated net present values from DCF analyses are subject to significant limitations and should always be treated with considerable caution. The net present values show a relatively wide range across the different scenarios, highlighting the sensitivity to relatively small changes in assumptions. Overall, however, Grant Samuel believes that the DCF analysis supports a valuation for the Service Business in the range $230-260 million. This range is at the bottom end of the range of values estimated by the DCF analysis. It effectively assumes that a potential acquirer would pay little more than the net present value of the relatively low risk cash flows assumed in Scenario 1 and attributes little or no value to the potential to extend or grow the Syndicates business.

The valuation reflects the particular attributes of the Services Business:

- Centro Group's portfolio is widely acknowledged as being of high quality and the underlying assets have performed strongly compared to their peers, despite the issues experienced by the

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Centro Group. The property portfolio is underpinned by supermarket tenants and tends to be relatively resilient in difficult economic conditions;

- the property management agreements are perpetual and not able to be terminated unilaterally by the Syndicates in the ordinary course of business. Property management fees do not include a transaction-based component and are therefore relatively stable and predictable;
- funds management fees generated by the internal funds are perpetual;
- no developments or acquisitions have been assumed over the life of the model. Developments and acquisitions trigger one-off transaction fees and result in an increase in ongoing funds and property management fees through the growth of the portfolio. Centro Group has identified a number of development opportunities, which could be reasonably expected to be implemented following the Aggregation and would increase the value of the Services Business; and
- all the Syndicates, except for one which rolled over in June 2011, will be either wound up or rolled over in the next three years. The termination or rollover of a Syndicate triggers termination, roll-over and performance fund management fees (subject to certain hurdles being met). Although not all Syndicates will meet the performance criteria upon roll-over or wind up, the Service Business expects to receive substantial roll-over, termination and performance fees over the next two years. Furthermore, these liquidity events should allow the payment of deferred fund management fees to the manager. In aggregate, these fees should represent approximately 30% of the total fund and property management fees the Service Business expects to receive over the next two years.

On the other hand:

- a number of Syndicates are expected to be wound up in the next two years, which will result in a fall in FUM and net operating income. This will drive a reduction in both property management and funds management fees;
- the continuation of a number of Syndicates assumed to be rolled over in Scenarios 2 and 3 is contingent on the planned sale of assets and/or support from Centro Retail Australia or Syndicate lenders. There is a risk that these plans will not eventuate and the Syndicates will be wound up; and
- Syndicates could choose to change their responsible entity to a third party rather than to a subsidiary of Centro Retail Australia. However, Centro Group believes that the risk of this is relatively low, as the Syndicates have been generally supportive of the Services Business despite the difficulties experienced by the Centro Group. Moreover, implementation of the Aggregation should underwrite the stability of the responsible entity arrangements and reduce the incentive for the Syndicates to consider shifting to a third party responsible entity. In any event, the price to be paid for the Services Business will be adjusted by $5 million for every $100 million in FUM that is not transferred at settlement.

Earnings Multiple Analysis

Grant Samuel has reviewed the multiples implied by its valuation of the Service Business having regard to EBIT multiples and value to FUM ratios for comparable listed companies and transactions involving fund and asset managers in Australia. Grant Samuel has focused on transaction evidence rather than valuation evidence from sharemarket trading because there are only a few listed managers of property funds and real estate assets in Australia, none of which is particularly comparable to the Services Business.

There has been considerable transaction activity in Australia involving the acquisition of real estate asset and property management rights in recent years. Such transactions provide evidence of prices that acquirers are willing to pay for real estate asset and property management rights. However, the financial information in a number of the transactions is limited and does not allow detailed analysis to be undertaken. Moreover, the metrics considered do not adequately reflect the

74

specific characteristics of the underlying assets, the growth profile of the asset portfolio, the contractual arrangements in place and the timing and lumpiness of the cash flows. The analysis is further complicated by the impact of the global financial crisis, which resulted in a very significant fall in the value of these businesses.

The following table sets out a summary of the multiples implied by selected transactions since May 2005 involving businesses undertaking fund and/or asset management activities:

Recent Transaction Evidence						
Transaction	Sample Size	Consideration[34] ($ millions)	FUM ($ millions)	Consideration /FUM (%)	EBIT Multiple[35] (times)	
					historical	forecast
Services Business						
- Low		230	6,975	3.3	na	3.3
- High		260	6,975	3.7	na	3.7
Fund and asset management						
- Pre-December 2007	8	8 - 735	440 – 8,000	1.7 – 9.4	9.4 – 11.0	na
- Post December 2007	7	6 - 260	700 – 15,200	0.7 – 1.7	0.6 – 7.7	7.7 – 10.5
Fund management						
- Pre-December 2007	2	47 - 375	2,900 – 5,800	1.6 – 6.5	7.0	15.4
- Post December 2007	5	2.5 - 17	750 – 1,629	0.3 – 2.0	0.7 – 8.8	5.2
Asset management						
- Pre-December 2007	1	60	na	na	10.7	11.1

Source: Grant Samuel analysis (see Appendix 2)

The transactions imply a wide range of multiples and do not allow any differentiation between pure asset or fund management businesses and those that combine asset and fund management activities. The multiples implied by the valuation of the Services Business are at the high end of the range of FUM ratio from the precedent transactions. However, in Grant Samuel's view this is reasonable having regard to the following:

- Centro Group's property portfolio is of high quality and is less dependent on discretionary spending than some of its peers and therefore less susceptible to adverse economic conditions;
- a significant proportion of the value of the Services Business relates to the internalisation of property and fund management services;
- property management fees, which are typically more stable than fund management fees and generate a higher EBIT margin, account for approximately half of the recurring fees of the Services Business; and
- all the Syndicates, bar one, are expected to be rolled over or terminated in the next three years, which will result in extensive cash receipts in the early years of the valuation period. These early cash flows underpin the valuation of the Services Business.

34 Implied value if 100% of company or business had been acquired.

35 Represents gross consideration divided by EBIT. EBIT is earnings before interest, tax, investment income and significant items. However, in some transactions only EBITDA (i.e. earnings before interest, tax, depreciation, amortisation, investment income and significant items) is available. As property and funds management businesses are not typically capital intensive in some instances EBIT multiples have been calculated by reference to EBITDA.

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11 Evaluation of the Aggregation

11.1 Summary

In Grant Samuel's opinion, the Aggregation is in the best interests of CER securityholders not associated with the Centro Group. CER external securityholders are likely to be better off if the Aggregation is implemented than if it is not.

The terms of the Asset Acquisition are fair and reasonable to CER securityholders not associated with the Centro Group.

The commercial effect of the Aggregation is, essentially, the merger of CER, CAWF and the Centro Group's Syndicate interests into a new vehicle (Centro Retail Australia), and the internalisation of management for Centro Retail Australia. CER external securityholders will hold broadly similar investment exposures to those that they currently hold through CER: Centro Retail Australia's property interests will principally be 100% interests in properties in which CER currently has 50% (or in a small number of cases 100%) interests.

External securityholders in CER (i.e. securityholders other than Centro Group entities) will contribute approximately 14.4-14.8% of the estimated underlying value of Centro Retail Australia. Following implementation of the Aggregation, CER external securityholders will hold approximately 14.5% of the stapled securities in Centro Retail Australia. CER securityholders will hold an interest in Centro Retail Australia commensurate with their contribution to the merged entity. On this basis the terms of the Aggregation are fair to CER external securityholders.

CER is exposed at a number of levels to the financial stress affecting the Centro Group:

- CER's ultimate parent, CNP, has liabilities significantly greater than its assets and substantial borrowings that mature in December 2011;
- CER's responsible entity is a subsidiary of CNP and has guaranteed CNP's debt obligations; and
- the vast majority of CER's property interests are co-owned with other entities in the Centro Group, which are also subject to the financial stress affecting the group.

In this context, the Aggregation delivers a number of significant benefits:

- the Aggregation will result in the creation of an appropriately capitalised entity (Centro Retail Australia) with sustainable debt, completely separated from CNP. The Aggregation will resolve the financial risks and uncertainties associated with CER's current position as part of the Centro Group;
- investors in Centro Retail Australia will have to a large extent the same investment exposures as those provided by CER. Nevertheless, Centro Retail Australia should be a significantly more attractive investment vehicle than a standalone CER, given its greater size, the likely free float and the consolidated ownership of its underlying property interests. Centro Retail Australia is expected to be the second largest Australian listed retail property vehicle based on GLA under management. It is reasonable to expect that there will be considerable investor interest in Centro Retail Australia. Similarly, from the point of view of financiers, Centro Retail Australia should be a significantly more attractive credit than CER on a standalone basis;
- Centro Retail Australia will have a variety of development and growth options not available to CER on a standalone basis; and
- Centro Retail Australia's management will be internalised, which should enhance Centro Retail Australia's investment appeal and eliminate any potential for misalignment of interests between the manager and investors.

Assessment of whether the Aggregation is in the best interests of CER external securityholders (i.e. whether CER external securityholders will be better off if the Aggregation is implemented than if it is not) requires a comparison of the Aggregation with potential alternatives. Given the financial position of the Centro Group, continuation of the status quo is not a feasible option for CER. If CER external securityholders do not approve the Aggregation then it is probable that CNP, and potentially CER's responsible entity, will be placed in some form of insolvency administration. Accordingly, it is likely that any alternative to the Aggregation would need to be pursued in the context of an insolvency administration of CER's controlling securityholder and (potentially) its responsible entity.

One alternative for CER would be to extricate itself from the Centro Group (in part by appointing a responsible entity independent of the Centro Group) and continue as a standalone property investment vehicle. While this should be achievable, it would entail some risks and would be likely to involve cost and business disruption. However, CER could not be confident of completely separating itself from the Centro Group, at least in the short term. CNP and DPF would continue to hold 51% of the securities in CER. CER would continue to be subject to the limitations inherent in owning a portfolio dominated by 50% interests in properties co-owned by members of the financially troubled Centro Group (CAWF and CSIF-A). It appears likely that the CNP would continue to provide property management services to CER. In addition, CER would need to refinance its debt facilities, most likely on terms and conditions less favourable than those achievable by Centro Retail Australia. A standalone CER would be a much smaller entity that Centro Retail Australia, with inferior investment characteristics, poorer access to capital and, almost certainly, far more limited growth options.

A standalone CER would only be an attractive option if there was a realistic prospect that CER would be able to raise substantial new equity (which could potentially allow it to acquire some or all of the 50% property interests held by CAWF or other Centro Group entities). But there could be no guarantee that a substantial equity raising would be achievable, given the uncertainties posed by CER's association with the Centro Group. Even if the required equity could be raised, there would be a risk that the raising would significantly dilute the interests of CER's existing securityholders. At best, it appears that a standalone CER would deliver an outcome for CER external securityholders little better than Centro Retail Australia. However, the transaction risks associated with this outcome are considerable. In Grant Samuel's view, CER external securityholders would clearly be better off voting in favour of the Aggregation and its relatively certain benefits than pursuing the uncertain benefits of a standalone CER.

A second alternative for CER securityholders would be to attempt to crystallise value for their interests, through a change of control transaction or the sale of CER's property interests. Given CER's current position as a member of the Centro Group, it is highly unlikely that any attractive change of control proposal for CER would be made by some third party. The more realistic path to value crystallisation would be the liquidation of CER's property portfolio.

Divestment of CER's property interests would involve various risks and uncertainties. In the context of an insolvency administration of CNP, there can be no guarantee that any property divestment process would deliver full value for CER's property interests. To the contrary, there would be a real risk of material value destruction given that the Centro Group would inevitably be viewed as a forced seller of its property portfolio. CER external securityholders presumably hold their interests because they want exposure to retail property. Asset liquidation is essentially a last resort, only to be pursued when no other acceptable strategy is available.

In any event, the Aggregation does not close off opportunities for securityholders to crystallise value, either through property liquidation or through a change of control transaction. In fact, the creation of Centro Retail Australia, through resolving the financial uncertainties associated with the Centro Group and consolidating the ownership of its property interests, should improve CER external securityholders' prospects of realising full value for their investments through some future value crystallisation event.

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The financial impact of the Aggregation in terms of attributable net asset value is broadly neutral. Net tangible assets are expected to decline slightly from \$0.44 per security to \$0.43 per security due to stamp duty and other transaction costs arising from the Aggregation[36]. The NTA attributable to each CER security will decline by approximately 9% or \$0.04 per security, reflecting the transaction costs associated with the Aggregation and the acquisition of the Services Business, of which a proportion is brought to account as an intangible asset.

CER and CAWF have finance facilities that mature between 11 November 2011 and 16 December 2011. The Centro Group is currently in negotiation with various financiers to refinance these facilities on the basis that the Aggregation will proceed, so that lenders under the new facilities will be lending in the context of the merged Centro Retail Australia and the consolidated ownership of its major property interests. Centro Retail Australia should be a more attractive credit than either CAWF or CER on a standalone basis, given the separation of CNP from Centro Retail Australia, the creation of a sustainable capital structure providing enhanced access to fresh equity and the superior lending security inherent in the consolidated ownership of Centro Retail Australia's property interests.

The Aggregation is conditional on Centro Group successfully arranging new debt facilities for Centro Retail Australia. Although CER, CAWF and DPF could waive that condition, the directors of CER have stated that they do not intend to do so. Accordingly CER securityholders are unlikely to be required to vote on the Aggregation unless the new debt facilities are in place.

If the Aggregation does not proceed CER will be required to refinance its debt facilities on a standalone basis. CER is currently in negotiations with its financiers to arrange an extension of its existing facilities if the Aggregation does not proceed. There is no certainty that this will be achieved.

The Aggregation has some disadvantages:

- immediately following implementation of the Aggregation, around 74%[37] of the securities in Centro Retail Australia will be held by CNP Senior Lenders, most of which are hedge funds that focus on investing in distressed debt. It is likely that many, if not all, of these hedge funds will not be long term investors in Centro Retail Australia but will rather be short term sellers of their investments. Accordingly, Centro Retail Australia's register may be unstable in the short to medium term, with uncertain effects on the price at which Centro Retail Australia securities will trade. To the extent that DPF external unitholders choose to have their DPF units redeemed rather than receive Centro Retail Australia securities, there will be additional short term selling pressure on Centro Retail Australia securities. On the other hand, there should be considerable investor interest in Centro Retail Australia, which at least in part should help to balance any selling pressures. All these issues are essentially short term in nature and should not affect the longer term Centro Retail Australia security price;
- the inclusion in Centro Retail Australia of Centro Group's Syndicate interests will increase the complexity of Centro Retail Australia from an investor perspective, and may reduce the investment appeal relative to a vehicle that owned only direct property exposures. The Syndicate interests generally provide exposure to neighbourhood shopping centres (whereas CER's assets are principally interests in regional and sub-regional shopping centres). The yield on the Syndicate interests to be acquired will be lower than the yields on the CAWF/CER direct property interests, in part because of higher management and funding costs for the Syndicates;
- Centro Retail Australia will acquire the management rights for the Syndicates. A (relatively small) part of its ongoing business and value will consist of these external property management activities. For CER external securityholders who prefer pure passive property exposure (CER is currently a passive property investor) this may be a disadvantage.

36 Assuming exercise of the DPF unit put options.

37 Assuming exercise of the DPF unit put options.

However, the scale of the property management business will not be significant having regard to the Centro Retail Australia's overall asset base and any change in risk profile should not be material. Moreover, management of the Syndicate property portfolio provides economies of scale that will benefit Centro Retail Australia's wholly-owned property portfolio and provides growth opportunities not otherwise available to Centro Retail Australia;

- CER will incur total transaction costs of $30 million in relation to the Aggregation. Of these, approximately $10 million will be payable regardless of whether the Aggregation is implemented. The remaining costs of $10 million relate principally to stamp duty and transaction costs. While significant, these costs are not material having regard to the scale of CER and Centro Retail Australia; and

- the Aggregation will trigger a capital gains tax event for CER securityholders who acquired their CER securities at less than $0.18 per CER security. Although these securityholders will be liable for capital gains tax (on the difference between their cost base and $0.18 per CER security) any tax payable will not represent an absolute loss of value. Any tax payable represents a prepayment of capital gains tax that would otherwise be paid in the future when the securities are ultimately sold. At the same time the Aggregation results in a freshening of investors' capital gains tax cost base to $0.18 per CER security. Nonetheless, any tax payable will have a real economic cost for the relevant securityholders.

The Aggregation is subject to some transaction risk, as it requires the approval of (amongst others) ordinary securityholders in CNP. CER, CAWF, DPF and CNP Senior Lenders have plans for a process which would deliver essentially the same outcome from the perspective of CER external securityholders, should CNP securityholders not approve the Aggregation. This process would involve formal insolvency appointments to certain entities within the CNP structure. This extended aggregation process itself is not without transaction risk. However, these risks are no reason for CER external securityholders not to vote in favour of the Aggregation. On one view, the transaction risks associated with the Aggregation are significantly less than the risks involved in securityholders' rejection of the Aggregation, which would almost certainly precipitate insolvency administrations of CNP.

External CER securityholders will hold a collective interest in Centro Retail Australia that is consistent with their contribution to the merged entity. On this basis the terms of the Aggregation are fair to CER securityholders other than those associated with Centro Group. In Grant Samuel's view the benefits of the Aggregation are significant and clearly outweigh the disadvantages. If the Aggregation does not proceed, it is almost certain that CNP will be placed in some form of insolvency administration. CER external securityholders will clearly be better off holding Centro Retail Australia securities than being exposed to the uncertainties associated with an insolvency administration of CNP. The establishment of Centro Retail Australia does not close off the opportunity for CER external securityholders to crystallise value for their investment at some time in the future (and arguably enhances the prospect of such value crystallisation). Overall, in Grant Samuel's view, in the absence of a superior proposal, the Aggregation is fair and reasonable to and in the best interests of CER external securityholders.

Under the Asset Acquisition, CER will acquire various assets from CNP. Grant Samuel has valued these assets in the range $581-$629 million. Grant Samuel has attributed value of around $508-568 million to the consideration for the Asset Acquisition. Because the value of the consideration falls within the estimated range of values for the assets to be acquired, the terms of the Asset Acquisition are fair and reasonable having regard to the interests of CER external securityholders.

11.2 Approach

The Aggregation essentially represents a merger of CER, CAWF and the Centro Group's Syndicate interests, in conjunction with the internalisation of management of the Centro Group funds and property portfolios. From the perspective of CER external securityholders it is

GRANT SAMUEL

appropriate to analyse the Aggregation as a merger rather than as a change of control transaction because:

- 51% of the securities in CER are held by entities within the Centro Group and CER's responsible entity is a subsidiary of CNP. Accordingly, ultimate control of CER currently rests with CNP. Following the Aggregation, control of Centro Retail Australia will be diffused. External CER securityholders will hold around 14.5% of the securities in Centro Retail Australia and external DPF unitholders will hold approximately 11.6% (assuming all of the put options are exercised[38]). While the CNP Senior Lenders will collectively hold around 73.9% of the securities in Centro Retail Australia, they will not be associated with each other and it is expected that no single securityholder (initially at least) will hold more than 11.3% of the securities in Centro Retail Australia (based on debt holdings at 31 August 2011). The internalisation of management means that operational and strategic management of Centro Retail Australia will be a matter for Centro Retail Australia rather than for an external third party. It is clear that the Aggregation will not in any sense result in the passing of control to some third party. If anything, the Aggregation will result in the relinquishment of control by CNP;
- at a business and asset level, the effect of the Aggregation is to combine the CER, CAWF and CSIF-A property portfolios, which consist principally of properties co-owned on a 50:50 basis by CER and CAWF or CER and CSIF-A, and to consolidate ownership such that the properties are owned as to 100% by Centro Retail Australia; and
- the terms of the Aggregation reflect the contributions made by CER, CAWF, DPF and (to the extent of its limited contribution) CNP to the estimated underlying value of Centro Retail Australia. It is not intended that any control premium be paid to security holders in any of the participating entities and there is no suggestion that any party has received or is to receive any consideration for a change of control.

Because the Aggregation is essentially a merger, Grant Samuel believes that the assessment of whether the Aggregation is in the best interests of CER external securityholders requires consideration of four elements:

- the terms of the merger that underpins the Aggregation. The terms will be fair if the proportion of Centro Retail Australia to be held by CER external securityholders is consistent with or greater than their proportionate contribution of value to Centro Retail Australia;
- the financial impact of the Aggregation on CER external securityholders;
- the alternatives realistically available to CER external securityholders; and
- other advantages, benefits, costs, disadvantages and risks of the Aggregation.

Grant Samuel has compared the proportionate interests to be held in Centro Retail Australia with the relative contributions of value to be made by the various participants. While the Aggregation is essentially a merger of CER, CAWF and the Centro Group's Syndicate interests, the interested parties are the external investors and stakeholders in the Centro Group, being:

- the external CER investors, who collectively own a 49% interest in CER;
- the external DPF unitholders, who collectively own a 44% interest in DPF; and
- the CNP Senior Lenders, who are collectively entitled to the first \$3.2 billion of value in CNP.

The comparison of value contributed and proportionate interest in Centro Retail Australia has been made on the basis of relative contributions made by each of the entities to the estimated underlying

[38] The percentage interests in Centro Retail Australia are estimated on the basis that certain put arrangements over DPF units are exercised. If these put arrangements are not exercised, CNP's interest in Centro Retail Australia would fall to 68.5% and the collective interest of DPF external unitholders would increase to 17.0%.

value of Centro Retail Australia's businesses and assets (see section 9). Typically, contributions would also be assessed having regard to market values based on security prices. However, in this circumstance such an analysis is not possible as:

- DPF is not a listed entity;
- there is no market price (or at least no listed market price) for the CNP Assets and/or Services Business; and
- it is not clear that CER's recent security price reflects an assessment of CER security value by a reasonable well informed market. There has been very little analyst coverage over the last two years and CER is subject to a number of unquantifiable risks (e.g. litigation risk).

The second element of the assessment involves analysis of the impact of the Aggregation on CER securityholders in terms of financial parameters such as net assets and financial gearing. This involves a comparison of the position of CER external securityholders assuming the Aggregation is implemented with the position if it is not. No comparison can be made of earnings and distributions as there is not comparison standalone forecast for CER.

The third element of the assessment requires a comparison of the Aggregation with any alternatives realistically available to CER. It is necessary to consider whether there are alternatives available to securityholders that are more attractive than the Aggregation or whether the Aggregation is likely to preclude alternative transactions that could be more advantageous to securityholders. This assessment requires consideration of CER's position within the Centro Group, the financial stress to which the Centro Group is exposed, and the extent to which that financial stress limits or determines the alternatives available to CER.

The fourth element of the assessment involves consideration of a wide range of other factors including:

- the expected benefits of the Aggregation in terms of strategic and competitive position, capital support for business operations, market and growth opportunities, cost savings and financial strength;
- the impact on the market for Centro Retail Australia securities including its liquidity, market rating and its attractiveness to investors;
- the impact on the management arrangements and development opportunities;
- the change in the nature of the underlying investment held by CER external securityholders in terms of earnings prospects, business risk, development and growth opportunities, diversification of activities and financial risk; and
- the expected tax consequences of the Aggregation.

In a transaction of this nature there will be advantages and disadvantages. These may differ between securityholders.

In Grant Samuel's opinion, the Aggregation will be in the best interests of CER external securityholders if:

- the financial terms of the Aggregation are fair;
- there are no alternatives available to securityholders that would be more attractive than the Aggregation and the Aggregation does not preclude realistic alternatives that would be more advantageous; and
- any disadvantages and risk are not material by comparison with the benefits and advantages of the Aggregation.

Grant Samuel has also been requested to provide a separate opinion as to whether the terms of the Asset Acquisition are fair and reasonable to CER external securityholders. Grant Samuel has

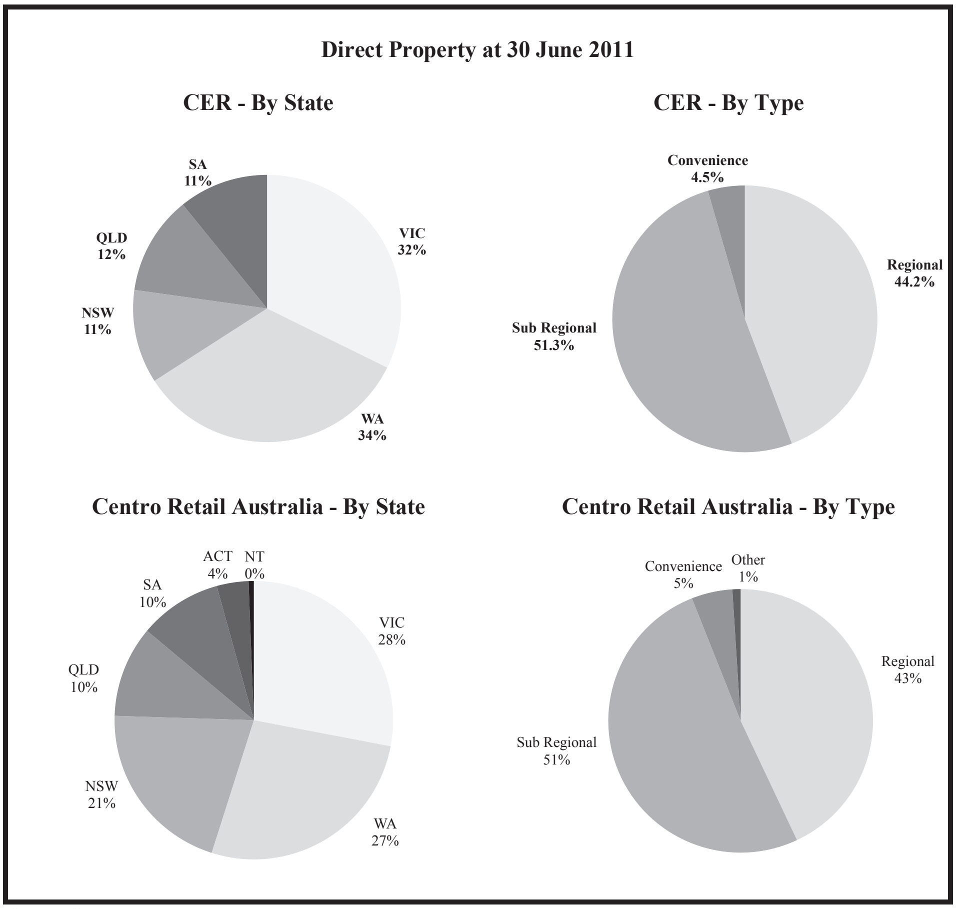
GRANT SAMUEL

determined whether the terms of the Asset Acquisition are fair by comparing the estimated value of the CNP Assets and Services Business with the value of the consideration to be provided to CNP. The terms of the Asset Acquisition will be fair if the value of the consideration falls within or below the bottom end of a range of fair values for the CNP Assets and Services Business. In considering whether the terms of the Asset Acquisition are reasonable, the factors that have been considered include:

- whether the terms of the Asset Acquisition are fair;
- whether the overall Aggregation is in the best interest of CER external securityholders;
- the impact of the Asset Acquisition on the business and prospects of Centro Retail Australia; and
- the likelihood of alternative transactions which could realise better value and the likely consequences if the Aggregation did not proceed.

11.3 Impact on Business Profile

CER's core business is direct investment in regional, sub-regional and convenience retail shopping centres across Australia. Through Centro Retail Australia, CER securityholders will continue to have, primarily, exposure to direct investments in shopping centres. The following charts compare the direct property portfolios of CER and Centro Retail Australia:



Source: CER

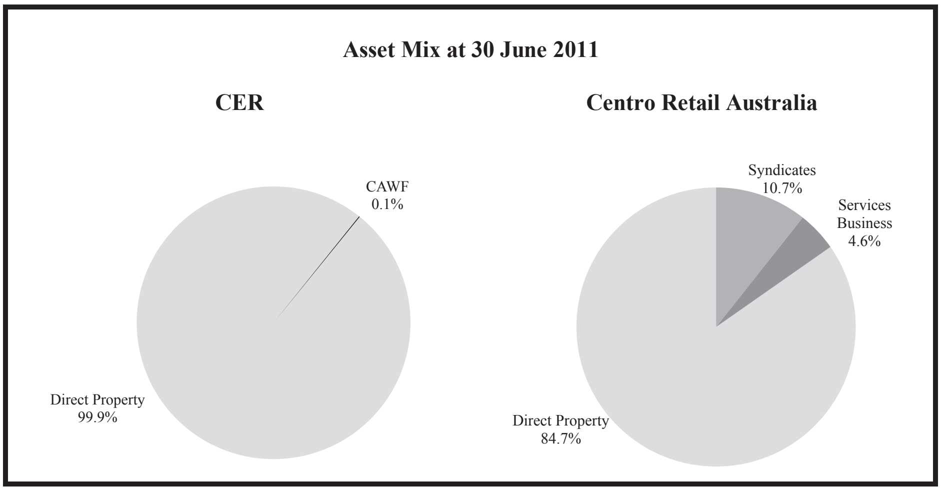
82

CER external securityholders' direct property exposures following the Aggregation will be essentially the same as their current exposures through CER, although they will be holding a smaller interest in a significantly larger portfolio:

CER Securityholder Direct Property Exposure – Pre and Post Aggregation	Pre Aggregation	Post Aggregation
No of properties	28	43
No of properties wholly owned	3	36
Total property value (CER external securityholders' share)	\$0.8 bn	\$0.6 bn
Weighted average capitalisation rate	7.29%	7.29%
Portfolio occupancy	99.5%	99.4%
WALE	4.5 years	4.6 years

The aggregated portfolio will have a much greater proportion of 100% owned properties than does CER in its current form, which over time should deliver benefits in terms of property management, development and financing. Other key characteristics of Centro Retail Australia's portfolio are very similar to those of CER's current portfolio.

Centro Retail Australia's overall asset mix will be somewhat different from CER's asset mix. In particular, Centro Retail Australia will hold a meaningful investment in Syndicates (estimated underlying value in the range \$532-589 million) and will own the Services Business, to be acquired from CNP for around \$240 million (plus adjustments for working capital). The following charts compare Centro Retail Australia's overall asset mix with that of CER in its current form:



Over 15% of Centro Retail Australia's asset mix will consist of assets other than direct property interests. The Syndicate interests represent interests (generally between 10 and 50% interests) in 27 Syndicates. These interests will generally deliver lower yields than Centro Retail Australia's direct property interests, in part because of higher funding and administration costs, and also because a number of the Syndicates are obliged to retain cash to reduce debt or fund property maintenance or development.

While the Services Business does not have direct exposure to retail property, it provides broadly similar economic exposure, given that its profitability is a function of the rental income and movements in values of the properties under management. A substantial component of the acquisition cost of the Services Business relates to the internalisation of management of internally owned properties (as opposed to the funds and property management rights for the Syndicates).

It appears reasonable to expect that Centro Retail Australia will have access to a much broader range of growth opportunities than CER on a standalone basis:

- the Services Business, together with Centro Retail Australia's Syndicate interests, will provide opportunities to acquire properties from Syndicates as they terminate;
- Centro Retail Australia will have the funding capacity to undertake developments of properties already identified as part of Centro Group's property development pipeline; and
- more generally, Centro Retail Australia will have improved capacity to take advantage of other development or growth opportunities as they arise.

11.4 Acquisition of the CNP Assets and the Services Business

Grant Samuel has valued the CNP Assets and Services Business in the range $581-629 million. The CNP Assets comprise CNP's interests in the Syndicates (including CNP's 71.3% interest in CSIF-A), direct property holdings, CNP related party loans, and provisions for stamp duty and exclude CNP's interests in CAWF, CER and DPF. The valuation represents CNP's estimated contribution to the full underlying value of Centro Retail Australia and is summarised below:

CNP Assets and Services Business – Estimated Underlying Value ($ millions)		
	Low	**High**
CNP Assets		
Interests in Syndicates	129	143
Direct property	45	50
Related party loans	203	203
Mark-to-market derivatives	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	336	355
Services Business	230	260
Services Business other net assets	14	14
Total	**581**	**629**

The valuation is outlined in more detail in section 9.

The consideration for the CNP Assets is $347 million payable in CER securities based on CER's net asset value. CER stapled securities had a net asset value at 30 June 2011 of $0.44 per security. Accordingly, approximately 789 million CER securities would have been issued had the Aggregation occurred on 30 June 2011. The market value of these securities, based on the CER security price on 31 August 2011 was $0.30 per security, 32% below the net asset value, and represents a total value of approximately $237 million. These securities will convert to Centro Retail Australia securities as part of the aggregation process at net asset value, not at the security price.

The consideration for the Services Business is a promissory note with a face value of around $251 million at 30 June 2011. The promissory note face value will be varied:

- for movements in the working capital of the Services Businesses;
- in the event that CMCS 8 is not wound up at the time of Aggregation;
- to the extent that property and fund management rights for any of the Syndicates are not transferred to Centro Retail Australia.

CNP will use the promissory note to fund its subscription for Centro Retail Australia securities at a net asset value of $2.50 per security. To the extent that Centro Retail Australia securities trade at a discount to net asset value, the value of the consideration for the Services Business will be lower than $251 million.

Ultimately the value of the consideration for the Asset Acquisition will be a function of the market value of CER and Centro Retail Australia securities at the time of the Aggregation (rather than the net asset value of the securities). Based on the current discount to net asset value at which CER securities are trading, the consideration would have value of approximately $407 million. It is probably reasonable to assume that the discount to net asset value would narrow as uncertainty relating to the Aggregation was progressively resolved. Grant Samuel has assumed that a discount of 5-15% relative to net asset value is reasonable for the purpose of assessing the value of the consideration (whilst acknowledging that there is considerable uncertainty in relation to this assumption). On this basis the value of the consideration is in the range $508-568 million.

In total Grant Samuel has valued the CNP Assets and Services Business in the range $581-629 million and the consideration in the range $508-568 million. Accordingly, in Grant Samuel's opinion, the value being contributed by CNP in the form of the CNP Assets and Services Business is greater than the consideration being paid by CER and, as a result, the terms of the Asset Acquisition are fair to CER external securityholders. As the Asset Acquisition is fair it is also reasonable. Moreover, the Asset Acquisition is an integral part of the overall Aggregation, which in Grant Samuel's view is in the best interests of CER external securityholders. Overall, therefore, in Grant Samuel's opinion the terms of the Asset Acquisition are fair and reasonable to CER external securityholders.

11.5 Merger Analysis

Grant Samuel has prepared valuations for each of the major participants in the Aggregation (CER, CAWF, DPF and CNP). These valuations have been prepared on the basis of independent property valuations as at 30 June 2011, commissioned by the Centro Group for almost 100% of the Group's property portfolio. The valuations represent the estimated contribution of each entity to the underlying value of Centro Retail Australia. The sum of the assessed property values for each entity was adjusted for net debt, other financial assets and various other assets and liabilities as at 30 June 2011. These valuations are theoretically an estimate of the value that should be realisable on a change of control basis or through liquidating the property portfolio: they do not represent an estimate of the price at which securities in the entities might trade and do not incorporate (for example) entity administration costs. In this sense the analysis is to some extent theoretical in as much as the assets are not intended to be sold.

The valuations are set out in section 9. The valuations were used to estimate the value attributable to external investors in CER and DPF, and to the CNP Senior Lenders. On the basis of this analysis, the contributions to Centro Retail Australia in terms of underlying value are summarised below:

Centro Retail Australia – Underlying Value Contributions

	Estimated Value Contribution ($ millions)	Contribution to Merged Group (%)	Ownership of Merged Group (%)
CER external securityholders	457-542	14.4-14.8%	14.5%
DPF external unitholders	372-430	11.7-11.7%	11.6%
CNP Senior Lenders	2,344-2,693	73.9-73.5%	73.9%
Merged group	**3,173-3,665**		**100.0%**

Note: The percentage interests in Centro Retail Australia are estimated on the basis that certain put arrangements over DPF units are exercised. If these put arrangements are not exercised, CNP's interest in Centro Retail Australia would fall to 68.5% and the collective interest of DPF external unitholders would increase to 17.0%.

The analysis indicates that CER external securityholders are contributing approximately 14.4-14.8% of the total value contributed to Centro Retail Australia, which is consistent with the 14.5%

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interest that they will hold in Centro Retail Australia. On this basis, the terms of the Aggregation are fair to CER external securityholders.

The contribution analysis is, principally, dependent on the assessed values of the properties within the Centro Group property portfolio. The property valuations were independently prepared (by five separate valuation firms) and represent the valuers' estimates of the current market value of the properties. However, valuations are inherently imprecise and subjective and it is conceivable that the actual property values differ from the valuation estimates. Moreover, while the assets to be contributed by external CER and DPF securityholders are essentially direct or indirect property interests (adjusted for net debt and other financial adjustments), the value to be contributed by CNP Senior Lenders relates in part (to the extent of approximately $240 million) to the Services Business.

Accordingly, Grant Samuel has undertaken a sensitivity analysis that examines the impact on the contribution analysis set out above of variations in assessed property values. This sensitivity analysis is summarised below:

Centro Retail Australia – CER's Contribution Sensitivity Analysis

	CER Estimated Value Contribution ($ millions)	CER Contribution to Merged Group (%)	CER Ownership of Merged Group (%)
Assessed property values	500	14.6-14.7	14.5
Property values - 10%	415	14.0-14.1	14.5
Property values +10%	585	15.0-15.1	14.5

The analysis is somewhat artificial, because the value of the Services Business has been held constant, whereas in reality it is likely that it would vary (at least directionally) with property values. It is also possible that any mis-valuation would not be at an overall portfolio level but rather relate to a particular geographic sub-portfolio or a particular property category (eg. regional, sub-regional or convenience). However, the geographic and asset portfolio composition of Centro Retail Australia is very similar to that of CER, such that the two portfolios should be impacted similarly by any mis-valuation of a geographic or property category sub-portfolio. Overall, the sensitivity analysis shows that movements in property values would have only very small impacts on CER's proportionate contribution of underlying value to Centro Retail Australia.

11.6 Financial Impact of the Aggregation

The financial impact of the Aggregation has been assessed by comparing CER's assets per security on a standalone basis with the share of Centro Retail Australia's pro forma net assets attributable to each current CER security.

A comparison of CER's standalone assets and gearing with the attributable share of Centro Retail Australia's assets per CER security and gearing is summarised as follows[39]:

[39] Centro Retail Australia's debt facilities are still being finalised.

Centro Retail Australia - Pro Forma Impact on Financial Position at 30 June 2011				
		Pro Forma After Aggregation		
Parameter	Before Aggregation	Amount	Change	
			Amount	Percentage
Net assets per security	\$0.44	\$0.43	\$(0.01)	(2.2)%
NTA per security	\$0.44	\$0.41	\$(0.03)	(6.8)%
Gearing (look through)	40.9%[40]	43.4%	2.5%	6.1%

The Aggregation results in a modest reduction in pro forma net assets and NTA per CER security. The slight reduction in net assets primarily reflects transaction costs (including stamp duty costs) and the larger movement in pro forma NTA results from both transaction costs and the acquisition of the Service Businesses which is largely accounted for as an intangible asset.

Overall, the analysis suggests that, from the perspective of CER external securityholders, the Aggregation will result in a broadly neutral impact on net assets per share, a modest reduction in NTA per share and a slight increase in gearing. None of these impacts is significant in the assessment of the Aggregation. Essentially, they suggest that in terms of pure short term financial metrics, the Aggregation will have a largely neutral impact on the position of CER external securityholders.

11.7 Alternatives

Overview

Analysis of the alternatives available to CER requires recognition of CER's position within the Centro Group, the financial stresses faced by the Centro Group and the extent to which those stresses limit or otherwise influence the options available to CER.

CER is 51% controlled by CNP, by way of a 25% direct security holding and an indirect 26% interest. CER's responsible entity, MCS Manager, is a wholly-owned subsidiary of CNP. The bulk of CER's property portfolio consists of properties co-owned with other Centro Group entities (principally CAWF and CSIF-A).

CNP is facing a material asset deficiency, with estimated assets of \$2.7-3.1 billion, obligations to CNP Senior Lenders of \$3.2 billion and amounts due to junior lenders of \$1.4 billion, for an overall asset deficiency of approximately \$1.6-2.0 billion. CNP's senior debt facilities mature on 15 December 2011. Centro MCS Manager has guaranteed CNP's senior debt obligations.

In this context, the status quo is not an option for CER. CER cannot simply "do nothing". If CER or its securityholders chose not to proceed with Aggregation, then CNP would almost certainly be placed in some form of insolvency administration. The alternatives then realistically available to CER would be:

- the pursuit of a standalone strategy for CER, whereby CER would (as far as possible) separate itself from the Centro Group and operate as an independent property investment vehicle; or
- an orderly liquidation of CER's property portfolio.

Standalone CER

Comparing the alternative of a standalone CER with the Aggregation involves consideration of:

40 Post repayment of CMCS and partial repayment of the CSIF-B facility.

- the short term risks and costs associated with the process whereby CER would separate itself from the Centro Group; and
- the investment appeal of a standalone CER by comparison with the investment appeal of Centro Retail Australia.

The CNP directors have indicated that, if the Aggregation is not approved, they would re-assess the solvency of CNP and "in all likelihood appoint an external administrator, which would likely be followed by the CNP Senior Lenders appointing a receiver to CNP". This would raise a variety of short term issues and challenges for CER. CER would need to:

- replace its responsible entity;
- make arrangements in relation to funds and potentially property management; and
- ensure the availability of on-going debt facilities to allow continuation of CER's operations.

Resolving these issues would entail a variety of risks and uncertainties. In part, these would depend on the nature and extent of the insolvency appointments made to CNP and its subsidiary entities. In particular, the property management arrangements are provided under what are effectively perpetual contracts, which can only be terminated by CER in extremely limited circumstances (including the insolvency of the relevant CNP subsidiary entities and then only with the consent of all property owners). An insolvency of CNP would be likely to destabilise CNP's property and funds management teams. These teams are essential to maintaining the performance of the underlying properties and the confidence of retail tenants and other suppliers, and there would be a real risk that the destabilisation of property and funds management executives and staff would adversely affect property performance and in turn property values.

It is not clear whether a standalone CER's property management services would be provided by CNP (in insolvency administration), some third party to which the management rights had been sold or on some internalised basis. In the medium term, however, it is reasonable to expect that CER would be able to make arrangements to ensure that it had a solvent and stable responsible entity and continued property management services, even if there is likely to be some cost and business disruption in the process.

Events of default under CNP's senior facilities (such as the appointment of insolvency administrators to the holding entities) may also trigger potential events of default under CER's facilities. On the other hand, CER's lenders appear to have strong security coverage and there is no reason to believe that they would move to enforce their security. CER is in the process of negotiating standstill arrangements with its existing banks should the Aggregation not proceed. As a result, it appears reasonable to conclude that CER should be able to ensure the availability of on-going finance facilities and the continuation of its operations (although achievement of this is not completely without risk).

Overall, therefore, it is probably reasonable to conclude that CER should be able to survive and (to some extent at least) extricate itself from the insolvency of CNP that would likely follow if CER (or its securityholders) chose not to proceed with the Aggregation (whilst acknowledging that any insolvency process would entail unpredictable risks and costs).

While it may be feasible for CER to break away from CNP and pursue an independent future, a standalone CER (in its current form) would have far less investment appeal than Centro Retail Australia:

- CER would be far smaller than Centro Retail Australia and it is likely that trading in its securities would be far less liquid than for Centro Retail Australia;
- CER (in the short term at least) would continue to be 51% controlled by the Centro Group, some of the entities of which would probably be in receivership;

- CER's investments would continue to consist of, principally, 50% interests in properties co-owned with the Centro Group, over which Centro Group entities would continue to have pre-emptive rights[41]. The co-ownership arrangements (particularly if the co-owner is financially troubled) are significant impediments to property development, financing and portfolio management;
- while it is conceivable that CER could internalise its management, it appears more likely, in the short term at least, that CER would continue to be externally managed (particularly in relation to property management). Even if CER was able to internalise its management, it would not have the benefits of scale available to Centro Group's current funds and property management activities; and
- CER would have limited development options, both in relation to development opportunities within its current portfolio and in relation to growing its investment portfolio, reflecting both the 50:50 ownership arrangements and its limited funding capacity.

To address these issues, CER would need to raise fresh equity. A substantial equity raising could potentially:

- create a much larger listed vehicle with improved trading liquidity;
- fund a much healthier development pipeline; and
- provide an opportunity to acquire some or all of the outstanding 50% interests in the properties co-owned with the Centro Group.

CER's pre-emptive rights mean that CER has a right to match any offer made to CAWF and CSIF-A if they seek to sell their interests in properties co-owned with CER. Given that the rights are no more than rights to match, CER would theoretically acquire the property interests at market values. However, as a practical matter it is possible that the pre-emptive rights could result in CER acquiring some or all of the property interests on attractive terms, to the extent that:

- the pre-emptive rights discouraged other potential buyers of the property interests from competing to acquire them; or
- the market value of a 50% interest in the property was less than half the value of the property on a 100% basis (i.e. CER could capture some value through consolidation of the ownership of the property).

However, there could be no guarantee that CER would be successful in acquiring the outstanding 50% property interests, or that if it was successful any acquisitions would be on value accretive terms. There is no basis for quantifying any benefit that CER could derive through exercise of the pre-emptive rights.

Ideally CER would raise substantial new equity immediately on deciding not to participate in the Aggregation, to provide the financial capacity required to allow it to take advantage of its pre-emptive rights and participate in any divestment process for the property interests of the remainder of the Centro Group. But any substantial equity raising would be extremely difficult, given that:

- 51% of CER's securities would be held directly or indirectly by CNP (in some form of insolvency administration);
- CER would continue to be subject to litigation; and
- there would be material uncertainties regarding the management, development and future ownership of the properties in which CER holds interests, given that the majority of the properties would continue to be co-owned with the Centro Group.

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41 CER's pre-emptive rights mean that CER effectively has a right to match any offer made to CAWF and CSIF-A if they seek to sell their interests in properties co-owned with CER.

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Even if a substantial equity raising was achievable, it would potentially be dilutive of existing shareholders.

Comparison of a hypothetical standalone CER with Centro Retail Australia is essentially theoretical, because it is not clear precisely what form the standalone CER would take, and its development would be to some extent determined by external factors. However, in Grant Samuel's view, there is no reason to believe that a standalone CER would have more investment appeal than Centro Retail Australia. To the contrary, it appears likely that it would have less (and perhaps considerably less) investment appeal. Moreover, it would be exposed to a range of risks and uncertainties that do not apply to Centro Retail Australia, including in relation to the need to raise substantial additional capital in potentially very difficult circumstances, in relation to ongoing property and funds management and in relation to its underlying property investments. Having regard to all these factors, in Grant Samuel's view the "standalone CER alternative" is clearly less attractive than the Aggregation.

The CER directors have not indicated what strategy for CER they intend to pursue if the Aggregation is not approved by CER external securityholders. The CER directors may not be in control of CER's responsible entity if an administrator or receiver is appointed.

Orderly Asset Realisation

Given the risks and uncertainties associated with the separation of CER from the rest of the Centro Group and then its development and operation as an ongoing standalone property investment business, the strategy of crystallising the value of CER's property interests and returning that value to securityholders has some attraction.

Crystallisation of the value of CER's property interests through some change of control transaction is unlikely. In the context of an insolvency of CNP, the ongoing uncertainties in relation to the ownership of the residual interests in the properties in which CER holds co-ownership interests, and CER's litigation exposure, there appears to be little or no prospect that a third party would make any fully priced change of control proposal for CER.

On the other hand, there is nothing to prevent CER conducting an orderly sell down of its property interests, either independently or (preferably) in conjunction with the rest of the Centro Group. But it should be recognised that any asset divestment programme would involve a number of disadvantages and risks:

- inevitably, CER and the other members of the Centro Group would be seen as forced sellers, which would make it difficult to realise full value. There would be a real risk that at least some properties would realise well below book value. At worst, the forced sale of a property portfolio of the scale of the Centro Group's property portfolio could result in a downward shift in retail property values generally;
- maximisation of property values within the CER/CAWF portfolio requires a range of identified property refurbishments and developments, to retain important tenants and improve trading performance. In the context of a sell down of the Centro Group's property interests, there would be a risk that the requisite refurbishment and development would not take place, jeopardising property values;
- ideally CER would sell all of its property interests in one line. Realistically, however, that is unlikely to eventuate, and it is likely that CER would need to undertake a progressive realisation of its interests. Against the backdrop of a progressive divestment of CER's property interests (presumably, although not necessarily, undertaken as part of a coordinated sale process with the rest of the Centro Group) it will be difficult to maintain the Centro Group's property management platform. A continuing reduction in economies of scale and likely loss of property management staff could be expected to increase property management costs, reduce the efficiency and effectiveness of the property management services and reduce property values;

90

- CER would need to sell its property interests on a coordinated basis in conjunction with the other entities in the Centro Group if value was to be maximised. Given that such value maximisation would be in the best interests of all stakeholders, it appears reasonable to expect that any realisation process would be on a coordinated basis. On the other hand, in the context of CER having voted down the Aggregation, there would be some risk that cooperation between the various stakeholders would break down and that the sale process would proceed in a less than optimal fashion;

- If CER external securityholders were to vote against the Aggregation, it is likely that CNP would enter into some form of insolvency administration. This is likely to give rise to potential events of default in terms of CER's finance facilities. CER's lenders enjoy a strong security position and CER is negotiating to arrange a standstill with its lenders. Accordingly, it would be reasonable to expect that CER would continue to have finance facilities available to it and that its lenders would not take any action pursuant to their security. However, there cannot be any absolute assurance in this regard and there would remain some risk (even if only remote) that CER's lenders would take control of and realise CER's assets pursuant to their security, with potentially material impacts on securityholder value;

- proceeds from the sale of property interests would not be immediately available to distribute to securityholders. In the first instance proceeds would need to be devoted to paying down CER's secured debt. Moreover, capital distributions may also be restricted until CER's litigation has been settled.

During late 2010 and early 2011 CER (together with other members of the Centro Group) conducted an extensive process in which offers were sought by the Centro Group for both its Australian and US property portfolios. Whilst various indicative proposals were made to the Centro Group, none was determined to deliver sufficient value and certainty to warrant progression. There are no proposals for the acquisition of its property interests currently available to CER.

The Aggregation does not close off the prospects for securityholders of crystallising value for CER's property interests. To the contrary, it is likely that the Aggregation will increase securityholders' prospects of realising full value, through a change of control transaction or otherwise. The creation of Centro Retail Australia will substantially resolve the financing and other uncertainties facing the Centro Group, consolidate the Centro Group's property interests and separate them from CNP. Accordingly, Centro Retail Australia and its property interests should be considerably more attractive to potential acquirers than the current Centro Group entities or the property interests in their current form.

Overall, liquidation of CER's property interests should be viewed as a "last resort" option. Investors (other than short term arbitrage focussed investors) presumably hold CER securities for exposure to retail property. Given the risks and likely costs associated with any asset divestment program, liquidation of CER's property interests is only likely to be the best option for CER securityholders when there are no acceptable alternatives.

Other

Some CER external securityholders might prefer a differently structured consolidation of the Centro Group. In particular, there would be some merit in a restructuring that saw the merger of CER, CAWF and CSIF-A, but excluded the DPF and CNP Syndicate interests. Such a restructuring would:

- avoid the complexity (from an investor perspective) associated with Centro Retail Australia's holding of multiple Syndicate interests; and

- mean that Centro Retail Australia would not have to pay what appears to be a reasonably full price for the Syndicate property and funds management business.

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On the other hand, it is by no means clear that Centro Retail Australia without the Syndicate business would ultimately prove more attractive than Centro Retail Australia as contemplated in terms of the Aggregation:

- without the Syndicate property portfolio, Centro Retail Australia's property and funds management operations would lose some of the economies of scale which enable it to deliver cost efficient services to Centro Retail Australia's property portfolio;
- the Syndicate property portfolio provides Centro Retail Australia with growth options through opportunities to acquire Syndicate properties when Syndicates are wound up;
- Centro Retail Australia will have an opportunity to stabilise and then re-grow the Syndicate business. While there can be no guarantee that this will ultimately be achieved, Centro Retail Australia in its current form (i.e. including the Syndicate interests) at least provides the potential to re-establish a Syndicate business offering high returns on capital.

In any event, Centro Retail Australia without the Syndicate interests is not an option available to CER securityholders. The structuring of Centro Retail Australia has to reflect the interests of all the major stakeholders in the Centro Group, and the CNP Senior Lenders and DPF investors need some way to efficiently realise value for their exposure to the Syndicate interests. CER external securityholders cannot pick and choose those aspects of the Aggregation that they deem most attractive and reject the balance. The choice for CER external securityholders is between voting in favour of the Aggregation (and Centro Retail Australia as proposed) or voting against the Aggregation and accepting the risks and costs that would follow in the context of the likely insolvency of CNP. In Grant Samuel's view securityholders will clearly be better off voting in favour of the Aggregation.

11.8 Debt Facilities

CER and CAWF have finance facilities that mature between 11 November 2011 and 16 December 2011. The Centro Group is currently in negotiation with various financiers to refinance these facilities on the basis that the Aggregation will proceed, so that lenders under the new facilities will be lending in the context of the merged Centro Retail Australia and the consolidated ownership of its major property interests.

The Aggregation is conditional on Centro Group successfully arranging new debt facilities for Centro Retail Australia. Although CER, CAWF and DPF could waive that condition, the directors of CER have determined that they do not intend to do so except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. Accordingly CER securityholders are unlikely to be required to vote on the Aggregation unless the new debt facilities are substantially in place.

In the event that the CER directors were ultimately to waive the condition relating to the establishment of new facilities for Centro Retail Australia, CER securityholders could conceivably face the choice between voting in favour of the Aggregation (but without any certainty that the required facilities would be able to be secured) or voting against the Aggregation.

CER securityholders already face re-financing risk in relation to the standalone CER facilities. If the Aggregation did not proceed CER would have to re-finance its facilities on a standalone basis. It is likely that its controlling securityholder (CNP) would be in insolvency administration and its responsible entity could potentially also be in some form of insolvency administration. CER would have comparatively limited access to fresh equity and its property interests would continue to be (predominantly) 50% interests in properties co-owned with other members of the Centro Group.

Centro Retail Australia should be a more attractive credit than either CAWF or CER on a standalone basis. Centro Retail Australia will be completely separated from CNP. Its capital structure should provide enhanced access to fresh equity (which should make it more creditworthy) and the consolidated ownership of its property interests will allow it to provide more

92

attractive security to its lenders. Accordingly, the Aggregation should improve the prospects of a re-financing relative to a standalone CER. However, CER securityholders should understand that some risk would remain and a judgement could only ultimately be made having regard to the circumstances at the time.

11.9 Class Action True-Up Securities

CER is defending four separate class actions brought against it. CER is currently defending these claims and has made no provision for any potential liability amounts in relation to any of the claims. CER may ultimately be required to make payments in relation to the class actions (each a "Payment"), by way of a settlement of these class actions, in terms of a court judgement or otherwise in relation to the class actions. The amount and timing of any Payments are highly uncertain. CER's contingent liability in this regard is accordingly not reflected in the estimated net asset contribution upon which the Aggregation terms are based.

To ensure that the positions of DPF external unitholders and CNP Senior Lenders are protected from the loss of value that would result from any Payments, DPF external unitholders and CNP Senior Lenders will be issued with Class Action True-Up Securities ("CATS"). The CATS will be transferable but not listed on the ASX.

In broad outline, the way in which the CATS operate is to:

- calculate the reduction in the net asset value per Centro Retail Australia security that will result from a Payment;
- issue for no consideration new Centro Retail Australia securities (which will have the reduced net asset value) to holders of the CATS;
- with the effect that the aggregate net asset value of Centro Retail Australia securities (other than those originally issued to CER securityholders) is restored (ie the increase in the number of securities exactly offsets the reduction in net assets per security); and
- the aggregate net asset value of the Centro Retail Australia securities originally issued to CER securityholders is reduced by the amount of the Payment.

At the election of Centro Retail Australia, holders of CATS can be compensated in cash (equivalent to the aggregate net asset value of the new Centro Retail Australia securities that would otherwise be issued).

The terms of the CATS allow for more than one settlement (given that there are four separate class actions, which may not settle concurrently). The terms of the CATS take into account movements in Centro Retail Australia's net asset value between the date of Aggregation and the date of any Payment, and the impact of any future capital raisings.

Grant Samuel has reviewed the terms of the CATS and has confirmed that they operate to have the effect that holders of CATS receive compensation (in terms of the issue of additional securities valued at net asset value) for any value lost through Payments, subject only to the effect of the cap described below.

The number of Centro Retail Australia securities that can be issued through the CATS has been capped at 20% of the number of Centro Retail Australia securities on issue at the time of Aggregation. As the cap applies to the number of securities that can be issued, the value of the cap will vary depending on the net asset value of Centro Retail Australia securities at the time of any Payment, the total number of securities then on issue and the amount of the Payment. Based on the number of securities expected to be on issue and the net asset value per Centro Retail Australia security at the time of Aggregation ($2.50), the maximum compensation that could be provided by the CATS would be for Payments totalling $218 million.

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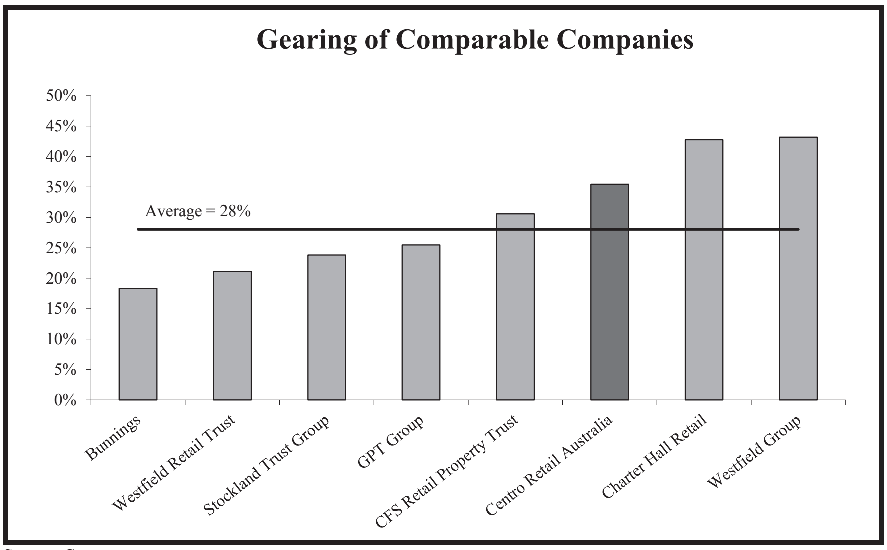
The effect of the CATS on the position of CER securityholders is essentially neutral (subject to the cap), in that the operation of the CATS will mean that any Payment will result in the same loss of value for CER securityholders in the context of the aggregated Centro Retail Australia as it would have done in the context of a standalone CER. To the extent (if any) that the cap comes into operation, the CATS will be a positive for CER securityholders, in that CNP Senior Lenders and DPF securityholders will effectively share in the economic loss associated with that portion of a Payment that exceeds the cap.

11.10 Advantages and Benefits of the Aggregation

Financial and Operating Stability

CER has been operating for some time now as a member of the financially stressed Centro Group. The Aggregation will see the complete separation of Centro Retail Australia from CNP. It will result in the creation of a more financially and operationally stable entity:

- Centro Retail Australia's internal responsible entity will be free of the financial exposures (by way of guarantees to the CNP Senior Lenders) facing CER's current responsible entity;
- Centro Retail Australia will have restructured finance facilities totalling around $1.3 billion. As a result, Centro Retail Australia's gearing will be in line with its peers;



Source: Company announcements
Note: Gearing represents net debt/net debt plus equity.

- 51% of CER's securities are currently held by the Centro Group. The Aggregation should ultimately result in securities in Centro Retail Australia being widely held. It is likely that there will be considerable short term trading in Centro Retail Australia securities, as CNP Senior Lenders sell down their holdings. However, it is reasonable to expect that over time Centro Retail Australia's security register will stabilise with an appropriate spread of institutional investors. Accordingly, Centro Retail Australia should have access to equity to the extent required to support ongoing operations and exploit growth opportunities. In turn, its improved access to equity should make Centro Retail Australia more creditworthy, providing enhanced access to debt on more attractive terms.

The Aggregation should also provide stability from an operational perspective. The Centro Group's current financial position and the associated uncertainties are clear impediments to the recruitment and retention of management and staff. The Aggregation should resolve these issues and ensure that Centro Retail Australia is an attractive employer.

Control Issues

At present, CNP directly holds 29% of the securities in CER. Through its 70% holding in DPF it effectively controls a further 22% interest in CER, for a total interest of 51%. A wholly owned subsidiary of CNP manages all of CER's properties and CMCS Manager, also a wholly owned subsidiary of CNP, is the responsible entity for CER. CNP is clearly in a position to control CER.

Immediately following implementation of the Aggregation, the CNP Senior Lenders will collectively hold a minimum of 73.9% of the securities in Centro Retail Australia, with external CER and DPF securityholders holding 14.5% and 11.6% respectively[42]. The CNP Senior Lenders are hedge funds, banks and other parties. It is expected that none of the CNP Senior Lenders will (initially at least) hold more than 11.3% of the Centro Retail Australia securities on issue (based on debt holdings at 31 August 2011). While it is not possible to predict with any certainty precisely how Centro Retail Australia's securities register will evolve, it appears reasonable to expect that over time the CNP Senior Lenders will sell down their positions.

The ultimate result should be that Centro Retail Australia will have a widely held securities register, with no controlling securityholder. Moreover, the responsible entity of Centro Retail Australia will be a Centro Retail Australia subsidiary. Accordingly, the effect of the Aggregation (from CER's perspective) is that control of CER in terms of securityholdings will be dispersed, while day to day control in a management sense will vest with Centro Retail Australia.

Property Consolidation

The Aggregation will result in the consolidation of ownership interests in the CER/CAWF property portfolios, with Centro Retail Australia's property interests principally (with the exception of its Syndicate interests) consisting of 100% owned properties.

Partial property ownership is not necessarily a disadvantage: major property trusts such as Westfield Retail Trust hold as significant parts of their portfolios partial property interests. However, Centro Group's experience is that the co-ownership arrangements that have been commonplace across the Centro Group have had a number of disadvantages, particularly in the context of the financial stress experienced by the Centro Group. The Aggregation, through consolidating the ownership of CER and CAWF's property interests, will address these disadvantages:

- property developments are likely to be facilitated, as there is no possibility of misalignment of interests as between property co-owners or differences in funding capacity;
- lenders will generally view wholly owned properties as more attractive security than partial property interests, given that wholly owned properties would be easier to realise should lenders ever need to rely on their security. Accordingly, the property consolidation achieved by the Aggregation should help to secure debt funding on more advantageous terms than would otherwise have been the case;
- consolidated ownership of the property portfolio will allow Centro Retail Australia to manage the portfolio (in terms of divestments and potential acquisitions) unfettered by the potentially conflicting objectives or financial constraints of a co-owner.

Growth Opportunities

Centro Retail Australia will have growth options that are either not available to CER or are less easily exploited by CER in its current form:

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42 The percentage interests in Centro Retail Australia are estimated on the basis that certain put arrangements over DPF units are exercised. If these put arrangements are not exercised, CNP's interest in Centro Retail Australia would fall to 68.5% and the collective interest of DPF external unitholders would increase to 17.0%.

- consolidated property ownership and improved access to capital mean that Centro Retail Australia will be able to have access to an identified development pipeline within the direct property portfolio of approximately $400 million;
- Centro Retail Australia's Syndicate management business should over time provide opportunities to buy properties from Syndicates as they terminate; and
- Centro Retail Australia's scale, the acquisition currency provided by its securities and its access to capital (both equity and debt) should mean that over time Centro Retail Australia will have the capacity and flexibility to take advantage of growth opportunities as they become available (while recognising that there can be no certainty that such future opportunities will in fact transpire).

Internalisation of Management

External management arrangements almost inevitably involve the potential for conflicts of interest. For example, arrangements by which an external manager is remunerated on the basis of assets under management (as is the case for CER) incentivise the manager to maximise assets under management rather than shareholder value. Even if there is no actual conflict, or the conflict is appropriately managed, the perception of potential conflict of interest is likely to be a negative from the perspective of investors. The external management model was a commonplace feature of the Australian investment markets during the years of strong market conditions leading up to the global financial crisis. Since then, the external management model has lost favour and many entities have internalised their management arrangements.

The Aggregation will result in the internalisation of management for Centro Retail Australia, with fund and property management services to be provided by a wholly-owned subsidiary of Centro Retail Australia. The internalisation will eliminate any potential for actual or perceived conflict of interest between the manager and Centro Retail Australia investors and should enhance the investment appeal of Centro Retail Australia.

Liquidity and Index Inclusion

There should be considerable investor demand for Centro Retail Australia securities:

Centro Retail Australia is expected to be:

- the second largest ASX-listed retail property investment vehicle by GLA; and
- one of the largest A-REITs listed on the ASX generally.

Given Centro Retail Australia's size and the composition of its security register, it is reasonable to expect that Centro Retail Australia will be relatively liquid.

It is expected that Centro Retail Australia will be a member of a number of key ASX indices.

11.11 Costs, Disadvantages and Risks

Short Term Security Pricing

Immediately following the Aggregation, CNP Senior Lenders will hold around 73.9% of the securities in Centro Retail Australia. The CNP Senior Lenders include a range of hedge funds, lending institutions and others. It is likely that many of these will not be long term holders of Centro Retail Australia securities. There is a risk that short term selling pressure as the CNP Senior Lenders attempt to exit their investments will drive the Centro Retail Australia security price below its "natural" market price, notwithstanding that the security price is likely to be supported by new investors seeking exposure to Centro Retail Australia's property portfolio. The downward pressure would be exacerbated to the extent that DPF investors that are unable or unwilling to hold Centro Retail Australia securities choose to have their securities sold through the redemption process to be conducted by DPF.

These are essentially short term issues. It is reasonable to expect that over time the Centro Retail Australia securities register will stabilise and that Centro Retail Australia securities will trade in line with Centro Retail Australia's underlying fundamentals. However, for investors who have an urgent need for liquidity, the short term pressure on Centro Retail Australia's security price is likely to be a disadvantage.

Change in Investment Characteristics

CER's property interests consist of interests in, predominantly, regional and sub-regional shopping centres. Centro Retail Australia's direct property interests will continue to consist largely of exposures to regional and sub-regional shopping centres (albeit these will generally be 100% rather than 50% interests). However, Centro Retail Australia will also have a non-trivial exposure to convenience shopping centres, through its Syndicate holdings.

On one view, the increased weighting of convenience shopping centres in Centro Retail Australia's property interests represents a deterioration in the quality of securityholders' property exposure. On the other hand, the quality differential is reflected in differing yields and in the valuations on which the terms of the Aggregation are based. There is no reason to believe that convenience shopping centres should underperform relative to regionals or sub-regionals (on a risk adjusted basis).

Property and Funds Management Activities

CER external securityholders currently have a "pure play" property exposure. Centro Retail Australia, through its acquisition of the Syndicate Services Business, will have exposure to funds and property management activities. Centro Retail Australia will not offer pure passive property investment exposure and the inclusion of the funds and property management business will change its risk profile. The additional riskiness will be exacerbated by the uncertainty surrounding the prospects for re-building the Syndicate business. For some investors the change in their risk exposures may be a disadvantage.

But the inclusion of the Syndicate Services Business also offers a range of benefits. The Syndicates' property portfolio provides economies of scale for Centro Retail Australia's Services Business. These economies will benefit Centro Retail Australia's own property portfolio. The Syndicate Services Business provides Centro Retail Australia with growth options (through the opportunity to acquire properties when Syndicates terminate). While the business is not without risk, it provides a platform that gives Centro Retail Australia the opportunity to build a valuable Services Business, potentially offering high returns on capital.

In any event, the Syndicate Services Business is estimated to represent a relatively small investment for Centro Retail Australia. Any negative impact on Centro Retail Australia's risk profile is unlikely to be material.

Syndicate Interests

The Aggregation will result in the inclusion in Centro Retail Australia of the Centro Group's Syndicate interests. The Syndicate interests comprise unit holdings in 27 separate Syndicates, which in turn collectively have interests in 61 properties. Centro Retail Australia's Syndicate interests will have a total net asset value of approximately $553 million, out of net assets for Centro Retail Australia of around $3.3 billion.

From an investor perspective, inclusion of the Syndicate interests in Centro Retail Australia adds a layer of complexity that may diminish the investment appeal of Centro Retail Australia. In addition, the Syndicate interests will generate a lower income yield than Centro Retail Australia's direct property investments. While the underlying property yields for the Syndicate interests should overall be higher than for Centro Retail Australia's direct property holdings, the income yield on the Syndicate interests is expected to be lower than for Centro Retail Australia's direct property holdings, reflecting:

- the marginally greater administration costs related to the Syndicates (representing a difference of around 20 basis points in yield);
- the higher cost of debt generally incurred by Syndicates (although debt costs vary depending upon individual Syndicate's asset quality and financial position); and
- the requirement for some Syndicates to retain earnings to fund debt repayments or property refurbishments or developments.

To the extent that differences in yield reflect Syndicate cash retentions (rather than higher administration or debt costs), there is no adverse value impact on Centro Retail Australia, although reported earnings will be lower.

Of themselves, the Syndicate interests represent less attractive investments than Centro Retail Australia's direct property investments. However, holding these interests is an intrinsic part of operating a continuing Syndicate business, which in turn provides Centro Retail Australia with a range of growth options that would not otherwise be available to it.

CATS

Because the Aggregation involves the issue of CATS, securities in Centro Retail Australia can be expected to trade at lower prices than in the absence of CATS. As a result of the terms of the CATS, the Centro Retail Australia security price should trade on a basis that reflects both the market's assessment of the CER class action litigation risk and the potential dilutionary effect of the issue of new securities or payment of cash compensation under the CATS if any payments are made pursuant to the class actions. However, this should not disadvantage CER securityholders (notwithstanding that they will not receive CATS), because the lower market price should reflect the class action liability that CER securityholders would otherwise have to bear in full if the Aggregation did not proceed.

The security price of a hypothetical standalone CER and the security price of Centro Retail Australia would both be expected to reflect the market's judgement regarding the (uncertain) potential class action liability for CER. However, it is probably the case that the additional complexity of the CATS will make it more difficult to precisely price the CATS for the class action liability, at least for less sophisticated investors (while acknowledging that the market's pricing of this litigation risk will in any event be subject to considerable uncertainty). On this basis there is a risk that the CATS structure will be a disincentive to investment in Centro Retail Australia, although it is not possible to quantify the possible negative effect on the price at which Centro Retail Australia securities might trade.

At the election of Centro Retail Australia, the compensation under the CATS can be achieved by cash settlement rather than the issue of additional securities. To the extent that any cash settlement results in the gearing of Centro Retail Australia increasing beyond an optimal gearing structure, such a cash settlement would increase the financial riskiness and potentially reduce the value of securities in Centro Retail Australia.

Taxation Consequences

As part of the transaction process by which CER external securityholders will receive stapled Centro Retail Australia securities, there will be a return of capital on CER securities, with the proceeds used to subscribe for CAWF and DPFS securities that will then be stapled to the CER securities. (CER external securityholders will not receive any cash under the return of capital.). The result will be that CER external securityholders will be deemed to receive a return of capital of $0.18 per CER security. The return of capital will be a capital gains tax event. CER external securityholders who acquired their securities at prices lower than $0.18 will realise a taxable capital gain based on the difference between $0.18 and their acquisition cost. The number of CER external securityholders subject to this gain is unknown. However, CER securities traded below $0.18 generally between September 2008 and November 2010.

Any CGT payable is not an absolute loss of value because it is essentially a prepayment of CGT that would become payable on any future divestment of the securities, and securityholders' cost base will be reset at $0.18. Nonetheless, any CGT impost will have a real economic cost for the relevant CER external securityholders.

There are a number of other tax consequences arising from the Aggregation which could be disadvantageous to some CER external securityholders. In particular the components of any distributions (including dividends) from Centro Retail Australia may be different to those that would have been received from CER.

The taxation consequences of the Aggregation are more fully set out in section 13 of the Disclosure Document. Securityholders should refer to the taxation report prepared by KPMG for a more detailed analysis of the taxation consequences of the Aggregation and should in any event consult with their personal taxation adviser as the tax consequences may be complex.

Transaction Costs

The transaction costs for the Aggregation are expected to total approximately $107 million, which will be shared by CNP, CER, CAWF, DPF and Centro Retail Australia. These costs represent less than 3.2% of the combined net assets of Centro Retail Australia.

Approximately $21 million of the transaction costs will have been incurred prior to the securityholder meetings and will be payable irrespective of whether Aggregation proceeds. Of the balance, a large component relates to stamp duty incurred on the transaction and establishment fees in relation to Centro Retail Australia's new debt facilities. If the Aggregation is implemented, the incremental costs that will be shared by CNP, CER, CAWF and DPF will be approximately $86 million.

Forced Cash Sale for Foreign Securityholders

Stapled securities are not being issued to registered foreign securityholders other than those resident in New Zealand. A Sale Facility has been established to enable registered foreign securityholders to receive a cash amount instead of stapled securities. Under the Sale Facility, CER securities held by registered foreign securityholders will be sold on their behalf and the cash proceeds distributed to them.

The Sale Facility may be disadvantageous to registered foreign securityholders as:

- they will have no say in the timing of the sale of the Centro Retail Australia securities that they are entitled to. The time that the sales agent sells the Centro Retail Australia securities may not be the best time to sell for individual foreign securityholders; and
- they will not be able to retain an exposure to the Centro Retail Australia unless they purchase stapled securities in Centro Retail Australia after the Aggregation is implemented.

However, the level of registered foreign securityholders in each of the entities is relatively small (estimated at less than 1%). There are other foreign securityholdings held through nominee companies but these are not required to participate in the Sale Facility.

Conclusion

In Grant Samuel's view the costs and disadvantages of the Aggregation are not material by comparison with the benefits. However, assessment of the Aggregation does not require a weighing of the benefits against the costs and disadvantages. Rather, it requires a judgement as to whether the Aggregation is likely to deliver more value to CER external securityholders than any of the feasible alternatives. In the context that the status quo is not an option, the fundamental benefit of the Aggregation is that it avoids the risks, costs and uncertainties of the alternatives, none of which is attractive. In Grant Samuel's view CER external securityholders will clearly be better off if the Aggregation is implemented than if it is not.

11.12 Securityholder Decision

The decision of each securityholder as to whether to vote in favour of the Aggregation is a matter for individual securityholders based on each securityholder's views as to value and future market conditions, expectation as to returns from their current investment, risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary between securityholders. If in any doubt, securityholders should consult an independent professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in CER or Centro Retail Australia. This is an investment decision upon which Grant Samuel does not offer an opinion and is independent of a decision on whether to vote for or against the Aggregation. Securityholders should consult their own professional adviser in this regard.

12 Qualifications, Declarations and Consents

12.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally), property advisory services, manages specialist funds and provides marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 459 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Cooper BCom (Hons) ACA(SA) ACMA, and Sarah Morgan BE (Hons) MBA. Each has a significant number of years of experience in relevant corporate advisory matters. Matt Leroux M.Aero.E MBA, Sophie Whitlam BCom BSc and Aditya Chibber BCom (Hons) assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

12.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Aggregation is in the best interests of CER external securityholders and whether the Asset Acquisition is fair and reasonable to CER external securityholders. Grant Samuel expressly disclaims any liability to any CER securityholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by CER and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

12.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with CER or other entities in the Centro Group or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Aggregation.

Grant Samuel has also been appointed by other entities within the Centro Group to prepare independent expert's reports in relation to the Aggregation. Grant Samuel has been engaged by:

- the directors of CNP to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CNP securityholders ("CNP Report"). The CNP Report is to be included in the explanatory memorandum to be sent to CNP securityholders;

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- the directors of DPF to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of DPF unitholders ("DPF Report"). The DPF Report is for the sole use of the directors of the responsible entity of DPF and is not intended to be distributed to DPF unitholders; and
- the directors of CAWF to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CAWF unitholders ("CAWF Report"). The CAWF Report is for the sole use of the directors of the responsible entity of CAWF but may be distributed to CAWF unitholders.

Grant Samuel commenced analysis for the purposes of this report in March 2011, prior to the announcement of the Aggregation. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Aggregation.

Grant Samuel had no part in the formulation of the Aggregation. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $700,000 for the preparation of this report. This fee is not contingent on the outcome of the Aggregation. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

12.4 Declarations

CER has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. CER has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by CER are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to CER and its advisers. Advance drafts of certain sections of this report were also provided to CNP, CAWF and DPF and their advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

12.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to securityholders of CER. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

12.6 Other

The accompanying letter dated 29 September 2011 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
29 September 2011

Grant Samuel & Associates

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Appendix 1 – Syndicate Overview

Syndicates as at 30 June 2011

Syndicate	Ownership Interest[1]			Investments[2]	Value[3] $m	Cap Rate %	Gearing[4]	Debt Expiry	Net Assets ($ millions)		Strategy	Timing
	CNP	DPF	External						CNP	DPF		
CMCS 3	0.7%	49.3%	-	Nepean	102.0	7.50%	38.9%	15 Dec 11	0.4	30.1	Aggregate[5]	Aggregation
CMCS 4	1.7%	34.5%	63.8%	Seven Hills	91.5	8.25%	67.9%	15 Dec 11	0.6	11.2	Wind up	Dec 2012
				CSIF–A (13.8%)	-	-						
CMCS 5	1.2%	23.3%	75.5%	Belmont Shopping Village	38.0	7.75%	42.2%	15 Dec 11	0.8	15.5	Roll over	Dec 2011
				Launceston[6]	29.6	9.00%						
				Kurralta	30.2	7.50%						
				New Town[7]	23.2	9.00						
CMCS 6	0.8%	15.7%	83.6%	Brandon Park	110.0	7.75%	41.5%	15 Dec 11	0.5	9.8	Roll over	Oct 2011
CMCS 8	0.4%	8.4%	91.2%	Northgate	46.5	8.25%	35.6%	15 Dec 11	0.2	3.1	Wind up	Dec 2011
				Albany	40.5	8.25%						
CMCS 9	0.5%	10.2%	89.3%	Hollywood	77.0	8.75%	62.4%	15 Dec 11	0.4	7.1	Roll over	Aug 2012
				Gympie	61.5	7.75%						
				Dianella	58.5	8.50%						
CMCS 10	1.2%	24.3%	74.5%	Lennox	48.5	7.75%	51.7%	21 Dec 11	0.3	7.0	Roll over	Jun 2013
				Maitland Hunter Mall	12.0	9.75%						
CMCS 11	0.3%	6.3%	93.4%	Surfers Paradise	183.0	8.62%	37.7%	15 Dec 11	0.3	6.9	Roll over	Dec 2011
CMCS 12	16.6%	23.0%	60.4%	Oakleigh	41.5	8.50%	8.5%	15 Dec 11	4.2	5.9	Roll over	Jun 2011
				Glenorchy	19.0	8.75%						
CMCS 14	1.7%	30.7%	67.8%	Stirlings	28.1	8.50%	31.1%	30 Sep 11	0.6	11.5	Roll over	Sep 2014
				Kalamunda	22.6	8.75%						
				Chapman Way Arcade	1.6	n.a.						
				CSIF-A (3.9%)	-	-						
CMCS 15	1.2%	24.1%	74.7%	Meadow Mews	37.0	8.25%	10.3%	7 Oct 11	0.4	7.6	Roll over	May 2012

1 CMCS 3 is 50% owned by CSIF-A. All other Syndicates have direct external investors.
2 Represents 100% interest unless otherwise indicated.
3 On 100% basis and as at 30 June 2011.
4 Gearing ratio represents net debt divided by net debt plus equity.
5 Centro Retail Australia to acquire units in the Syndicate.
6 Sold 31 August 2011. Value reflects sale price.
7 Sold in July 2011. Value reflects sale price.

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Syndicates as at 30 June 2011

Syndicate	Ownership Interest[1]			Investments[2]	Value[3] $m	Cap Rate %	Gearing[4]	Debt Expiry	Net Assets ($ millions)		Strategy	Timing
	CNP	DPF	External						CNP	DPF		
CMCS 16	1.5%	28.2%	70.3%	Toormina	63.5	8.50%	87.3%	15 Dec 11	0.1	2.2	Wind up	Jan 2013
CMCS 17	0.5%	9.7%	89.8%	Wallaby Hotel[8]	6.5	9.50%	18.7%	27 Dec 11	0.3	6.3	Wind up	Apr 2012
				Townsville	35.5	8.38%						
				Newcomb	26.6	8.00%						
				Albion Park	15.2	8.63%						
CMCS 18	1.2%	22.9%	75.9%	Gateway Shopping Village	26.5	8.50%	17.2%	16 Dec 11	0.4	8.2	Roll over	Mar 2012
				Hilton	18.2	7.25%						
CMCS 19 NZ/I	1.7%	33.1%	65.1%	Warners Bay (30%)	23.5	8.25%	(0.9)%	15 Dec 11	0.2	3.9	Wind up	Jun 2012
				Gladstone (30%)	16.6	8.75%						
CMCS 19 UT	0.6%	12.4%	86.9%	Melville Plaza	24.3	8.25%	32.0%	15 Dec 11	0.4	8.0	Roll over	Feb 2012
				Kiama	24.2	8.00%						
				Altone Park	15.7	9.25%						
				Deniliquin Plaza	8.0	9.00%						
				Warners Bay (70%)	23.5	8.25%						
				Gladstone (70%)	16.6	8.75%						
CMCS 20	0.8%	15.4%	83.8%	Porirua MegaCentre	24.2	9.00%	47.4%	15 Dec 11	0.2	3.3	Roll over	May 2013
				Kelston Shopping Centre	17.6	8.50%						
CMCS 21	2.4%	55.9%	41.7%	Roselands (50%)	325.9	7.0%	48.5%	15 Dec 11	2.0	45.0	Aggregate[9]	Jul 2012
CMCS 22	1.6%	32.8%	65.4%	Kidman Park	39.0	10.25%	38.6%	21 Dec 11	0.4	7.4	Wind up	Jan 2013
CMCS 23	2.1%	38.8%	59.1%	Dubbo	37.0	8.25%	58.2%	21 Dec 11	0.3	5.7	Wind up	Jul 2012
CMCS 25	18.8%	49.8%	31.4%	Raymond Terrace	27.0	9.00%	49.1%	21 Dec 11	11.9	31.7	Roll over	Jun 2014
				Oxenford	21.6	8.00%						
				Karratha (50%)	94.0	7.75%						
				Emerald Village (50%)	25.3	8.75%						
				Emerald Market (50%)	15.0	8.50%						
				CSIF-A (11.0%)	-	-						
CMCS 26	53.9%	32.4%	13.7%	Maddington (76%)	91.0	8.50%	40.5%	21 Dec 11	43.0	25.8	Roll over	Jul 2015
				Indooroopilly	44.2	8.75%						
				Woolworths Tweed Heads	14.5	7.0%						
CMCS 27	4.0%	57.9%	38.1%	Sunshine Marketplace	89.0	8.00%	61.4%	15 Dec 13	1.4	19.9	Roll over	Apr 2013
CMCS 28	1.5%	48.5%	49.0%	Bankstown (50%)	555.0	6.75%	68.5%	15 Dec 11	1.4	27.5	Aggregate	Jul 2012
				City Central Perth (50%)	56.7	8.50%						

8 Sold in July 2011. Value reflects sale price.
9 Centro Retail Australia to acquire units in Syndicate.

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Syndicates as at 30 June 2011

Syndicate	Ownership Interest[1]			Investments[2]	Value[3] $m	Cap Rate %	Gearing[4]	Debt Expiry	Net Assets ($ millions)		Strategy	Timing
	CNP	DPF	External						CNP	DPF		
CMCS 30	40.2%	16.9%	42.9%	Woodlands	15.6	8.50%	56.8%	30 Apr 2012	2.7	1.1	Wind up	Jul 2012
CMCS 33	2.4%	44.0%	53.7%	Keilor	69.3	8.25%	59.9%	15 Dec 11	1.7	32.1	Roll over	Jul 2012
				Burnie	18.0	9.75%						
				Flinders	18.0	8.25%						
				Milton	17.0	8.00%						
				Arndale (50%)	48.5	8.50%						
				Lutwyche (50%)	60.0	7.75%						
CMCS 34	1.7%	47.1%	51.2%	Pinelands	28.1	8.50%	67.1%	21 Dec 11	0.7	18.4	Roll over	Jul 2012
				Port Pirie	23.7	8.75%						
				Woodcroft	21.6	8.25%						
				Lismore Central	15.9	9.50%						
				Morewell	9.5	9.25%						
				Emerald Village (50%)	25.3	8.75%						
				Emerald Market (50%)	15.0	8.50%						
CMCS 37	5.1%	50.9%	44.0%	Albury	54.4	8.00%	64.4%	21 Dec 11	2.4	24.3	Roll over	May 2013
				Newton	32.6	7.75%						
				Gladstone Home	26.2	8.50%						
				Whites Hill[10]	15.8	7.75%						
				Monier Village	12.8	8.00%						
Total									**78.2**	**386.5**		
Other	5.0%	95.0%	-	CMCS 28 Equity Notes					2.0	38.0		
Total									**80.2**	**424.5**		

Note: Interests in CMCS 33, CMCS 34 and CMCS 37 include share of equity notes.

[10] To be sold on 2 September 2011.

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CSIF-A as at 30 June 2011

Syndicate	Ownership Interest	Investments	Value[11] $m	Cap Rate %	Gearing	Debt Expiry	Net Assets ($millions)	Strategy	Timing
CSIF-A	CMCS 4 (13.8%)	Armidale (50%)	19.5	8.50%	72.3%	15 Dec 11	78.3	Aggregate	Aggregation
	CMCS 14 (3.9%)	Birallee (50%)[12]	11.6	9.50%					
	CMCS 25 (11.0%)	Buranda (50%)	17.0	7.75%					
	CNP (71.3%)	Lansell (50%)	17.0	9.00%					
		Westside (50%)	17.3	9.50%					
		Wodonga (50%)	20.8	9.00%					
		City Central Perth (50%)	28.4	8.50%					
		Lutwyche (50%)	30.0	7.75%					
		North Shore	17.5	7.75%					
		Victoria Park	22.8	8.00%					
		Warrnambool	11.5	8.75%					
		Goldfields Plaza Shopping Centre	19.3	9.25%					
		Katherine Oasis Shopping Centre	24.6	9.00%					
		CMCS 3 (50%)	-	-					

[11] On 100% basis and as at 30 June 2011.

[12] Sold in July 2011. Value reflects sale price.

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Appendix 2

Market Evidence – Comparable Transactions

In assessing the value of a business regard is typically had to market evidence (both trading and transaction multiples). The Services Business is engaged in property funds management, property management and (to a lesser extent) management of development activities for the property funds in the Centro Group. Consequently, in reviewing the market evidence Grant Samuel has had regard to businesses primarily engaged in the management of property funds and real estate assets.

There are few listed managers of property funds and real estate assets in Australia and those that exist are not particularly comparable to the Services Business. Charter Hall Group Limited has substantial activities outside property fund and real estate asset management (i.e. property investment and development activities) and APN Property Group Limited is experiencing financial distress. Consequently, Grant Samuel has focused on transaction evidence rather than valuation evidence from sharemarket trading.

There has been considerable transaction activity in Australia involving the acquisition of real estate asset and property management rights in recent years. Such transactions provide evidence of prices that acquirers are willing to pay for real estate asset and property management rights. However, the impact of the global economic downturn (which commenced in mid 2007) is important to consider when reviewing recent transaction activity.

Prior to 2007, there was significant consolidation in the listed property trust sector in Australia the rationale for which was to access the benefits of size and scale (e.g. increased liquidity, greater diversification and a lower cost of capital). During this period, the availability of funds for growth increased the number of listed property groups (including investment, development and funds management activities) and, due to the limitations of the relatively small Australian market, resulted in a focus on the development of Australian domiciled investment funds holding international real estate assets or on funds managers establishing and managing investment funds listed in overseas jurisdictions. This period witnessed a significant level of corporate activity and transaction multiples were relatively high. In particular, transactions involving entities with active property development or syndication activities (e.g. Macquarie Goodman and Westfield) were undertaken at higher earnings multiples and higher percentages of funds under management ("FUM") than transactions relating to management rights associated with more passive real estate asset management and property fund management services.

The global economic downturn has had a significant impact on the property management sector. The decrease in the availability of finance and reductions in property prices has resulted in substantial financial distress in the sector. Consequently, recent transactions have generally been undertaken at lower earnings multiples and percentages of FUM.

A selection of relevant transactions since 2005 involving real estate asset and property management rights in Australia for which financial information is available is set out below:

Recent Transaction Evidence

Date	Target	Transaction	Consideration[1] ($millions)	FUM[2] ($millions)	Consideration /FUM (%)	Revenue Multiple[3] (times) historical	EBIT Multiple[4] (times) historical	EBIT Multiple[4] (times) forecast
Apr 2011 (pending)	European funds management business of Valad Property Group	Acquisition by Blackstone Real Estate Advisors	24.9	3,800	1.0%	na[5]	5.5	na
Oct 2010	Becton Investment Management Limited	Acquisition by 360 Capital Group (prior to May 2011 restructuring proposal)	6.0[6]	900	0.7%	0.5	0.6	na

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1 Implied value if 100% of company or business had been acquired.

2 FUM = assets under management.

3 Represents gross consideration divided by revenue. The gross consideration is the sum of the equity and/or cash consideration plus borrowings net of cash.

4 Represents gross consideration divided by EBIT. EBIT is earnings before interest, tax, investment income and significant items. However, in some transactions only EBITDA (i.e. earnings before interest, tax, depreciation, amortisation, investment income and significant items) is available. As property and funds management businesses are not typically capital intensive in some instances EBIT multiples have been calculated by reference to EBITDA.

5 na = not available.

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Recent Transaction Evidence

Date	Target	Transaction	Consideration[1] ($millions)	FUM[2] ($millions)	Consideration /FUM (%)	Revenue Multiple[3] (times) historical	EBIT Multiple[4] (times) historical	EBIT Multiple[4] (times) forecast
May 2010	Trinity Funds Management Limited	Acquisition of 50% by Clarence Property Corp, Limited	10.0	700	1.4%	1.7	4.6	na
Apr 2010	Management rights for Westpac Office Trust	Acquisition by Mirvac Group	15.0	1,154	1.3%	3.4	na	na
Apr 2010	Macquarie DDR Management LLC	Acquisition of 50% by EPN GP, LLC as part of recapitalisation	6.9	1,629	0.4%	1.4[7]	na	na
Feb 2010	Real estate management platform for Macquarie Group	Acquisition by Charter Hall Group	108.0	7,186	1.5%	1.8	4.3	7.7
Jun 2009	Macquarie Leisure Management Limited	Acquisition by a subsidiary of Macquarie Leisure Trust	17.0	843	2.0%	5.4	8.8	na
May 2009	Management rights for Orchard Industrial Property Fund	Acquisition of 50.1% by Growthpoint Properties Limited as part of recapitalisation	6.2	750	0.8%	4.4[8]	na	5.2[9]
Apr 2009	Fund management and asset management rights for Babcock & Brown Japan Property Trust	Acquisition by Babcock & Brown Japan Property Trust	22.1	2,300	1.0%	2.4	na	na
Oct 2008	Management rights for Babcock & Brown Communities Group	Acquisition by Lend Lease Corporation as part of a recapitalisation	17.5	1,414	1.2%	5.78	na	na
May 2008	GEO Management Limited	Acquisition by GEO Property Trust	2.5	810	0.3%	0.5	0.7	na
Feb 2008	DB RREEF Holdings Pty Limited	Acquisition of remaining 50% interest by DB RREEF Trust	260.0	15,200	1.7%	3.4	7.7	10.5
Dec 2007	Funds management business of Lachlan Property Group	Acquisition by Becton Property Group	42.4	450	9.4%	7.1	11.0	na
Oct 2007	Rubicon Holdings (Aust) Limited[10]	Acquisition by Allco Finance Group Limited of remaining 79.6% interest	320.2-335.2	5,253	6.0-6.5%	4.9-5.2	7.2-7.6	na
Sep 2007	Resolution Capital Ltd	Acquisition of 40% by Pinnacle Investment Management Ltd	47.0	2,900	1.6%	na	na	na
Jun 2007	Multiplex Capital's funds management business	Takeover of Multiplex Group by Brookfield Asset Management Inc	375.0	5,800	6.5%	5.9	7.0	15.4
Jun 2007	Multiplex Capital's property management business	Takeover of Multiplex Group by Brookfield Asset Management Inc	60.0	na	na	1.3	10.7	11.1
Jun 2007	Halverton Real Estate Investment Management Limited[11]	Acquisition of 75% by GPT Group	125.3	2,200	5.7%	na	na	na
Apr 2007	Macquarie ProLogis Management	Acquisition of 50% by ProLogis	52.8	2,133	2.5%	5.5	na	na

6 Consideration is sourced from the independent expert report for the May 2011 Becton Property Group Limited restructuring proposal and independent expert report for the Valad Property Group transaction. Consideration included an upfront cash payment of $2.0 million and Becton was entitled to 30% of accrued management fees at settlement date, collected over a three year period and 30% of exit fees over the next three years.

7 Forecast multiple (historical fee revenue for Macquarie DDR Management LLC is not publicly disclosed).

8 A portion of the management fee was waived in the historical period resulting in a high revenue multiple.

9 Forecast EBIT is sourced from the independent expert report prepared for the Orchard Industrial Property Fund transaction and based on forecast management fee savings (i.e. does not appear to include expenses). Consequently, the EBIT multiple may be overstated.

10 Multiples calculated by reference to the independent expert's assessment of base consideration (cash and shares) without upside option exercised. Revenue, EBITDA and EBIT multiples calculated based on 2006-07 proforma normalised figures.

11 Halverton is a European based fund and asset manager of European real estate. Following this acquisition GPT Group owned 100%.

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Recent Transaction Evidence								
Date	Target	Transaction	Consideration[1] ($millions)	FUM[2] ($millions)	Consideration /FUM (%)	Revenue Multiple[3] (times) historical	EBIT Multiple[4] (times) historical	EBIT Multiple[4] (times) forecast
Jul 2006	Century Funds Management Limited	Acquisition by Over Fifty Group Limited	41.9	440	9.3%	4.5	9.4	na
Oct 2005	40% of Colonial First State Property Retail Trust Limited and 60% of Gandel Retail Management Trust Limited	Acquisition by Commonwealth Bank of Australia	735.0[12]	8,000	9.2%	na	na	na
Sep 2005	Perpetual James Fielding Limited	Acquisition of 50% by Perpetual Limited	7.8	464	1.7%	na	na	na
May 2005	Charter Hall Holdings Pty Limited	Acquisition on formation of Charter Hall Group prior to initial public offering	52.0	1,100	4.7%	5.4	na	na

Source: Grant Samuel analysis[13]

When considering these multiples it is important to have regard to:

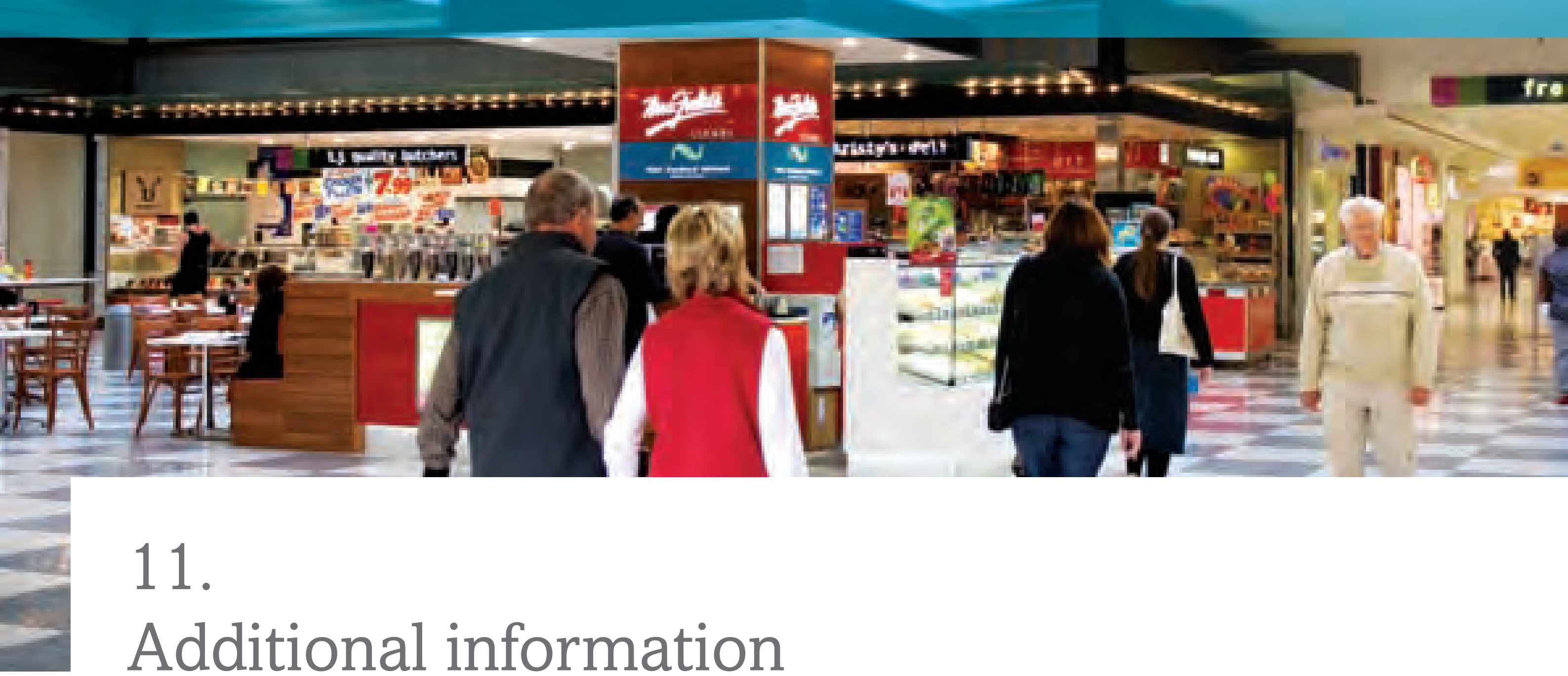
- the financial information in a number of transactions is limited and does not allow detailed analysis to be undertaken. Often the only data available is the price and the value of assets under management – consequently the only valuation parameter able to be calculated is the percentage of assets under management. As a valuation methodology this rule of thumb is unsatisfactory as it generally fails to take account of the substantial differences in profitability that managers enjoy depending on the type of assets managed (e.g. wholesale, retail), the form of management activity (e.g. whether it includes both asset management and property management, development activities and syndication all of which impact staff level, revenue levels and costs), scale and the degree of tenure involved in the provision of asset management services. The better parameter for valuation purposes for these businesses is the implied multiple of EBIT;
- multiples for transactions occurring after December 2007 are substantially lower than those which occurred in the preceding three years:
  - the percentage of FUM is below 2.0% (compared with 2.0-9.0%);
  - revenue multiples are in the range 0.5-5.5 times (compared with 4.5-7.0 times); and
  - EBIT multiples are in the range 0.5-9.0 times (compared with 7.0-11.0 times);

  This decrease reflects both the impact of the global economic downturn and the nature of the transactions that have occurred since 2007;
- the transactions that reflect distressed situations include:
  - those that occurred as part of (or immediately prior to) recapitalisations or restructurings (e.g. Becton Investment Management Limited, Macquarie DDR Management LLC, Orchard Industrial Property Fund and Babcock & Brown Communities Group);
  - the Trinity Funds Management Limited transaction occurred as part of substantial asset sales to reduce debt;
  - the internalisation of management for the purpose of separating from financially distressed entities (e.g. Babcock & Brown Japan Property Trust's acquisition of its management rights from Babcock & Brown International Pty Limited and GEO Property Trust's acquisition of its management rights from MFS Group Limited); and
  - the sale of managers of distressed U.S. or European assets (e.g. Macquarie DDR Management LLC and sale of the European funds management business for Valad Property Group); and

12 Estimated by Grant Samuel based on total consideration paid by Commonwealth Bank of Australia of $367 million.

13 Grant Samuel analysis based on data obtained from IRESS, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

- the multiples for transactions which have occurred after December 2007 and do not reflect distressed situations are in the range 1.5-2.0% of FUM, 2.5-5.0 times revenue and 5.0-9.0 times historical EBIT. These transactions include the acquisition of management rights for Westpac Office Trust, the acquisition of the remaining 50% of DB RREEF Holdings Pty Limited and transactions which occurred as part of Macquarie Group's strategy of separating its business from satellite funds (i.e. real estate management platform of Macquarie Group, Macquarie Leisure Management Limited). However, a number of these transactions involve entities with only property funds management activities (e.g. Westpac Office Trust and Macquarie Leisure Management Limited). Prices paid for property funds management activities only are likely to be lower (and therefore represent a lower percentage of FUM) than for the management of both property funds and real estate assets. Information is not usually available to allow the consideration to be allocated between the activities undertaken.



11. Additional information

11.1 Summary of Implementation Agreement

The Implementation Agreement sets out the process, structure and conditions in relation to what is described in this Explanatory Memorandum as "Aggregation", which is summarised in Section 3.2 of this Explanatory Memorandum. For background to the Implementation Agreement see Section 8.1.

Under the Implementation Agreement:

- Aggregation is subject to CER Securityholder approval of the CER Aggregation Resolutions, the approval by the Court of the CRL Members' Scheme and the satisfaction or waiver of the numerous Conditions Precedent and approvals outlined in Sections 8.3 and 8.8. In addition to a failure of a Condition Precedent (and even if the Conditions Precedent are met but Aggregation Implementation has not yet occurred), the Aggregation process may be terminated for the reasons summarised in Section 8.5;
- the Aggregation Implementation Date may be extended, and a summary of this extension is outlined in Sections 3.6 and 8.4 of this Explanatory Memorandum; and
- costs and expenses incurred by CER and other parties are to be dealt with as summarised in Section 11.16 of this Explanatory Memorandum.

11.2 Summary of other relevant agreements that are conditional upon (or directly or indirectly depend on) CER Securityholders' approval

11.2.1 Resources and Services Deed (RSD)

- **Overview of RSD**

  CER and others (**Recipients**) will enter into the RSD with members of the CNP Group. The RSD will formalise existing arrangements between the Recipients and the Services Business entities regarding the provision by CNP Group's Services Business of funds management, resources and services to the Recipients.

  CNP is obliged to provide (or procure the provision of) adequate resources and services to each Recipient's corporate group to enable the Recipient to:

  - efficiently administer, manage and operate any trusts in respect of which the Recipient is the trustee or RE and to provide the financial services covered by the Recipient's Australian Financial Services Licence; and
  - otherwise enable the Recipient's corporate group to comply with all applicable laws, policies, procedures and constituent documents.

  The resources and services include facilities, financial, technological and human resources, but do not include services currently provided under the property management agreements by members of the CNP Group.

Where the resources and services are currently provided to a Recipient's corporate group, CNP is obliged to provide them at a minimum to the same standard, quality and levels as they are provided immediately prior to the execution of the RSD. CNP is responsible, at its cost, for obtaining all necessary third party consents to permit it and the Services Business entities to provide, and the relevant Recipient's corporate group to receive, the benefit of the services. If a third party consent cannot be obtained or subsequently ceases to be in force, then CNP must reimburse the relevant Recipient any additional costs the Recipient incurs in engaging a third party to perform the services or performing the services itself.

- **Term and Termination Rights**

  The RSD does not have a specified term. If Aggregation does not occur, the RSD will continue on its terms until it is terminated:

  - on 180 days notice;
  - for material unremedied breaches; or
  - upon the insolvency of a quarantined supplier, but will not terminate in the event of an insolvency of CPL or Centro (CPL) Limited.

  The Senior Lenders have agreed to use their commercial best endeavours to direct the CNP administrator to perform the RSD.

  If Aggregation does occur (and the Services Business is sold by CNP to Centro Retail Australia), the RSD automatically terminates. The RSD also terminates automatically with respect to a trust, if and when the trustee or the RE of that trust ceases to be a member of the Recipient's corporate group.

- **Fees**

  Each Recipient will each pay to CNP the RE management fee paid or payable to the Recipient.

11.2.2 CNP Asset Sale Agreements

CNP, the parties to the Aggregation and certain controlled entities of each of CNP and the parties to the Aggregation will enter into the CNP Asset Sale Agreements. The CNP Asset Sale Agreements set out the terms on which CNP has agreed, (assuming Aggregation proceeds and subject to certain conditions), to sell substantially all of its Australian assets to Centro Retail Australia. Completion of the sale under the CNP Asset Sale Agreements will occur on Aggregation Implementation. The **CNP Asset Sale Agreements** comprise:

- the CNP Asset Sale Agreement – Services Business
- the CNP Asset Sale Agreement – CPT Assets; and
- the CSIF Syndicate Interests Sale Agreement.

The parties have the right to terminate the CNP Asset Sale Agreements if the conditions precedent are not satisfied or waived, Aggregation Implementation has not occurred by the End Date, the Aggregation process is terminated in accordance with the Implementation Agreement or the Implementation Agreement is terminated.

Further information in relation to each of the CNP Asset Sale Agreements is set out below.

CNP Asset Sale Agreement – Services Business

The CNP Asset Sales Agreement – Services Business provides for the transfer of interests in certain entities and assets by CPL, CPT RE and certain of their controlled entities (**Services Business Sellers**) to CRL and certain of its Controlled Entities (**Services Business Purchasers**).

- **Sale assets and liabilities**

  The entities and assets transferred under the CNP Asset Sales Agreement – Services Business (**Services Business Assets**) collectively comprise the Services Business as carried on by the Services Business Sellers prior to Implementation. The acquisition of the Services Business will give Centro Retail Australia its own internalised management structure and a funds and property management business which provides services to third parties.

  The assets acquired by the Services Business Purchasers under the CNP Asset Sales Agreement – Services Business include:

  - shares in the companies which carry on the funds and property management activities of the Services Business;
  - the entity which employs the employees who carry on the Services Business;
  - all contracts, business records, intellectual property rights, receivables and goodwill relating to the Services Business;
  - all other tangible and intangible assets used in carrying on the Services Business (other than certain cash amounts); and
  - related party loans provided by CPL to CNP Managed Funds (**CPL Related Party Loans**),
  - together comprising the "**Sale Property**".

  The Services Business Purchasers also assume certain liabilities under the CNP Asset Sales Agreement – Services Business, such as liability for employee entitlements and liability for trade creditors of the Services Business.

- **Conditions precedent to completion**

  Completion under the CNP Asset Sales Agreement – Services Business is subject to the satisfaction or waiver of a number of conditions including:

  - the CNP Securityholders approving the CNP Securityholder Asset Sale Resolution or ASX waiving the requirement for approval (provided that in the case of a Failed CNP Junior Stakeholder Vote, this condition can be waived by the Services Business Sellers or an Insolvency Administrator appointed to CNP and the consent of the Services Business Purchasers is not required);
  - the CER Securityholders approving the CER Securityholder Asset Acquisition Resolution;
  - the release of certain intra-group guarantees;
  - the title warranties given by the Services Business Sellers in respect of the Services Business Assets being true and correct in all material respects; and
  - all other warranties given by the Services Business Sellers in respect of the Services Business assets being true and correct in all material respects (unless any failure of such warranties to be true and correct has not had, and is not likely to have, a "Material Adverse Effect" on the ability of the Services Business Purchasers to conduct the Services Business (as a whole) following Aggregation Implementation in any material respect in a manner and to a standard comparable to the manner in which, and the standard to which, the Services Business was conducted prior to Aggregation Implementation).

- **Purchase price**

  The purchase price under the CNP Asset Sales Agreement – Services Business comprises:

  - an amount of approximately $200 million reflecting the discounted forecast cash flow based valuation of the CNP Services Business as at 31 December 2010;
  - an amount of approximately $40 million (reflecting non-recurring fee receivables attributable to the CNP Services Business as at 30 June 2011); and
  - an amount representing the value of the CPL Related Party Loans based on 30 June 2011 statutory valuations.

The purchase price is subject to adjustments to reflect events between the relevant valuation date and Aggregation Implementation, and certain payments between the Services Business Sellers and the Services Business Purchasers following Aggregation Implementation.

In the event of a CNP Junior Stakeholder Failure, the following additional purchase price adjustments apply:

- if at Implementation the responsible entity of any Syndicate is not a Controlled Entity of CNP, then the purchase price will be reduced by an amount equal to 4.4% of the estimated funds under management for the relevant Syndicate as at Aggregation Implementation (**Syndicate Consideration**); or
- if at Aggregation Implementation the responsible entity of any Syndicate is not an entity which is being transferred to the Services Business Purchasers under the CNP Asset Sales Agreement – Services Business, then the purchase price will be reduced by the Syndicate Consideration (**Deferred Syndicate Consideration**), provided that if, within six months of Aggregation Implementation (or such later date as is agreed by the parties), an entity owned by Centro Retail Australia becomes the responsible entity of the relevant Syndicate, then an amount equal to the Deferred Syndicate Consideration will become payable.

- **Payment of purchase price**

  The purchase price (including any amount of Deferred Syndicate Consideration) will be satisfied by CER endorsing promissory notes for an amount equal to the adjusted purchase price in favour of CNP. The promissory notes will be used by CNP to subscribe for New Stapled Securities.

- **Warranties**

  The Services Business Sellers give warranties in relation to the property transferred under the CNP Asset Sales Agreement – Services Business, the content of which are standard for an agreement of this nature.

  However, all warranties other than title warranties terminate on completion, the effect of which is that the only recourse of the Services Business Purchasers for a breach of warranty is to elect not to complete.

- **Other matters**

  The Services Business Sellers are required to use their best endeavours to change the names of CPL and CPT to names that do not include the word "Centro" within six months of Aggregation Implementation.

  The costs and expenses associated with the CNP Asset Sales Agreement – Services Business (including any Stamp Duty payable) are borne by the parties in accordance with the Implementation Agreement.

  The CNP Asset Sales Agreement – Services Business also contains standard provisions in relation to matters including the obligations of the Services Business Sellers prior to Aggregation Implementation, confidentiality and public announcements.

CNP Asset Sale Agreement – CPT Assets

The CNP Asset Sale Agreement – CPT Assets provides for the transfer by CPL, CPT RE and certain of their Controlled Entities to CRL, CPT RE and certain of their Controlled Entities of certain assets of CNP including:

- ownership interests in certain CNP managed funds and Syndicates;
- direct freehold property interests;
- related party loans provided by CPT to certain Centro Managed Funds (**CPT Related Party Loans**) as at Aggregation Implementation; and
- interest rate swap agreements between CPT RE and certain Centro Managed Funds as at Implementation

  together comprising the "**CPT Sale Property**".

The purchasers under the CNP Asset Sale Agreement – CPT Assets also assume certain liabilities, such as liabilities relating to the freehold property interests transferred.

- **Conditions precedent to completion**

  Completion under the CNP Asset Sale Agreement – CPT Assets is subject to the satisfaction or waiver of a number of conditions including:

  - the CNP Securityholders approving the CNP Securityholder Asset Sale Resolution or ASX waiving the requirement for approval (provided that in the case of a Failed CNP Junior Stakeholder Vote, this condition can be waived by the Services Business Sellers or the CNP Insolvency Administrator and the consent of the purchasers is not required);
  - the CER Securityholders approving the CER Securityholder Asset Acquisition Resolution;
  - CNP, DPF and the Aggregation Funds having entered into a deed of indemnity under which the Aggregation Parties indemnify DPF and CNP and its Controlled Entities in respect of liability for Stamp Duty in respect of certain historical transactions;
  - the title warranties given by the sellers being true and correct in all material respects; and
  - all other warranties given by the sellers in respect of the CNP Assets being true and correct in all material respects (except where failure to be true and correct would not have a material adverse effect on the assets being sold as a whole).

- **Purchase price**

  The purchase price under the CNP Asset Sale Agreement – CPT Assets is determined:

  - in the case of ownership interests in certain CNP managed funds and Syndicates and direct or indirect interests in freehold property, based on 31 December 2010 statutory valuations; and
  - in the case of the CPT Related Party Loans and the interest rate swap agreements, based on 30 June 2011 statutory valuations,

  in each case is subject to certain adjustments to reflect events since the relevant date.

- **Payment of purchase price**

  CNP will receive New Stapled Securities equal to the value of the assets transferred.

- **Warranties**

  The sellers give title warranties and certain other limited warranties in relation to the property transferred under the CNP Asset Sale Agreement – CPT Assets. All warranties other than title warranties terminate on completion, the effect of which is that the only recourse of the purchasers for a breach of warranty is to elect not to complete.

- **Other matters**

  The CNP Asset Sale Agreement – CPT Assets contains provisions relating to matters including rights of termination, costs and expenses, confidentiality and public announcements which are substantially similar to the equivalent provisions of the CNP Asset Sales Agreement – Services Business outlined above.

CSIF Syndicate Interests Sale Agreement

The CSIF Syndicate Interests Sale Agreement provides for the transfer by CPT to a wholly owned sub-trust of DPF Holding Trust of the units held by CPT RE in CSIF. CPT RE gives warranties in respect of title, capacity and authority only.

CNP will receive New Stapled Securities equal to the value of the CSIF units transferred (expected to be approximately $55.5 million).

The CSIF Syndicate Interests Sale Agreement contains provisions relating to conditions precedent, rights of termination, costs and expenses, confidentiality and public announcements which are substantially similar to the equivalent provisions of the CNP Asset Sale Agreement – CPT Assets outlined above.

11.2.3 Centro Arndale Unit Sale Agreement

This is the asset sale agreement for the sale and purchase of the Centro Arndale Units.

The Centro Arndale Units represent 50% of all of the units in the Centro Arndale Property Trust.

The purchaser under the Arndale Sale Agreement is RE of CRT.

Completion of the Centro Arndale Unit Sale Agreement is conditional upon aggregation occurring and completion will occur in conjunction with Aggregation on the Aggregation Implementation Date.

The purchase price for the Centro Arndale Units is $48.5 million based upon the average of two independent valuations of the property at 30 June 2011.

11.2.4 FEM Deed

The FEM Deed has been entered into between various Centro parties, including the Aggregation Funds in relation to the obligations under the existing Flexible Exit Mechanism provisions (**FEM Provisions**), which exist in a number of Centro MCS Syndicate constitutions (those Syndicates are referred to as the "FEM Syndicates").

The purpose of the FEM Provisions is to provide an exit opportunity to investors in the FEM Syndicates at the end of a FEM Syndicate's investment term, through the sale of their units to CPL, in the event that a FEM Syndicate is to be continued for another term (so that investors who do not want to remain in the investment for a longer period are not forced to do so).

If the FEM Provisions for a FEM Syndicate are triggered, then investors are able to require CPL or its nominee to purchase their units for value and CPL or its nominee has the right to call for the transfer of all units in the Syndicate if any put option is exercised by any investor.

Under the terms of the FEM Deed, Centro Retail Australia has agreed to assume the rights and obligations of CPL under the FEM Provisions in the event investors in the various FEM Syndicates approve requisite changes to the constitutions of the FEM Syndicates at investor meetings. Notices to call these meetings will be issued no later than seven days after Aggregation occurs.

If the constitutional amendments are approved by the FEM Syndicate investors, the rights and obligations Centro Retail Australia will assume include the obligation to purchase any units that investors in a FEM Syndicate "put" to Centro Retail Australia under the FEM Provisions. Correspondingly, if investors in a FEM Syndicate "put" their units to Centro Retail Australia under the FEM Provisions, then Centro Retail Australia will assume the right to call for the transfer of all units in that FEM Syndicate. Centro Retail Australia will be able to satisfy any payments it is required to make to investors in the FEM Syndicates (at its election) in either cash or through the issue of New Stapled Securities.

11.2.5 Transitional Services Agreement

You should refer to Section 14.6 of the Disclosure Document for a summary of the key terms of this agreement.

11.2.6 CAWF Victorian Asset Sale Agreement

The CAWF Victorian Asset Sale Agreement provides for the sale and purchase of all of CAWF's Victorian real property interests to CER.

The sellers under the CAWF Victorian Asset Sale Agreement are CAWF and various sub-trusts controlled by CAWF.

The purchasers under the CAWF Victorian Asset Sale Agreement are CER and various sub-trusts controlled by CER.

- **Conditions precedent to Completion**

  Completion of the CAWF Victorian Asset Sale Agreement is conditional upon Aggregation occurring and completion will occur in conjunction with Aggregation on the Aggregation Implementation Date. It is also a condition precedent to the sale of the assets that the Victorian SRO has agreed to continue arrangements under which the payment of assessed duty is deferred in relation to certain transactions by which CAWF was established.

- **Purchase Price**

  The purchase price for the CAWF Victorian Assets is $510,688,739.

- **Other Matters**

  The CAWF Victorian Asset Sale Agreement contains provisions relating to conditions precedent, rights of termination, costs and expenses, confidentiality and public announcements which are substantially similar to the equivalent provisions of the CNP Asset Sale Agreement – CPT Assets outlined above.

11.3 Determination of CER Securityholders' entitlement to New Stapled Securities

The manner in which CER Securityholders' entitlement to New Stapled Securities will be determined is set out in Section 8.7 of this Explanatory Memorandum and Section 3.3 of the Disclosure Document.

11.4 The CER Directors

At the date of this Explanatory Memorandum, the Directors of CER (CRL and CRT RE) are:

- W. Peter Day, Chairman
- William Bowness, non-executive Director
- Anna Buduls, non-executive Director
- Paul Cooper, non-executive Director
- Michael Humphris, non-executive Director
- Fraser MacKenzie, non-executive Director

11.5 CER Directors' recommendation

The Directors of CER (other than those Directors who are also Directors of CNP, who make no recommendation) unanimously recommend that CER Securityholders vote in favour of the CER Aggregation Resolutions, in the absence of a Superior Proposal.

The Directors of CER making the recommendation believe that, for the reasons set out in Section 6, Aggregation is in the best interests of CER Securityholders and believe that the reasons for holders of CER Stapled Securities to vote in favour of the CER Aggregation Resolutions outweigh the reasons to vote against the CER Aggregation Resolutions, in the absence of a Superior Proposal. These reasons and other relevant considerations, including disadvantages and risks associated with the Aggregation, are contained in Section 6. You should also read the Independent Expert's Report which is set out in full in Section 10 of this Explanatory Memorandum.

11.6 Capital structure of CER

As at the date of this Explanatory Memorandum, CER had 2,286,399,424 Stapled Securities on issue. There are no options or other classes of securities on issue.

11.7 Notifiable interests

As at 31 August 2011, the following persons had notified CER that they had a relevant interest in 5% or more of CER Stapled Securities.

Name of person / entity	Number of CER Stapled Securities	% of CER Stapled Securities on issue
Centro and related parties*	1,159,451,286	50.71%
Marathon Asset Management, L.P	188,553,029	8.26%

* CPT RE is deemed to have a 100% relevant interest in CER Stapled Securities due to certain pre-emption rights which CNP holds under the Constitutions of CRT and CRL. See Section 11.9 for further details of CER Stapled Securities held by CNP and its controlled entities.

The Signing Senior Lenders lodged substantial shareholders' notices with ASX on 10 and 11 August 2011 and have voting power of more than 20% in CER by virtue of becoming associates with CNP in relation to CER by reason of entering into the Implementation Agreement.

11.8 Interests of the CER Directors

11.8.1 CER Directors' interests in CER, CAWF, DHT or CNP marketable Securities

No marketable securities of CER, CAWF, DHT or CNP are held by or on behalf of the CER Directors and no such persons are otherwise entitled to such Securities immediately before the date of this Explanatory Memorandum, other than the following interests (which are held either directly or indirectly).

Name	CER	CAWF	DHT	CNP
P Day	**100,000 (indirect)**	nil	nil	100,000 CNP securities (in the name of RBC Global Services Aust. Pty Ltd)
P Cooper	**Nil**	nil	nil	nil
A Buduls	**Nil**	nil	nil	nil
M Humphris	**70,000**	nil	nil	nil
F MacKenzie	**100,000 (in name of MacKenzie Superannuation Fund)**	nil	nil	nil
W Bowness	**300,000 (in the name of WDB Investments Pty Ltd)**	nil	nil	nil

CER Directors who are CER Securityholders will be entitled to be issued CAWF Units and DHT Units under the Aggregation on the same terms as all other CER Securityholders.

11.8.2 CER Directors' voting intentions in relation to CER Stapled Securities held by them

The CER Directors who have a relevant interest in CER Stapled Securities intend to vote in favour of the CER Aggregation Resolutions.

11.8.3 Dealings in CER Stapled Securities by CER Directors

There have been no dealings in CER Stapled Securities by Directors in the last 4 months prior to the date of this Explanatory Memorandum.

11.8.4 Payments or other benefits to CER Directors, secretaries or executive officers of CER

It is not proposed that any payment or other benefit will be made or given to any CER Director, secretary or executive officer of CER, as compensation for loss of, or as consideration for or in connection with, his or her retirement from office as CER Director, secretary or executive officer of CER.

11.8.5 Agreements or arrangements with CER Directors in connection with the Aggregation

There are no agreements or arrangements with CER Directors in connection with the Aggregation other than, under the terms of the Implementation Agreement, each of the CER Directors is indemnified by CER against any claim made against them in respect of or arising out of, amongst other things, Aggregation, except to the extent that the relevant CER Director has not acted in good faith or has engaged in fraud or wilful misconduct.

11.8.6 CER Directors' interests in contracts entered into by each of the Funds

Other than the deeds of indemnity, deeds of access and engagement letters entered into by the CER Directors with CRL, there are no contracts entered into by the CER Directors with CER.

11.8.7 Interests of CER Directors in the outcome of the proposed Aggregation

Paul Cooper and Anna Buduls are Directors of both CER and CNP. In accordance with governance protocols and in order to avoid any potential conflict, Paul Cooper and Anna Buduls are not making a recommendation in relation to the CER Aggregation Resolutions. They have, however, supported the unanimous recommendation of the Board of CNP to CNP Securityholders to support the restructure of CNP, which involves the sale of the CNP Assets which will form part of Centro Retail Australia, as detailed in an Explanatory Memorandum issued by CNP on or around the date of this Explanatory Memorandum.

Peter Day and Fraser MacKenzie, who are currently directors of CER, will become directors of Centro Retail Australia RE in the event that Aggregation proceeds.

As noted in Sections 11.8.1 and 11.8.2 some of the CER Directors have a relevant interest in CER Stapled Securities and intend to vote in favour of the CER Aggregation Resolutions.

11.9 Interests of CAWF, DHT and CNP

11.9.1 Interests of CAWF, DHT and CNP in CER marketable securities

Neither CAWF nor DHT hold any interests in CER Stapled Securities.

CNP and its controlled entities hold the following interests in CER Stapled Securities:

Name of person/entity	Number of CER Stapled Securities	% of CER Stapled Securities on issue
CPT Manager Ltd as responsible entity of Centro Property Trust	570,700,640	24.96%
Centro MCS Manager as trustee of Centro Retail Holding Trust	524,950,491	22.96%
Centro MCS Manager as responsible entity of Centro Direct Property Fund	41,832,404	1.83%
CPT Manager Limited as responsible entity of Centro (CPT) Trust	19,538,983	0.85%
CPT Manager Limited	1,500,000	0.07%
Invia Custodian Pty Limited (on behalf of Centro Direct Property Fund)	881,035	0.04%
Total	**1,159,403,553**	**50.71%**

11.9.2 Dealings in CER Stapled Securities

There have been no dealings in CER Stapled Securities by any Directors of CAWF RE, DHT RE or CPT RE in the last 4 months prior to the date of this Explanatory Memorandum.

11.9.3 Interests of directors of CAWF RE, DHT RE or CPT RE CER Stapled Securities

The trustee of DHT is Centro MCS Manager and, accordingly, the position in Section 11.8.1 applies to DHT.

The CAWF RE Directors, who are also the same as the CPT RE Directors, do not hold any relevant interest in any CER Stapled Securities as at the date of this Explanatory Memorandum other than Jim Hall who holds 20,000 CER Stapled Securities indirectly.

11.9.4 Other interests

There are none.

11.9.5 Agreements or arrangements with CAWF, DHT or CNP Directors in connection with the Aggregation

There are no agreements or arrangements by CER with the directors of CAWF RE, DHT RE or CPT RE in connection with the Aggregation.

11.9.6 Intentions of the CER directors.

If the Aggregation is implemented, it is a matter for the Board of Centro Retail Australia RE to determine its intentions as to:

- the continuation of the business of CER; and
- any major changes to be made to the businesses of CER, including any redeployment of the fixed assets of CER.

CER currently has no employees of its own. It is intended that upon Aggregation, the management and administration of Centro Retail Australia will be internalised and that it will have its own employees to provide these services.

The current intentions of the Board of Centro Retail Australia RE are contained in Section 6 of the Disclosure Document.

Two current CER directors, Mr Peter Day and Mr Fraser MacKenzie, have agreed to join the Board of Centro Retail Australia RE.

If the Aggregation does not proceed, the CER Directors intend to continue to conduct the business of CER in the ordinary course and in the manner conducted as at the date of this Explanatory Memorandum subject to the matters and limitations identified in Section 3.9. Subject to no Insolvency Administrator being appointed to Centro MCS Manager, in the event that Aggregation does not proceed, the CER Directors will continue to explore alternative transactions.

11.10 Issue of CER Stapled Securities under the Aggregation

11.10.1 Ranking

New CER Stapled Securities issued under the Aggregation will rank equally with all other CER Stapled Securities on issue.

11.10.2 Rights attaching to new CER Stapled Securities

A new CER Security is a stapled security comprising one CRL Share and one CRT Unit. The rights attaching to ownership of new CER Stapled Securities are as per those attaching to CER Stapled Securities, which rights are:

- contained in the CRL and CRT Constitutions (which are summarised in Section 14.1 of the Disclosure Document);
- the existing Stapling Deed (which is to be updated, refer to Section 14.2 of the Disclosure Document for further information); and
- in certain circumstances, regulated by the Corporations Act, ASX Listing Rules, ASX settlement operating rules and the general law.

11.10.3 Prices of CER Stapled Securities

- The formula to be applied to determine the number of New Stapled Securities to be issued to each CER Securityholder is set out in Section 3.3 of the Disclosure Document.
- The latest recorded CER Stapled Security price before the date on which this Explanatory Memorandum was lodged with ASIC for registration on 30 August 2011 was 30.0 cents.
- The highest CER Stapled Security price during the last 3 months immediately before the date of lodgement was 36.5 cents, and the lowest CER Stapled Security price during the last 3 months immediately before the date of lodgement was 27.5 cents.
- The pre-announcement CER Stapled Security price on 4 August 2011 immediately before the announcement of the Implementation Agreement was 34.0 cents.

11.11 Issue of CAWF Units and DHT Units under the Aggregation

11.11.1 Ranking

New CAWF Units and DHT Units issued under the Aggregation will rank equally with all other CAWF and DHT Units on issue.

11.11.2 Rights attaching to new CAWF or DHT Units

The rights attaching to ownership of new CAWF Units and DHT Units are those attaching to CAWF Units and DHT Units, which rights are:

- contained in the CAWF and DHT Constitutions (which are summarised in Section 14.1 of the Disclosure Document);
- the Stapling Deed (which is summarised in Section 14.2 of the Disclosure Document); and
- in certain circumstances, regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law.

11.11.3 CAWF and DHT security prices

The basis for the issue of CAWF Units and DHT Units as part of New Stapled Securities on Aggregation Implementation Date is set out in Section 3.3 of the Disclosure Document.

11.12 Relevant restrictions in the Constitutions of each of CRL and CRT

There are no restrictions in the Constitutions of CRL or CRT which would restrict the issue of CER Stapled Securities and the Stapling, in order to give effect to the Aggregation.

11.13 Holders of other Securities of CER

As at the date of this Explanatory Memorandum, CER has no securities on issue other than CER Stapled Securities.

11.14 ASX and ASIC relief, waivers and consents

Refer to Section 15.4 of the Disclosure Document.

11.15 Consents to be named

Each of the following parties named below as consenting parties:

- has given and has not, before lodgement of this Explanatory Memorandum with ASIC, withdrawn its written consent to be named in this Explanatory Memorandum in the form and context in which it is named;
- has given and has not, before lodgement of this Explanatory Memorandum with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Explanatory Memorandum;
- does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to below in respect of that party's name (and as consented to by that party); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Explanatory Memorandum.

Consenting Parties	Role
Grant Samuel & Associates Pty Ltd	as Independent Expert, in relation to the Independent Expert's Report and any statements based on that report
Ernst & Young Transaction Advisory Services Ltd	Investigating Accountant, in relation to the Investigating Accountant's Report and any statements based on that report
Link Market Services Ltd	Registry for CER
UBS AG	Financial adviser to CER
Ernst & Young	Auditors
Clayton Utz	Australian legal adviser to CER
Maddocks	Australian legal adviser to CER
KPMG	Taxation adviser to CER

11.16 Costs and expenses

11.16.1 General

CER Securityholders should be aware that there are fees and costs associated with the Aggregation. Each of CER, CAWF, DPF and CNP, will bear its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of the Implementation Agreement to the extent that it relates to Aggregation and the proposed, attempted or actual implementation of the Implementation Agreement (other than Stamp Duty). In addition, CER will share in costs relating to Centro Retail Australia based on the relative equity contribution. These costs include costs that relate to:

- the recruitment of the Board and CEO of Centro Retail Australia;
- development of remuneration structures for Centro Retail Australia;
- fees payable to Ernst & Young Transaction Advisory Services Ltd for their engagement as Investigating Accountant in relation to the Aggregation;
- fees payable to Freehills for advice in relation to Stamp Duty on Aggregation;
- fees payable to KPMG for their engagement as tax advisor in relation to the Aggregation;
- certain fees payable to Clayton Utz in relation to the combined due diligence committee process and general production of the Disclosure Document;
- fees payable to Clayton Utz, Maddocks and Johnston Winter & Slattery in relation to drafting joint sections of the Disclosure Document;
- fees payable to Clayton Utz and Maddocks in relation to the legal due diligence on the CNP Assets;
- fees for new financing facilities to be made available to Centro Retail Australia as part of the proposed refinancing; and
- Stamp Duty payable on or in connection with the Aggregation.

The total costs expected to be incurred by CER in respect of the Aggregation are estimated at around $41.3 million and comprise:

- costs to financial, legal, and accounting advisers of $16.7 million borne solely by CER; and
- CER's portion of the shared costs as detailed above of $24.6 million.

If the Aggregation does not proceed, costs associated with the Aggregation are estimated at $10.5 million. These costs predominantly relate to legal, accounting and tax advisers in relation to the proposed Aggregation.

11.16.2 Fees and experts

Grant Samuel & Associates Pty Limited

Grant Samuel & Associates Pty Limited is entitled to receive professional fees of approximately $0.7 million in connection with the preparation of the Independent Expert's Report. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Ernst & Young

Ernst & Young is entitled to receive professional fees of approximately $175,000 in connection with financial due diligence undertaken in relation to the Aggregation. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Ernst & Young Transaction Advisory Services Limited

Ernst & Young Transaction Advisory Services Limited is entitled to receive professional fees of approximately $25,000 in connection with the preparation of the Investigating Accountant's Report (as contained in Section 9 above). It may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Legal Fees – Clayton Utz and Maddocks

Clayton Utz and Maddocks are entitled to receive professional fees totalling approximately $6.5 million in connection with acting as Australian legal adviser to CER in relation to the Aggregation. Clayton Utz has not acted as Australian legal adviser in connection with taxation, property and certain financing matters. Clayton Utz may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Maddocks has not acted as Australian legal adviser in connection with taxation, property and certain financing matters. Maddocks may be entitled to further professional fees for this work based on its usual hourly charge out rates.

11.17 No unacceptable circumstances

The Directors of CER are not aware of any matter that could in their opinion give rise to a declaration of "unacceptable circumstances" in relation to the Aggregation pursuant to Division 2B of Part 6.10 of the Corporations Act. An "unacceptable circumstance" is defined in the Corporations Act as being circumstances which are unacceptable to the Takeovers Panel:

- having regard to the effect of the circumstances on the control, or potential control of a company or the acquisition by a person of a substantial interest in a company; or
- because they constitute a contravention of Chapters 6, 6A, 6B or 6C of the Corporations Act.

11.18 Material changes to financial position of CER since last balance date

The last published financial statements of CER are the financial statements for the full year ended 30 June 2011 that were, in the case of CER, released to ASX on 29 August 2011.

To the knowledge of the Directors of CRL and CRT RE, there has not been a material change in the financial position of CER since 30 June 2011, except as disclosed in this Explanatory Memorandum, the Disclosure Document or, in announcements to ASX.

CRL and CRT RE will provide, free of charge, copies of the full year financial statements to anyone who requests them before the CRL Members' Scheme and the Senior Debt Scheme are approved by the Court. Alternatively, a copy can be downloaded from www.cerinvestor.com.au.

11.19 Other material information

Except as set out in this Explanatory Memorandum or in the Disclosure Document, there is no other information material to the making of a decision in relation to the CRL Members' Scheme, being information that is within the knowledge of any Director of CRL or Centro MCS Manager which has not previously been disclosed to CER Securityholders.

12.
Notice of CRL Members' Scheme Meeting

Notice of Scheme Meeting

NOTICE is hereby given that, by an Order of the Supreme Court of New South Wales made on 5 October 2011 pursuant to Section 411(1) of the *Corporations Act*, a meeting of holders of fully paid ordinary shares in Centro Retail Limited ABN 90 114 757 783 (**CRL**) will be held at The Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria on Tuesday, 22 November 2011 at 10.00 am.

Terms used in this Notice of Members' Scheme Meeting (including in the Explanatory Notes below) have the same meaning as that set out in the Glossary contained in Section 14 of the Explanatory Memorandum.

Business

To consider, and if thought fit, pass the following resolution:

"That pursuant to, and in accordance with, Section 411 of the Corporations Act 2001 (Cth) the scheme of arrangement proposed between Centro Retail Limited and the holders of its fully paid ordinary shares, as contained in and more particularly described in this Explanatory Memorandum of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of New South Wales)."

By order of the Board of Centro Retail Limited

Elizabeth Hourigan
Company Secretary
Centro Retail Limited

Important Notices

Disclosure Document and Explanatory Memorandum

This Notice of CRL Members' Scheme Meeting should be read in conjunction with the entire Explanatory Memorandum which accompanies this Notice (and of which this Notice forms part) and the Disclosure Document which accompanies the Explanatory Memorandum. The Explanatory Memorandum provides an explanation of the CRL Member's Scheme Resolution as well as further information about the CRL Members' Scheme. The Explanatory Memorandum provides a summary of the Aggregation and outlines key anticipated advantages and possible disadvantages, impacts and risks of the Aggregation as they relate to CER Securityholders. You should read both the Disclosure Document and the Explanatory Memorandum to make an informed decision as to how to vote on the CRL Members' Scheme Resolution.

12.1.1 Purpose of the CRL Members' Scheme Meeting

The purpose of the meeting is to consider and, if thought fit, agree to the CRL Members' Scheme.

A copy of the CRL Members' Scheme is included in the Explanatory Memorandum. The explanatory statement required by Section 412 of the *Corporations Act* in relation to the CRL Members' Scheme is comprised by the Explanatory Memorandum and the Disclosure Document.

12.1.2 Required voting majority

For the CRL Members' Scheme to take effect, sufficient CRL Shareholders must vote in favour of the CRL Members' Scheme at the CRL Members' Scheme Meeting. Section 411(4)(a) of the Corporations Act requires that the CRL Members' Scheme must be agreed to by a resolution passed as follows:

- a majority in number (i.e. more than 50%) of CRL Shareholders voting at the CRL Members' Scheme Meeting (in person or by proxy) must vote in favour of the CRL Members' Scheme; and
- those CRL Shareholders who vote in favour of the CRL Members' Scheme must hold at least 75% of the total number of CRL Shares voted at the CRL Members' Scheme Meeting (in person or by proxy).

However, the Court has the power to approve the CRL Members' Scheme notwithstanding that the threshold identified in the first bullet point above, has not been satisfied.

12.1.3 Court approval

In accordance with Sections 411(4)(b) and 411(10) of the *Corporations Act*, in order for the CRL Members' Scheme to become Effective (with or without modification by the Court), it must be approved by an Order of the Court and an office copy of that Order must be lodged with ASIC. If the resolution put to this meeting (**CRL Members' Scheme Resolution**) is approved by the requisite majorities and if all Conditions Precedent (other than the Condition Precedent relating to Court approval for this Scheme and the Senior Debt Schemes) have been satisfied or waived (as applicable), CRL intends to apply to the Court for an Order to approve the CRL Members' Scheme. CRL intends to apply to the Court on Thursday, 24 November, 2011 for approval of the CRL Members' Scheme.

CRL Shareholders will be entitled to appear at the Court hearing in which that application will be heard by the Court.

12.1.4 Eligibility and voting entitlements

Pursuant to Section 411 of the Corporations Act and all other enabling powers, the Court has determined that a CRL Shareholder is eligible to vote (in person or by proxy) (**Eligible CRL Shareholder**) on the CRL Members' Scheme Resolution if that person is registered as a holder of CRL Shares at 7:00 pm on Sunday, 20 November 2011. The Eligible CRL Shareholder's voting entitlements at the CRL Members' Scheme Meeting will be as it appears in the CER Securityholder Register at that time.

12.1.5 Jointly held CRL Shares

If CRL Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held CRL Shares, only the vote of the shareholder whose name appears first on the CER Securityholder Register will be counted.

12.1.6 Voting in person

To vote in person at the CRL Members' Scheme Meeting, you must attend the CRL Members' Scheme Meeting at 10.00 am on Tuesday, 22 November 2011 at The Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria.

An Eligible CRL Shareholder who wishes to attend and vote at the CRL Members' Scheme Meeting in person will be admitted to the CRL Members' Scheme Meeting and given a voting card at the point of entry to the CRL Members' Scheme Meeting on disclosing their name and address.

Please arrive at least 30 minutes prior to the meeting commencement time if possible to allow sufficient time to register attendance.

12.1.7 Voting by proxy

If you wish to appoint a proxy in respect of the CRL Members' Scheme Meeting, you must complete and sign the personalised proxy form which accompanies this Explanatory Memorandum. The proxy form must be received by the CER Security Registry by 10.00 am on Sunday, 20 November 2011.

A CRL Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. If the CRL Shareholder appoints two proxies and the appointment does not specify the proportion or number of the CRL Shareholders' votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a CRL Shareholder. The enclosed proxy form provides further details on appointing proxies.

The completed proxy form may be:

- posted to Centro Retail Trust c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 2000, Australia;
- faxed to the CER Security Registry on +61 2 9287 0309;
- lodged online at www.linkmarketservices.com.au (in which case it will be assumed you have signed your proxy form if it is lodged in accordance with the instructions on the website); or
- delivered to the CER Security Registry at Level 12, 680 George Street, Sydney NSW 2000.

The sending of a proxy form will not preclude a CRL Shareholder from attending in person and voting at the meeting at which the CRL Shareholder is entitled to attend and vote.

The proxy form must be received by the CER Security Registry, Link Market Services Limited, at the address and / or fax number set out above by no later than 11.30 am on Sunday, 20 November 2011.

12.1.8 Voting by corporate representative

If a representative of a corporate shareholder or corporate proxy is to attend the CRL Members' Scheme Meeting pursuant to Section 250D of the *Corporations Act*, a certificate of appointment of the representative (or such other document as the Chairman of the CRL Members' Scheme Meeting considers sufficient) must be produced prior to admission to the CRL Members' Scheme Meeting.

12.1.9 General

CRL Shareholders, their proxy or their corporate representatives who plan on attending the CRL Members' Scheme Meeting are asked to arrive at the venue at least 30 minutes prior to the time the CRL Members' Scheme Meeting is scheduled to commence, so that their shareholding may be checked against the CER Securityholder Register, or appointment as proxy can be verified and their attendance noted.

13.
Notice of General Meetings

NOTICE is hereby given by Centro Retail Limited ABN 90 114 757 783 (**CRL**) and Centro MCS Manager Limited (as responsible entity for Centro Retail Trust ARSN 104 931 928 (**CRT**) (together, **CER**)) that a general meeting of holders of fully paid ordinary shares in CRL will be held in conjunction with a general meeting of the unitholders in CRT commencing at 10.00 am on Tuesday, 22 November 2011 at The Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria (together, **General Meetings**).

Terms used in this Notice of General Meetings (including in the Explanatory Notes below) have the same meaning as that set out in the Glossary contained in Section 14 of the Explanatory Memorandum.

Business

Resolution 1 – Acquisition of CPT Sale Property – CRT Only

To consider and, if thought fit, pass the following resolution:

"*That, for the purposes of ASX Listing Rule 10.1 and Chapter 2E (as modified by Part 5C.7) of the Corporations Act, and all other purposes, the acquisition by CRT and CRT Sub Trust of the CPT Sale Property under the CNP Asset Sale Agreement – CPT Assets be approved.***"**

Resolution 2 – Acquisition of the Services Business – CRL Only

To consider and, if thought fit, pass the following resolution:

"*That for the purpose of ASX Listing Rule 10.1 and all other purposes the acquisition by CRL and the CRL Subsidiaries of the Sale Property under the CNP Asset Sale Agreement – Services Business be approved.***"**

Resolution 3 – Acquisition of CAWF Victorian Assets – CRT Only

To consider and, if thought fit, pass the following resolution:

"*That for the purpose of ASX Listing Rule 10.1 and all other purposes the acquisition by CRT of the CAWF Victorian Assets under the CAWF Victorian Assets Sale Agreement be approved.***"**

Resolution 4 – CRL Constitution Amendments – CRL Only

To consider, and if thought fit, pass the following resolution as a special resolution of CRL:

"*That, for the purposes of section 136(2) of the Corporations Act, the document submitted to the meeting and signed by the Chairman of the meeting (for the purposes of identification) is adopted as the Constitution of CRL in substitution of the existing Constitution of CRL (which is repealed)***".**

Resolution 5 – CRL Share Consolidation – CRL Only

To consider and, if thought fit, approve the following resolution as an ordinary resolution of CRL:

"*That the CRL Share Consolidation be approved for the purposes of section 254H of the Corporations Act.***"**

Resolution 6 – Issue of CER Stapled Securities and CATS – CRL and CRT

To consider, and if thought fit, pass the following resolution:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue by CER of:

(a) *up to 34,100,000 CER Stapled Securities to CPT RE in respect of the CPT Asset Sale Agreement – CPT Assets;*

(b) *up to 213,500,000 CER Stapled Securities to the Unitholders of CAWF (excluding CER) in respect of the CAWF Victorian Asset Sale Agreement;*

(c) *up to 316,000,000 CER Stapled Securities to the Unitholders of CAWF and 191,500,000 CER Stapled Securities to the Unitholders of DHT ;*

(d) *(i) up to 945,900,000 securities (as part of the issue by Centro Retail Australia of the Centro Retail Australia Class Action True-Up Securities (CATS)) to:*

A. *the Unitholders of CAWF and the Unitholders of DHT, being equal to that number of CER Stapled Securities issued by the Unitholders of CAWF and the Unitholders of DHT referred to in paragraph (c) of this resolution 6;*

B. *CPT RE as are referable to the CER Stapled Securities issued or to be issued to CPT RE referred to in paragraphs (a) and (e) of this resolution 6; and*

C. *DHT and CPT RE as are referable to the CER Stapled Securities issued or to be issued to them referred to in paragraph (b) of this resolution 6;*

(ii) CER Stapled Securities (as part of the issue by Centro Retail Australia of Centro Retail Australia Stapled Securities) issued in accordance with the terms of issue of CATS; and

(e) *up to 190,800,000 CER Stapled Securities to CPT RE in respect of the CNP Asset Sale Agreement – Services Business,*

be approved."

Resolution 7 – Approval of change in the responsible entity of Centro Retail Trust – CRT Only

To consider, and if thought fit, pass the following resolution:

"That, Centro MCS Manager be removed as responsible entity of CRT, and that CRL (1) Limited ACN 149 781 322 (or if it does not hold an Australian Financial Services Licence, Wholesale Responsible Entity Limited ACN 145 213 654) be appointed as responsible entity of CRT on the removal of Centro MCS Manager, in accordance with section 601FL of the Corporations Act as modified by any applicable ASIC instrument."

By order of the Board of Centro Retail Limited

Elizabeth Hourigan
Company Secretary

5 October 2011

By order of the Board of Centro MCS Manager Limited as responsible entity of Centro Retail Trust

Elizabeth Hourigan
Company Secretary

5 October 2011

Important Notes

Disclosure Document and Explanatory Memorandum

This Notice of General Meetings should be read in conjunction with the entire Explanatory Memorandum which accompanies this Notice (and of which this Notice forms part) and the Disclosure Document that accompanies the Explanatory Memorandum. The Explanatory Memorandum provides an explanation of the CER Aggregation Resolutions, a summary of the Aggregation and further information about the Aggregation, and outlines key anticipated advantages and possible disadvantages, impacts and risks of the Aggregation as they relate to CER Securityholders. You should read both the Disclosure Document and the Explanatory Memorandum to make an informed decision as to how to vote on the CER Aggregation Resolutions.

13.1.1 Terminology

Terms used in this Notice of General Meetings (including in the Explanatory Notes below) have the same meaning as that set out in the Glossary contained in Section 14 of the Explanatory Memorandum, unless otherwise defined.

13.1.2 Stapling

The Shares in CRL and the Units in CRT are stapled together under the respective Constitutions of CRL and CRT. This means that all Shareholders of CRL are Unitholders in CRT and each Shareholder has the same number of Units in CRT as it holds Shares in CRL.

13.1.3 Eligibility and voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, for the purpose of the General Meetings, a CER Securityholder is eligible to vote (in person or by proxy) (**Eligible CER Securityholder**) on the relevant CER Aggregation Resolution if that person is registered as a holder of CER Stapled Securities at 7:00 pm on 20 November 2011. The Eligible CER Securityholder's voting entitlements at the General Meetings will be as it appears in the CER Securityholder Register at that time.

CER Securityholders may only vote their CRL Shares in relation to resolutions being put to CRL Shareholders, and may only vote their CRT Units in relation to resolutions being put to CRT Unitholders.

On a poll, each CRL Shareholder who is entitled to vote has one vote for each CRL Share they hold and each CRT Unitholder has one vote for each dollar of the value of the total interests the CRT Unitholder has in CRT.

13.1.4 Voting exclusions / persons precluded from voting

In respect of **Resolution 1**, CER will disregard any votes cast on the resolution by a party to the transaction being:

- CPT Manager Limited;
- Centro Properties Limited;
- Centro MCS Manager Limited; and
- Signing Senior Lenders,

and any associate of any of them (as defined in sections 11-17 of the Corporations Act).

In respect of **Resolution 2**, CER will disregard any votes cast on the resolution by a party to the transaction being:

- CPT Manager Limited; and
- Centro Properties Limited,

and any associate of any of them (as defined in section 11 and sections 13-17 of the Corporations Act).

In respect of **Resolution 3**, CER will disregard any votes cast on the resolution by a party to transaction, being:

- CPT Manager Limited; and
- Centro MCS Manager Limited,

and any associate of any of them (as defined in section 11 and section 13-17 of the Corporations Act).

In respect of **Resolution 6**, CER will disregard any votes cast on the resolution by:

- CPT Manager Limited as responsible entity of CPT;
- CPT Manager Limited as responsible entity of CAWF;
- Centro MCS Manager Limited as responsible entity of DHT;
- Centro MCS Manager Limited as responsible entity of DPF;
- any CER Securityholder who may participate in any of the issues for which CER Securityholder approval is sought;
- any other CER Securityholder who may obtain a benefit, except a benefit solely in the capacity of a CER securityholder, if Resolution 6 is passed; and
- any associate of any of them (as defined in section 11 and sections 13-17 of the Corporations Act).

However, CER will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

13.1.5 Jointly held CER Stapled Securities

In respect of CER Stapled Securities held by joint holders:

- in respect of the CRT Units comprising the CER Stapled Securities, one of the joint holders may vote. If more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the CER Securityholder Register will be counted; and
- in respect of the CRL Shares comprising the CER Stapled Securities, one of the joint holders may vote. If more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the CER Securityholder Register will be counted.

13.1.6 Voting in person

To vote in person at the General Meetings, you must attend the General Meetings at 10.00 am on Tuesday, 22 November 2011 at The Auditorium (Jeff's Shed), Level 2, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria.

An Eligible CER Securityholder who wishes to attend and vote at the General Meetings in person will be admitted to the General Meetings and given a voting card at the point of entry to the General Meetings on disclosing their name and address.

Please arrive prior to the meeting commencement time if possible to allow sufficient time to register attendance.

13.1.7 Voting by proxy

If you wish to appoint a proxy in respect of the General Meetings, you must complete and sign the personalised proxy form which accompanies this Explanatory Memorandum.

A CER Securityholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the CER Securityholder's voting rights. A proxy need not be a CER Securityholder. The enclosed proxy form provides further details on appointing proxies.

The completed proxy form may be:

- posted to Centro Retail Trust c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 2000, Australia;
- faxed to the CER Security Registry on +61 2 9287 0309;
- lodged online at www.linkmarketservices.com.au (in which case it will be assumed you have signed your proxy form if it is lodged in accordance with the instructions on the website); or
- delivered to the CER Security Registry at Level 12, 680 George Street, Sydney NSW 2000.

The sending of a proxy form will not preclude a CER Securityholder from attending in person and voting at the meeting at which the CER Securityholder is entitled to attend and vote.

The proxy form must be received by the CER Security Registry, Link Market Services Limited, at the address and / or fax number set out above by no later than 10.00 am on Sunday, 20 November 2011.

13.1.8 Voting by corporate representative

If a representative of a corporate shareholder or corporate proxy is to attend the General Meetings pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative (or such other document as the Chairman of the General Meetings considers sufficient) must be produced prior to admission to the General Meetings.

13.1.9 General

CER Securityholders, their proxy or their corporate representatives who plan on attending the General Meetings are asked to arrive at the venue at least 30 minutes prior to the time the General Meetings is scheduled to commence, so that their shareholding may be checked against the CER Securityholder Register, or appointment as proxy can be verified and their attendance noted.

13.1.10 Chairman

The chairman of the General Meetings will be Mr Peter Day, the chairman of CRL (or in his absence, the chairman will be determined in accordance with the Constitutions of CRT and CRL).

13.1.11 Quorum

The Constitution of CRT provides that a quorum for a meeting of CRT is 2 unitholders present at the meeting (either in person or by proxy or body corporate representative). If a quorum is not present within 30 minutes of the scheduled commencement time, the meeting will be adjourned in the manner specified in the Constitution of CRT.

The Constitution of CRL provides that a quorum for a meeting of CRL is 3 members present at the meeting and entitled to vote on the resolution being considered. If a quorum is not present within 30 minutes of the scheduled commencement time, the meeting will be adjourned in the manner specified in the Constitution of CRL.

Type and effect of the CER Aggregation Resolutions

The CER Aggregation Resolutions are:

- ordinary resolutions (in the case of Resolutions 1,2,3,5,6 and 7), which means that they must be passed at the General Meetings by more than 50% of the votes cast by Eligible CER Securityholders who vote (either in person or by valid proxy, attorney or corporate representative).
- a special resolution (in the case of Resolution 4), which means that they must be passed at the General Meetings by at least 75% by value of the votes cast by Eligible CER Securityholders who vote (either in person or by valid proxy, attorney or corporate representative).

For all resolutions, it is proposed that the Chairman of the General Meetings will demand a poll. On a poll, a CRT Unitholder has one vote for each dollar of the value of the total interests the CRT Unitholder has in CRT. The value of the total interests will be determined in accordance with section 253F of the Corporations Act.

A CER Aggregation Resolution will not become effective immediately if it is passed as each CER Aggregation Resolution is interdependent with each other CER Aggregation Resolutions being passed and all of the Conditions Precedent to the Aggregation being satisfied (or waived).

Queries

If you have any questions in relation to the General Meetings, please call the CER Securityholder Information Line on toll free 1300 785 534 (+61 2 9191 5974) for overseas callers or consult your financial, taxation or other professional adviser without delay.

Explanatory notes

These explanatory notes provide information for CER Securityholders in respect of Resolutions 1 to 7 to be considered at the General Meetings of CRL and CRT to be held at 10.00 am on Tuesday, 22 November 2011 at The Auditorium, Level 2, Melbourne Exhibition Centre (Jeff's Shed), 2 Clarendon Street, Southbank, Victoria.

Resolution 1 – Acquisition of CPT Sale Property

Background

Details of the acquisition are set out in Section 8.6.2 of the Explanatory Memorandum.

Purpose of Resolution 1

The purpose of Resolution 1 is to obtain CER Securityholder approval for all purposes including for the purposes of Listing Rule 10.1 and Section 208 (as modified by Part 5C.7) of the Corporations Act in respect of the acquisition by CRT and CRT Sub Trust of the CPT Sale Property under the CNP Asset Sale Agreement – CPT Assets from CPL and CPL Controlled Sellers.

Listing Rule 10.1

Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child **entities, acquires a substantial asset from, or disposes of a substantial asset to, any of** the following persons without the approval of the holders of the entity's ordinary securities:

(a) A related party.

(b) A subsidiary.

(c) A substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attaching to the voting securities.

(d) An associate of a person referred to in (a) to (c).

(e) A person whose relationship to the entity or a person referred to in (a) to (d) is such that, in ASX's opinion, the transaction should be approved by security holders.

Related Party

Under the Listing Rules, "related party" is defined by reference to section 228 of the Corporations Act. Section 228 of the Corporations Act defines a related party as follows:

(a) An entity that controls a public company is a related party of the public company.

(b) The following persons are related parties of a public company:

  (i) directors of the public company;

  (ii) directors (if any) of an entity that controls the public company;

  (iii) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;

  (iv) spouses of the persons referred to in paragraphs (i), (ii) and (iii).

(c) Parents or children of persons referred to in (b) are related parties of the public company.

(d) An entity controlled by a related party referred to in (a), (b) or (c) is a related party of the public company unless the entity is also controlled by the public company.

(e) An entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (a), (b), (c) or (d) at any time within the previous 6 months.

(f) An entity is a related party of a public company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the public company of a kind referred to in subsection (a), (b), (c) or (d) at any time in the future.

(g) An entity is a related party of a public company if the entity acts in concert with a related party of the public company on the understanding that the related party will receive a financial benefit if the public company gives the entity a financial benefit.

CRT and CRT Sub Trust are related parties of CPL and the CPL Controlled Sellers for the following reasons:

(a) CPL controls Centro MCS Manager Limited and is therefore a related party for the purposes of section 228(1) of the Corporations Act.

(b) CPL Controlled Sellers, being entities controlled by CPL, are related parties for the purposes of section 228(4) of the Corporations Act.

Substantial asset

Under Listing Rule 10.2, an asset is considered to be "substantial" if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the total paid up capital, reserves and accumulated profits or losses (but disregarding redeemable preference share capital and outside equity interests) (**Total Equity**) of the listed entity (as set out in the latest accounts given to ASX under the Listing Rules).

Are CRT and CRT Sub Trust acquiring a substantial asset?

As at 30 June 2011, the Total Equity of CRT is $1,012,469,000.

The effective purchase price payable for the CPT Sale Property under the CNP Asset Sale Agreement – CPT Assets is $291 million subject to certain adjustments.

The value of the CPT Sale Property will therefore be more than 5% of the total equity of CRT, and accordingly, the proposed acquisition by CRT and CRT Sub Trust of the CPT Sale Property is an acquisition of a substantial asset for the purposes of Listing Rule 10.1 and requires securityholder approval.

Independent Expert's Report

Listing Rule 10.10.2 requires that the Notice of General Meetings include a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

A report from Grant Samuel & Associates Pty Ltd, as the nominated independent expert, on the acquisition of the CPT Sale Property under the CNP Asset Sale Agreement – CPT Assets is included in Section 10 of this Explanatory Memorandum. Grant Samuel & Associates Pty Ltd has concluded that the acquisition of the CNP Sale Property is fair and reasonable to the external CER Securityholders for the reasons contained in its report.

The CER Board recommends that all CER Securityholders read the Independent Expert's Report before determining how to vote on Resolution 1.

You should refer to Section 11.2.2 of this Explanatory Memorandum, which summarises the key terms of the CNP Asset Sale Agreement – CPT Assets.

Section 208 and Part 5C.7 of the Corporations Act

Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) requires that a responsible entity of a registered scheme, or an entity that the responsible entity controls, must not give a financial benefit out of scheme property to the responsible entity or a related party of the responsible entity without the approval of the scheme's members and must give the benefit within 15 months after the approval, unless the giving of the benefit falls within an exception under the Corporations Act.

Related party

"**Related party**" is defined in section 228 of the Corporations Act. A summary of section 228 is set out above.

As noted above, CRT and CRT Sub Trust are related parties of CPL and CPL Controlled Sellers.

Financial benefit

"Financial benefit" is defined broadly in section 229 of the Corporations Act. Section 229(3) provides examples of events which may constitute the giving of a financial benefit. In particular, section 229(3)(b) of the Corporations Act expressly states that "giving a financial benefit" to a related party includes buying an asset from a related party.

Under the proposed acquisition, CRT and CRT Sub Trust will acquire the CPT Sale Property from CPL and CPL Controlled Sellers. CPL and CPL Controlled Sellers are related parties Centro MCS Manager, the CRT RE. On this basis, the proposed acquisition involves the provision of a financial benefit to a related party, and therefore requires shareholder approval for the purposes of Chapter 2E of the Corporations Act as modified by Part 5C.7 of the Corporations Act.

In accordance with the requirements of section 219 of the Corporations Act, the following information is provided to securityholders to allow them to assess the proposed acquisition:

(a) Resolution 1 would permit a financial benefit to be given to the following related parties of the responsible entity of CRT:

  (i) CPL; and

  (ii) CPL Controlled Sellers.

(b) The nature of the financial benefit given by CRT and CRT Subtrust 1 to CPL and CPL Controlled Sellers is the buying of an asset from a related party.

(c) Other than the information provided in the Explanatory Memorandum and Disclosure Document, CRT, CRT Sub Trust and the Directors are not aware of any other information that would be reasonably required by members in order to decide whether or not it is in CRT's interests to pass Resolution 1.

Directors Recommendation and Reasons

Recommendation of the directors

Each director of CER (other than Paul Cooper and Anna Buduls who are also directors of CNP and therefore make no recommendation) recommends that CER Securityholders vote in favour of Resolution 1.

Each CER director who is a CER Securityholder and entitled to vote intends to vote their CER Stapled Securities in favour of Resolution 1.

Voting Exclusion Statement

A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4 of this Explanatory Memorandum.

Resolution 2 – Acquisition of Services Business

Background

Details of the acquisition are set out in Section 8.6.3 of the Explanatory Memorandum.

Purpose of Resolution 2

The purpose of Resolution 2 is to obtain CER Securityholder approval for all purposes including for the purposes of Listing Rule 10.1 in respect of the acquisition by CRL and the CRL Subsidiaries of the Services Business and various related assets under the CNP Asset Sale Agreement - Services Business from CPL, CPT RE and certain of their controlled entities. In that sale agreement, the Services Business is defined as "Sale Property".

Listing Rule 10.1

An explanation of Listing Rule 10.1 is provided in respect of Resolution 1.

CER Securityholder approval is required for the purposes of Listing Rule 10.1 in respect of the acquisition by CRL and the CRL Subsidiaries of the Sale Property under the CNP Asset Sale Agreement – Services Business from CPL, CPT RE and certain of their controlled entities because CPL is an "associate" of CPT, which is a substantial holder in CRL.

For the purposes of Listing Rule 10.1, "associate" is interpreted by reference to sections 11 and 13 to 17 of the Corporations Act. Relevantly, section 15(1)(a) of the Corporations Act provides that an associate of a person (the "primary person") includes a person in concert with whom the primary person is acting, or proposes to act.

CPT and CPL are stapled entities. CPT and CPL therefore act in concert in relation to the affairs of CPL. On this basis, for the purpose of Listing Rule 10.1, CPL is an associate of CPT.

Substantial asset

Under Listing Rule 10.2, an asset is considered to be "substantial" if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the total paid up capital, reserves and accumulated profits or losses (but disregarding redeemable preference share capital and outside equity interests) (**Total Equity**) of the listed entity (as set out in the latest accounts given to ASX under the Listing Rules).

Are CRL and the CRL Subsidiaries acquiring a substantial asset?

As at 30 June 2011, the Total Equity of CRL is $2.

The effective purchase price payable for the Sale Property under the CNP Asset Sale Agreement – Services Business is approximately $200 million, plus approximately $40 million for reflecting non-recurring fee receivables attributable to the Services Business, including deferred responsible entity fees and performance fees from Syndicates, plus a further amount representing the value of the CPL Related Party loans based on 30 June 2011 statutory valuations.

The value of the Sale Property will therefore be more than 5% of the total equity of CRL, and accordingly, the proposed acquisition by CRL and the CRL Subsidiaries of the Sale Property is an acquisition of a substantial asset for the purposes of Listing Rule 10.1 and requires securityholder approval.

Independent Expert's Report

Listing Rule 10.10.2 requires that the Notice of General Meetings include a report of the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

A report from Grant Samuel & Associates Pty Ltd, as the nominated independent expert, on the CNP Assets Sale is included in Section 10 of this Explanatory Memorandum. Grant Samuel & Associates Pty Ltd has concluded that the acquisition of the Services Business is fair and reasonable to the external CER Securityholders for the reasons contained in its report.

The CER Board recommends that all CER Securityholders read the Independent Expert's Report before determining how to vote on Resolution 2.

You should refer to Section 11.2.2 of this Explanatory Memorandum, which summarises the key terms of the CNP Asset Sale Agreements Services Business.

Recommendation of CER directors

Each director of CER (other than Paul Cooper and Anna Buduls who are also directors of CNP and therefore make no recommendation) recommends that CER Securityholders vote in favour of each of the CER Aggregation Resolution 2.

Each CER director who is a CER Securityholder and entitled to vote intends to vote their CER Stapled Securities in favour of Resolution 2.

Voting Exclusion Statement

A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4 of this Explanatory Memorandum.

Resolution 3 – Acquisition of CAWF Victorian Assets

Background

Details of the acquisition are set out in Section 8.6.4 of the Explanatory Memorandum.

Purpose of Resolution 3

The purpose of Resolution 3 is to obtain CER Securityholder approval for all purposes including for the purposes of Listing Rule 10.1 in respect of the acquisition by CRT of the CAWF Victorian Assets under the CAWF Victorian Asset Sale Agreement from CAWF.

Listing Rule 10.1

An explanation of Listing Rule 10.1 is provided in respect of Resolution 1.

Securityholder approval is required for the purposes of Listing Rule 10.1 in respect of the acquisition by CRT of the CAWF Victorian Assets under the CAWF Victorian Asset Sale Agreement from CAWF because CAWF is an "associate" of CPT, which is a substantial holder in CRT.

For the purposes of Listing Rule 10.1, "associate" is interpreted by reference to sections 11 and 13 to 17 of the Corporations Act. Relevantly, section 13(c) of the Corporations Act provides that an associate of a person (the "primary person") includes the trustee of a trust in relation to which the primary person benefits. CPT Manager in its capacity as trustee of CAWF is the seller of the CAWF Victorian Assets. CPT Manager in its capacity as responsible entity of Centro Property Trust is a beneficiary of CAWF and, therefore, CAWF is a trust in relation to which CNP benefits. For the purposes of section 13(c), CAWF is relevantly an associate of CNP.

Substantial asset

Under Listing Rule 10.2, an asset is considered to be "substantial" if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the total paid up capital, reserves and accumulated profits or losses (but disregarding redeemable preference share capital and outside equity interests) (**Total Equity**) of the listed entity (as set out in the latest accounts given to ASX under the Listing Rules).

Is CRT acquiring a substantial asset?

As at 30 June 2011, the Total Equity of CER is $1,012,468,000.

The effective purchase price payable for the CAWF Victorian Assets under the CAWF Victorian Asset Sale Agreement is $510,688,739.

The value of the CAWF Victorian Assets will therefore be more that 5% of the total equity of CER, and accordingly, the proposed acquisition by CRT of the CAWF Victorian Assets is an acquisition of a substantial asset for the purposes of Listing Rule 10.1 and requires securityholder approval.

Independent Expert's Report

Listing Rule 10.10.2 requires that the Notice of General Meetings include a report of the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

A report from Grant Samuel & Associates Pty Ltd, as the nominated independent expert, on the CNP Assets Acquisition is included in Section 10 of this Explanatory Memorandum. As noted in Section 8.6.4, the acquisition of the CAWF Victorian Assets is a structuring step necessary to give effect to Aggregation. Grant Samuel & Associates Pty Ltd has concluded that Aggregation is fair and reasonable to and in the best interests of the non-associated CER Securityholders for the reasons contained in its report.

The CER Board recommends that all CER Securityholders read the Independent Expert's Report before determining how to vote on Resolution 3.

You should refer to Section 11 of this Explanatory Memorandum, which summarises the key terms of the CAWF Victorian Asset Sale Agreement.

Recommendation of CER Directors

Each Director of CER (other than Paul Cooper and Anna Buduls who are also directors of CNP and therefore make no recommendation) recommends that CER Securityholders vote in favour of Resolution 3.

Each CER Director who is a CER Securityholder and entitled to vote intends to vote their CER Stapled Securities in favour of Resolution 3.

Voting Exclusion Statement

A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4 of this Explanatory Memorandum.

Resolution 4 – CRL Constitution Amendments

Background

CRL is required to make amendments to its Constitution to facilitate the Aggregation. A summary of the material amendments required to the CRL Constitution is set out below.

Purpose of Resolution 4

Resolution 4 is required under section 136(2) of the Corporations Act. Section 136(2) requires amendments to the CRL Constitution to be made by special resolution of CRL Shareholders. To be approved, this resolution needs to be passed by at least 75% of the votes cast either in person or by proxy at the meeting of CRL Shareholders entitled to vote on the resolution.

The existing CRL Constitution and the proposed replacement constitution to be adopted by the CRL Constitution Amendment Resolution are available for inspection at Level 3, Centro The Glen, 235 Springvale Road, Glen Waverly, Victoria between 9:00 am and 5:00 pm on Business Days until the time of the General Meetings. A copy will be made available on request free of charge by calling the Securityholder Information Line on toll-free 1300 785 534 (+61 2 9191 5974 for overseas callers) or by emailing investor@centro.com.au.

The proposed amendments will, amongst other things, effect the Stapling of CER Stapled Securities to the DHT Units and the CAWF Units.

A summary of the material amendments to the CRL Constitution follows:

There are two material amendments that are proposed to be made to the CRL Constitution:

(a) (**stapling**) it is proposed to amend the stapling provisions to give the board power to decide that CRL Shares should be stapled not only to CRT Units but to any other securities including Units in CAWF and DHT.

(b) (**pre-emptive rights**) it is proposed to delete the existing pre-emptive rights held by CPT RE. These pre-emptive rights allow the CPT RE to acquire CRL Shares in circumstances where it also acquires CRT Units and while CRL Shares and CRT Units are stapled.

Resolution 5 – CRL Share Consolidation

Background

Details of the proposed CRL Share consolidation are set out in Section 8.6.6 of the Explanatory Memorandum.

Purpose of Resolution 5

Resolution 5 is required under section 254H of the Corporations Act. Resolution 5 must be approved as an ordinary resolution passed by more than 50% of the votes cast by CRL Shareholders present in person or by proxy and entitled to vote on the resolution.

Resolution 6 – Issue of CER Stapled Securities and CATS

Resolution 6(a) – Issue of CER Stapled Securities to CPT RE pursuant to the terms of the CNP Asset Sale Agreement – CPT Assets

Background

Details of the issue of CER Stapled Securities to CPT RE are set out in Sections 8.6.2 and 11.2.2 of the Explanatory Memorandum.

Purpose of Resolution 6(a)

The purpose of Resolution 6(a) is to obtain Securityholder approval for all purposes including for the purposes of Listing Rule 7.1 in respect of the issue of CER Stapled Securities to CPT RE pursuant to the terms of the CNP Asset Sale Agreement – CPT Assets.

Listing Rule 7.1

Pursuant to Listing Rule 7.1, a listed company must obtain the approval of its securityholders before it can issue or agree to issue securities if the number of those securities, plus the number of any securities issued by the company in the previous 12 months, is more than 15% of the number of issued securities of the company at the commencement of that 12 month period. If an issue of equity securities takes place with securityholder approval, the issue of those securities need not be taken into account by the listed company in calculating its 15% limit in any 12 month period without Securityholder approval.

If securityholders approve the issue of securities by CER for the purpose of ASX Listing Rule 7.1, the issue of the securities will not count towards determining the number of equity securities which CER can issue in any 12 month period.

Information required for the purpose of Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

(a) **Number of securities** – up to 34,100,000 CER Stapled Securities will be issued to CPT RE pursuant to the terms of the CNP Asset Sale Agreement – CPT Assets:

(b) **Issue date** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(c) **Issue price** – The implied issue price of the CER Stapled Securities to be issued to CPT RE will be not less than $2.35 per CER Stapled Security.

(d) **Name of allottee** – the CER Stapled Securities will be issued to CPT RE.

(e) **Terms of the securities** – The CER Stapled Securities issued to CPT RE will be ordinary CER Stapled Securities in the capital of CRL and CRT that rank equally with and have the same rights as all other CER Stapled Securities.

(f) **Intended use of funds raised** – No funds will be raised as part of the issue of CER Stapled Securities to CPT RE.

(g) **Dates of allotment** – the Aggregation Implementation Date, currently anticipated to be 13 December 2011.

(h) **Voting exclusion statement** – A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4.

Resolution 6(b) – Issue of CER Stapled Securities to CAWF Unitholders pursuant to the terms of the CAWF Victorian Asset Sale Agreement

Background

Details of the issue of CER Stapled Securities to CAWF Unitholders (exluding CER) pursuant to the terms of the CAWF Victorian Asset Sale Agreement are set out in Section 11.2.2 of the Explanatory Memorandum.

Purpose of Resolution 6(b)

The purpose of Resolution 6(b) is to obtain securityholder approval for all purposes including the purposes of Listing Rule 7.1 in respect of the issue of CER Stapled Securities to CAWF Unitholders (excluding CER) pursuant to the terms of the CAWF Victorian Asset Sale Agreement.

A summary of Listing Rule 7.1 is set out above.

If securityholders approve the issue of securities by CER to CAWF Unitholders (excluding CER) for the purpose of Listing Rule 7.1, the issue of the securities will not count towards determining the number of equity securities which CER can issue in any 12 month period without securityholder approval.

Information required for the purpose of Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

(a) **Number of securities** – up to 213,500,000 CER Stapled Securities to the Unitholders of CAWF.

(b) **Issue date** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(c) **Issue price** – the implied issue price of the CER Stapled Securities to be issued to CAWF Unitholders will be not less than $2.35 per CER Stapled Security.

(d) **Name of allottee** – the CER Stapled Securities will be issued to CAWF Unitholders.

(e) **Terms of the securities** – the CER Stapled Securities issued to CAWF Unitholders will be ordinary CER Stapled Securities in the capital of CRL and CRT that rank equally with and have the same rights as all other CER Stapled Securities.

(f) **Intended use of funds raised** – no funds will be raised as part of the issue of CER Stapled Securities to CAWF Unitholders on the terms of the CAWF Victorian Asset Sale Agreement.

(g) **Dates of allotment** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(h) **Voting exclusion statement** – A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4.

Resolution 6(c) – Issue of CER Stapled Securities to CAWF Unitholders and the DHT Unitholders

Background

Details of the issue of CER Stapled Securities to CAWF Unitholders and the DHT Unitholders are set out in Section 8.6.6 of the Explanatory Memorandum.

Purpose of Resolution 6(c)

The purpose of Resolution 6(c) is to obtain securityholder approval for all purposes including for the purposes of Listing Rule 7.1 in respect of the issue of CER Securities to CAWF (or if directed by CAWF to CAWF Unitholders) and DHT (or if directed by DHT to the DHT Unitholders).

A summary of Listing Rule 7.1 is set out above.

If securityholders approve the issue of securities by CER to CAWF (or if directed by CAWF to CAWF Unitholders) and DHT (or if directed by DHT to the DHT Unitholders) for the purpose of Listing Rule 7.1, the issue of the securities will not count towards determining the number of equity securities which CER can issue in any 12 month period without securityholder approval.

Information required for the purpose of Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

(a) **Number of securities** – up to 316,000,000 CER Stapled Securities to CAWF (or if directed by CAWF to the Unitholders of CAWF) and 191,500,000 CER Stapled Securities to DHT (or if directed by DHT to the DHT Unitholders).

(b) **Issue date** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(c) **Issue price** – the implied issue price of the CER Stapled Securities to be issued to CAWF (or if directed by CAWF to CAWF Unitholders) and DHT (or if directed by DHT to the DHT Unitholders) will be not less than $1.30 per CER Stapled Security.

(d) **Name of allottee** – the CER Stapled Securities will be issued to CAWF (or if directed by CAWF to CAWF Unitholders) and DHT (or if directed by DHT to the DHT Unitholders).

(e) **Terms of the securities** – the CER Stapled Securities issued to CAWF (or if directed by CAWF to CAWF Unitholders) and DHT (or if directed by DHT to the DHT Unitholders) will be ordinary stapled CER Stapled Securities in the capital of CRL and CRT that rank equally with and have the same rights as all other CER Stapled Securities.

(f) **Intended use of funds raised** – no funds will be raised as part of the issue.

(g) **Dates of allotment** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(h) **Voting exclusion statement** – a voting exclusion statement in respect of this Resolution is provided in Section 13.1.4.

Resolution 6(d) – Issue of Securities by CER as part of the issue of CATS and issue of any CER Stapled Securities as part of Centro Retail Australia Stapled Securities issued in accordance with the terms of issue of the CATS

Background

The background to the issue of securities (as part of the issue of CATS) and the issue of any CER Stapled Securities as part of New Stapled Securities issued in accordance with the terms of issue of CATS is set out in Section 10 of the Disclosure Document and Sections 3.2 and 8.6.7 of the Explanatory Memorandum.

Purpose of Resolution 6(d)

The purpose of Resolution 6(d) is to obtain securityholder approval for all purposes including for the purposes of Listing Rule 7.1 in respect of the issue of CER securities to CAWF Unitholders, the DHT Unitholder and CPT RE (as part of the issue of CATS) and the issue of any CER Stapled Securities as part of New Stapled Securities issued in accordance with the terms of issue of CATS.

A summary of Listing Rule 7.1 is set out above.

If securityholders approve the issue of securities by CER for the purpose of Listing Rule 7.1, the issue of the securities will not count towards determining the number of equity securities which CER can issue in any 12 month period without securityholder approval.

Information required for the purpose of Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

(a) **Number of securities** – the formula for calculating the number of CER Stapled Securities to be issued is set out in Section 10 of the Disclosure Document.

(b) **Issue date** – the CATS will be issued on the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011. The New Stapled Securities issued under the CATS will be issued within 30 Business Days of a Crystallisation Event (as defined in Section 10.1 of the Disclosure Document) occuring.

(c) **Issue price** – CER has applied for a waiver from the requirement in Listing Rule 7.3.3 to include the issue price of New Stapled Securities that may be issued in accordance with the terms of the CATS. See Section 10.1 and 14.10 of the Disclosure Document for details.

(d) **Name of allottees** – the CER securities will be issued to CAWF Unitholders, the DHT Unitholder and CPT RE.

(e) **Terms of the securities** – the terms of issue of CATS are summarised in Section 10 of the Disclosure Document. The CER Stapled Securities issued to CAWF Unitholders, the DHT Unitholder and CPT RE as part of any New Stapled Securities issued in accordance with the terms of issue of CATS will be ordinary stapled CER Stapled Securities in the capital of CRL and CRT that rank equally with and have the same rights as all other CER Stapled Securities.

(f) **Intended use of funds raised** – no funds will be raised as part of the issue.

(g) **Dates of allotment** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(h) **Voting exclusion statement** – A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4.

Resolution 6(e) – Issue of CER Stapled Securities (as part of the issue of New Stapled Securities) to CPT RE as contemplated by the CPT Asset Sale Agreement – Services Business

Background

As contemplated under the CNP Asset Sale Agreement – Services Business, CPT RE will subscribe for New Stapled Securities using the consideration received by CNP for the sale of the Sale Property as defined in the CNP Asset Sales Agreement – Services Business.

Purpose of Resolution 6(e)

The purpose of Resolution 6(e) is to obtain securityholder approval for the purposes of Listing Rule 7.1 in respect of the issue of CER Stapled Securities to CPT RE as contemplated by the CNP Asset Sale Agreement – Services Business.

A summary of Listing Rule 7.1 is set out above.

If securityholders approve the issue of securities by CER for the purpose of Listing Rule 7.1, the issue of the securities will not count towards determining the number of equity securities which CER can issue in any 12 month period without securityholder approval.

Information required for the purpose of Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

(a) **Number of securities** – up to 190,800,000 CER Stapled Securities to CPT RE.

(b) **Issue date** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(c) **Issue price** – the implied issue price of CER Stapled Securities to be issued to CPT RE will be not less than $1.30 per CER Stapled Security.

(d) **Name of allottee** – the CER Stapled Securities will be issued to CPT RE.

(e) **Terms of the securities** – The CER Stapled Securities issued to CPT RE will be ordinary stapled CER Stapled Securities in the capital of CRL and CRT that rank equally with and have the same rights as all other CER Stapled Securities.

(f) **Intended use of funds raised** – No funds will be raised as part of the issue of CER Stapled Securities to CPT RE.

(g) **Dates of allotment** – the Aggregation Implementation Date (as defined in the Disclosure Document), currently anticipated to be 13 December 2011.

(h) **Voting exclusion statement** – A voting exclusion statement in respect of this Resolution is provided in Section 13.1.4.

Implications if Resolution 6 is not passed

An explanation of the implications for CER Securityholders if Resolution 6 is not passed is set out in Section 3.9 of the Explanatory Memorandum.

When will the CER Placements proceed, if approved?

If approved, the CER Placements will proceed on the Aggregation Implementation Date, currently anticipated to be 13 December 2011.

Resolution 7 – Approval for the change in responsible entity of CRT

Background

Details of the proposed change in the responsible entity of CRT are set out in Section 8.6.8 of the Explanatory Memorandum.

Purpose of Resolution 7

Resolution 7 is required under section 601FL of the Corporations Act. Section 601FL requires that if the responsible entity of a registered scheme wants to retire, it must call a members' meeting to explain its reason for wanting to retire and to enable members to vote on a resolution to choose a company to be the new responsible entity. To be approved, this resolution needs to be passed by more than at least 50% of the votes cast either in person or by proxy at the meeting of CRT Unitholders entitled to vote on the resolution.

It is proposed that CRL (1) Limited (or if it does not hold an Australian Financial Services Licence on the Aggregation Implementation Date, Wholesale Responsible Entity Limited ACN 145 213 654) be appointed as responsible entity of CRT on the removal of Centro MCS Manager, in accordance with section 601FL of the Corporations Act as modified by any applicable ASIC instrument. CRL (1) Limited is also proposed to be appointed as the replacement responsible entity of CAWF and DHT, subject to approval of Unitholders of each of those trusts.

14. Glossary

A$ or **AUD** – Australian Dollars.

Aggregation – is the processes and steps outlined in Sections 3.1 and 8.6 of this Explanatory Memorandum, including the Stapling of Securities in each of CER, CAWF and DHT to create Centro Retail Australia.

Aggregation Fund – each of CER, CAWF and DHT, and "**Aggregation Funds**" means any or all of them as the case requires.

Aggregation Implementation Date – the fifth Business Day after the Aggregation Record Date or such other date as is agreed by CPT RE, CPL and the Senior Lenders, anticipated to be 13 December 2011.

Aggregation Ratios – the ratios relating to the issue of CER Stapled Securities, CAWF Units and DHT Units, as explained in Section 3.3 of the Disclosure Document.

Aggregation Record Date – the Senior Debt Schemes Record Date or such other date as is agreed by all the Aggregation Funds.

Aggregation Resolutions – the CER Aggregation Resolutions, the DHT Aggregation Resolutions and the CAWF Aggregation Resolutions.

ASIC – the Australian Securities and Investments Commission.

ASX – ASX Limited ACN 008 624 691.

ASX Listing Rules – the official listing rules of ASX.

Business Days – a weekday on which trading banks are open for business in Melbourne, Australia.

Cap – the cap on the number of New Stapled Securities that can be issued or the amount of cash that can be paid pursuant to the CATS, as described in Section 10 of the Disclosure Document.

CATS – Class Action True Up Securities, described in Section 10 of the Disclosure Document.

CAWF – Centro Australian Wholesale Fund ARSN 122 223 974.

CAWF Aggregation Resolutions – the CAWF RE Replacement Resolution, the CAWF Constitution Amendment Resolution and any other resolutions of CAWF Unitholders required for implementation.

CAWF Constitution Amendments – the proposed amendments to the Constitution of CAWF, which are required to Implement the Aggregation. These amendments are summarised in the CAWF Explanatory Memorandum.

CAWF Constitution Amendments Resolution – a special resolution to be put to CAWF Unitholders to approve the CAWF Constitution Amendments.

CAWF Placements – means: (1) the issue of CAWF Units to CER Securityholders and DHT Unitholders; and (2) the issue of securities by CAWF to CAWF Unitholders and DHT Unitholders as part of the issue of CATS.

CAWF RE – CPT Manager Limited (ACN 37 054 494 307) as responsible entity of CAWF.

CAWF RE Replacement – the replacement of CAWF RE with Centro Retail Australia RE.

CAWF RE Replacement Resolution – an ordinary resolution to be put to CAWF unitholders to replace CAWF RE with Centro Retail Australia RE.

CAWF Unit – a fully paid ordinary Unit in CAWF.

CAWF Unitholder – a holder of CAWF Units.

CAWF Victorian Assets – all interests in Victorian real property owned by CAWF or its controlled entities.

CAWF Victorian Asset Acquisition Resolution – an ordinary resolution to be put to CER Securityholders to approve the acquisition of the CAWF Victorian Assets.

CAWF Victorian Asset Sale Agreement – the agreement described in Section 11.2.6 of this Explanatory Memorandum for the acquisition of CAWF Victorian Assets.

Centro Arndale Units – the units in the Centro Arndale Property Trust held by CPT Manager as trustee of CMCS 33.

Centro Managed Fund – means a trust or managed investment scheme in respect of which CNP provides management services.

Centro MCS Manager Limited – Centro MCS Manager Limited (ABN 69 051 908 984).

Centro MCS Syndicate – the property syndicates of which the RE is Centro MCS Manager Limited and includes a reference to **"Syndicate"**.

Centro Retail Australia – CRL, CRT, CAWF and DHT following Aggregation and Stapling of New Stapled Securities.

Centro Retail Australia Board – the board of directors of CRL (after Aggregation Implementation) and Centro Retail Australia RE (together, Centro Retail Australia Board).

Centro Retail Australia RE – CRL (1) Limited ABN 149 781 322 (or, if it does not hold an Australian Financial Services Licence at the Aggregation Implementation Date, Wholesale Responsible Entity Limited ACN 145 213 654) which, following Aggregation Implementation, is proposed to be the new RE of the managed investment schemes which are part of Centro Retail Australia.

CER – CRT and CRL.

CER Aggregation Resolutions – the CER Placements Resolution, the CRL Constitution Amendments Resolution, the CRL Consolidated Resolution, the CRT RE Replacement Resolution, the CER Securityholder Asset Acquisition Resolution and the CAWF Victorian Asset Acquisition Resolution.

CER Board – collectively the board of directors of CRL and the board of directors of CRT RE.

CER Class Action Litigation – the following proceedings in the Federal Court of Australia:

- Kirby v Centro Retail Limited & others, proceeding VID 327 of 2008;
- Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010;
- Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008; and
- Vlachos & others v Pricewaterhouse Coopers, proceeding VID 1041 of 2010.

CER Notices of Meetings – the Notice of the CRL Members' Scheme Meeting in Section 12 and the Notice of General Meetings of CER Securityholders in Section 13.

CER Placements – the issue of:

- CER Stapled Securities to CAWF or CAWF Unitholders and to DHT or DHT Unitholders;
- CER Stapled Securities to CPT RE pursuant to the CNP Asset Sale Agreement – CPT Assets;
- CER Stapled Securities to CAWF Unitholders pursuant to the CAWF Victorian Asset Sale Agreement;
- securities to CAWF Unitholders, DHT Unitholders and CPT RE as part of the issue of CATS and CER Stapled Securities in accordance with the terms of issue of CATS; and
- CER Stapled Securities to CPT RE pursuant to the CNP Asset Sale Agreement – Services Business.

14. Glossary

CER Securityholder – a registered holder of CER Stapled Securities.

CER Securityholder Asset Acquisition Resolution – the ordinary resolutions to be put to CER Securityholders to approve the acquisition of:

- the assets to be acquired from CNP under the CNP Asset Sale Agreement – Services Business; and
- the assets to be acquired from CNP under the CNP Asset Sale Agreement – CPT Assets.

CER Securityholder Meetings – the general meetings of CER Securityholders and the CRL Members' Scheme Meeting, to be held on 22 November 2011.

CER Securityholder Register – the register of CER Securityholders held by the CER Security Registry.

CER Security Registry – Link Market Services Limited.

CER Stapled Security – a CRL Share that is stapled to a CRT Unit.

CNP – Centro Properties Group being CPL and CPT Manager Limited and their controlled bodies, which means:

- in the case of CPL, a wholly-owned subsidiary of CPL within the meaning of the Corporations Act;
- in the case of CPT Manager Limited, a body corporate which would be a wholly-owned subsidiary of CPT Manager Limited within the meaning of the Corporations Act but for section 48(2) of that Act;
- in the case of an entity which is not a body corporate, an entity which would be a Controlled Body of CPL or CPT Manager Limited within the meaning of the first or second dot points above if that entity was a body corporate and if the ownership interests in that entity (whether units in a unit trust or otherwise) were shares in that body corporate; and
- an entity which would be a controlled body of either CPL or CPT Manager Limited if the ownership interests that are held directly or indirectly by CPL were held directly or indirectly by CPT Manager Limited or vice versa,

provided that no entity will be taken to be a controlled body of CNP in that entity's capacity as trustee or responsible entity of, or custodian or sub-custodian for, a trust or manager investment scheme that is not a Controlled Body of CNP.

CNP Assets – the assets to be sold under the CNP Asset Sale.

CNP Asset Sale – the sale of the assets the subject of the CNP Asset Sale Agreement – CPT Assets, CNP Asset Sale Agreement – Services Business and the CSIF Securities Sale Agreement.

CNP Asset Sale Agreement – **CPT Assets** – the sale agreement for the sale of the CPT Sale Property by CNP.

CNP Asset Sale Agreements – **Services Business** – the sale agreement for the sale of the Sale Property by CNP.

CNP Debt Cancellation – the cancellation of the amounts actually and contingently payable by CNP and its related entities to the Senior Lenders (except for a portion of the amount payable that will not be cancelled if there is a delay in CNP receiving all of the New Stapled Securities to which it is entitled, or if there is a Failed CNP Junior Stakeholder Vote) which amount will secure amongst other things, any surplus funds following completion of the wind-down of CNP, in accordance with the Senior Debt Schemes.

CNP Group – CNP, CER, CAWF, DPF and their controlled entities.

CNP Junior Stakeholder – CNP Securityholders, Convertible Bondholders and Hybrid Lenders.

CNP Junior Stakeholder Approval – any approval or resolution of CNP Junior Stakeholders which are required for the Aggregation, or the Senior Debt Schemes, or the Hybrid Scheme or the Convertible Bond Terms Amendment (as the case may be).

CNP Securityholder Asset Sale Resolution – an ordinary resolution to be put to CNP Securityholders to approve the sale of substantially all of CNP's Australian Assets under the CNP Asset Sale Agreements for the purposes of Listing Rule 11.1 and/or 11.2.

CNP Senior Debt – the debt the subject of the Senior Debt Schemes including:

- the CNP Senior Facility Debt; and
- amounts which are currently contingently owing in respect of certain put option arrangements and hedging arrangements or otherwise rank equal with the CNP Senior Facility Debt.

CNP Senior Facility Debt – the debt facilities which have a maturity date of 15 December 2011 totalling $2.9 billion as at 30 June 2011 and excluding any amounts contingently owing.

Conditions Precedent – the conditions precedent to the Aggregation as contained in Section 6.1 of the Implementation Agreement and summarised in Section 8.1 of this Explanatory Memorandum.

Constitution – refers to the relevant Constitutions of CRT, CRL, CAWF, DPF or DHT, as the case requires.

Constitution Amendments Resolution – means the CAWF Constitution Amendments Resolution, the DHT Constitution Amendments Resolution, and the CRL Constitution Amendments Resolution.

Convertible Bondholders – a "Holder" as that term is defined in the Convertible Bond Terms.

Convertible Bond Terms – the terms and conditions applicable to the Convertible Bonds as set out in Schedule 1 to the CNP preference security deed poll (convertible bonds) executed by CPT RE and CPL dated 6 June 2007, modified by the certificate set out in Schedule 2 to the CNP preference security deed poll (exchange property settlement redemption) executed by JP Morgan Australia ENF Nominees No.1 Pty Limited ABN 124 343 148 as trustee of the JP Morgan Australia Exchangeable Note Funding Trust No 1, CPT RE and CPL dated 30 June 2010.

Convertible Bond Terms Amendment – the amendment to the Convertible Bond Terms to be proposed at a meeting of Convertible Bondholders on Tuesday, 22 November 2011.

Corporations Act – the *Corporations Act* 2001 (Cth).

Corporations Regulations 2001 – the *Corporations Regulations* 2001 (Cth).

Corporations Regulations 2008 – the *Corporations Amendment Regulations* (No 2) 2008 (Cth).

Court – the Supreme Court of New South Wales.

CPL – Centro Properties Limited (ACN 078 590 682).

CPL Controlled Sellers – each Seller (as defined in the CNP Asset Sale Agreement – CPT Assets) which is controlled by CPL.

CPT – Centro Property Trust (ARSN 091 043 793).

CPT Manager Limited – CPT Manager Limited (ACN 054 494 307).

CPT RE – CPT Manager Limited as RE of CPT.

CPT Sale Property – has the meaning given in Section 11.2.2 of this Explanatory Memorandum.

CRL – Centro Retail Limited (ABN 90 114 757 783).

CRL Constitution Amendments – the proposed amendments to the CRL Constitution that are required to implement the Aggregation. These amendments are summarised in this Explanatory Memorandum.

CRL Constitution Amendments Resolution – a special resolution to be put to CRL Shareholders to approve the CRL Constitution Amendments.

CRL Members' Scheme – the proposed scheme of arrangement under Part 5.1 of the Corporations Act between CRL and CRL Shareholders.

CRL Members' Scheme Meeting – the meeting of CRL Shareholders ordered by the Court to be convened under section 411(1) of the *Corporations Act*.

CRL Members' Scheme Resolution – the resolution approving the CRL Members' Scheme.

CRL Share – a fully paid ordinary share in CRL.

CRL Share Consolidation – the consolidation of each 5.8 CRL Shares to 1 CRL Share, and where the number of CRL Shares held by a CRL Shareholder as a result of that consolidation would be a fraction of a Share, the rounding of those fractions down to the nearest whole number.

CRL Shareholder – shareholder of CRL Shares.

CRL Subsidiaries – has the same meaning as in the CNP Asset Sale Agreement – Services Business.

CRT – Centro Retail Trust ARSN 104 931 928.

14. Glossary

CRT RE – Centro MCS Manager Limited.

CRT RE Replacement – the replacement of CRT RE with Centro Retail Australia RE.

CRT RE Replacement Resolution – the resolution to replace CRT RE with Centro Retail Australia RE.

CRT Sub Trust 1 – has the same meaning as in the CNP Asset Sale Agreement – CPT Assets.

CRT Unit – a fully paid ordinary share in CRT.

CRT Unitholders – a holder of CRT Units.

CSIF – Centro MCS Syndicate Investment Fund ARSN 124 855 465.

CSIF Holder Syndicates – Centro MCS Manager Limited in its capacity as RE for Centro MCS 4 ARSN 095 743 767, Centro MCS Manager Limited as RE for Centro MCS 14 ARSN 095 502 622, CPT Manager Limited as RE for Centro MCS 25 ARSN 097 223 259.

Disclosure Document – the disclosure document or any supplementary version of the Disclosure Document issued by CRL, CRT, CAWF and DHT.

DHT – the DPF Holding Trust.

DHT Aggregation Resolutions – the DHT Constitution Amendments Resolution and the DHT RE Replacement Resolution.

DHT Constitution Amendments – the proposed amendments that are required to implement the Aggregation, which amongst other things, will effect the Stapling of DHT Units to the CAWF Units and the CER Stapled Securities. These amendments are summarised in the DHT Explanatory Memorandum.

DHT Constitution Amendments Resolution – a special resolution to be put to DHT Unitholders to approve the DHT Constitution Amendments.

DHT Placements – means (1) the issue of DHT Units to (a): CER Securityholders and CAWF Unitholders; or (b) to DPF RE in consideration for the DPF Assets; and (2) the issue of securities to CAWF Unitholders and DHT Unitholders Units as part of the issue of CATS.

DHT Unit – a fully paid ordinary unit in DHT.

DHT Unitholder – a holder of DHT Units.

DPF – Centro Direct Property Fund ARSN 099 728 971.

DPF Assets – DPF's interests in CER, CAWF and CRIT, and DHT and any assets held directly or indirectly through DHT.

DPF RE – Centro MCS Manager Limited (ABN 69 051 908 984) as RE of DPF.

DPF Units – a fully paid ordinary unit in DPF.

DPF Unitholders – a holder of DPF Units.

EBIT – earnings before interest and taxes.

Effective – when used in relation to the CRL Members' Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the CRL Members' Scheme.

Effective Date – the date on which the CRL Members' Scheme become Effective.

Explanatory Memorandum – this explanatory memorandum or any supplementary version of this explanatory memorandum issued by CRL and CRT RE.

Extended Aggregation Period – the period commencing on the date of a Failed CNP Junior Stakeholder Vote and ending on the first to occur of:

- Aggregation Implementation;
- the date of termination of the Aggregation Process under the Implementation Agreement; and
- the date on which an Aggregation Fund gives notice in writing of termination of the Implementation Agreement on or after 14 December 2011,

for a maximum period of 60 days or such longer period as agreed in writing by the parties.

Fiduciary Event – the Directors of a relevant party determining in good faith and acting reasonably (having obtained advice) that compliance with the Implementation Agreement would be inconsistent with relevant fiduciary or statutory duties.

Failed CNP Junior Stakeholder Vote – the approval of CNP Junior Stakeholders, which are required to implement the Aggregation, and not obtained.

Flexible Exit Mechanism or **"FEM"** – the "Flexible Exit Mechanism" described in Section 4.5.3 of this Explanatory Memorandum.

Foreign Exchange – system of trading in and converting the currency of one country into that of another.

FY – financial year ending 30 June in the relevant year.

Government Agency – means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.

Historical and Pro Forma Historical Financial Information – the financial information prepared on the basis set out in Section 7.3.

Hybrid Debt – the debt the subject of the Hybrid Debt Schemes, including the Hybrid Securities and other subordinated debt.

Hybrid Debt Schemes – the creditors scheme of arrangement under Part 5.1 of the Corporations Act between CNP and the Hybrid Lenders.

Hybrid Lenders – holders of the Hybrid Debt.

Hybrid Securities – the securities issued by CNP on 15 January 2009 as a result of an amendment of a portion of the senior debt terms existing at that time and which are cumulative deferrable, interest bearing, secured notes of CNP, without any preference among themselves.

Implementation Agreement – the agreement of that name dated 8 August 2011 between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and Signing Senior Lenders, a copy of which is available in the announcement made through ASX in respect of ASX on 6 August 2011.

Independent Expert – Grant Samuel & Associates Pty Ltd.

Ineligible Overseas Securityholder – a Securityholder who is a citizen or resident of a jurisdiction outside Australia and New Zealand or who is located in or whose address in each of the Registers of CER Securityholders, the CAWF Unitholders or the DHT Unitholders is a place outside Australia and New Zealand and their respective territories and includes United States Securityholders.

Insolvency Administrator – a liquidator, administrator or receiver and manager appointed to an entity to manage its affairs for the benefit of creditors.

Investigating Accountant – Ernst & Young Transaction Advisory Services Limited AFS Licence Number 240585.

Investigating Accountant's Report – the report by the Investigating Accountant contained in full in Section 9.

LVR – Loan to Value Ratio typically calculated as follows: ((external interest bearing borrowings less cash) *divided by* direct property assets).

NAV – Net Asset Value.

New Stapled Securities – following Aggregation, stapled securities quoted on ASX, each comprising:

- one CER Share;
- one CRT Unit;
- one CAWF Unit; and
- one DHT Unit.

New Stapled Securityholders – holders of shares in CRL and Units in CRT, CAWF and DHT that are stapled together Centro Retail Australia.

Net Operating Income – property revenues less property expenses, excluding debt service, depreciation and capital expenditures.

NTA – Net Tangible Assets. Calculated as the total assets of an entity, minus any intangible assets such as goodwill, patents and trademarks, less all liabilities and the par value of preferred stock.

RE – responsible entity, which is a company appointed as responsible entity of a managed investment scheme that is registered with ASIC under the Corporations Act.

Sale Facility – the sale facility described in Section 8.10 of this Explanatory Memorandum.

Sale Nominee – a securities broker jointly appointed by each of CER, CAWF RE and DHT RE to receive any Securities that would otherwise have been issued to Ineligible Overseas Securityholders.

Sale Property - has the meaning given in Section 11.2.2 of this Explanatory Memorandum.

Schemes – the CRL Member's Scheme, Senior Debt Schemes, the Convertible Bond Terms Amendment and the Hybrid Debt Schemes.

Second Court Date – the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Schemes is heard, or if such orders are not made on that date, such later date when the Court makes such orders.

Second Judicial Advice – advice from the Court under Section 63 of the Trustee Act 1925 (NSW) to the effect that, subject to the CER Aggregation Resolutions, CAWF Aggregation Resolutions or DHT Aggregation Resolutions (as relevant) being approved by the requisite majority of relevant Securityholders, CRT RE, DHT RE, CAWF RE and Centro Retail Australia RE, as relevant, would be justified in doing all things and taking all necessary steps to put the Aggregation into effect (and in the case of DHT RE doing the other things required of them under the Implementation Agreement in connection with Aggregation) and such judicial advice that CPT RE may reasonably require.

Securities – a CRL Share, a CRT Unit, a CAWF Unit or a DHT Unit.

Securityholder – a holder of CER Stapled Securities or its components, CAWF Units or DHT Units, as the case requires, and "Securityholding" has a corresponding meaning.

Senior Debt Schemes – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between CPT RE and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme) and CPL and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme).

Senior Debt Schemes Effective – when used in relation to the Senior Debt Schemes, the coming into effect under section 411(10) of the Corporations Act, of the Court Order made under section 411(4)(b) of the Corporations Act in relation to the Senior Debt Schemes.

Senior Debt Schemes Effective Date – the date on which the last of the Senior Debt Schemes becomes Senior Debt Schemes Effective.

Senior Debt Schemes Meeting – the meetings of Senior Lenders ordered by the Court to be convened under section 411(1) of the Corporations Act.

Senior Debt Schemes Record Date – means 5.00pm on the seventh Business Day after the Senior Debt Schemes Effective Date or such other day as CPT RE, CPL and the Senior Lenders (as defined in the Senior Debt Schemes) agree.

Senior Lenders – holders of CNP Senior Debt.

Services Business – the business of providing property, development, leasing and funds management services to managed funds (including Aggregation Funds) carried on by CPL and its controlled entities at the date of this Explanatory Memorandum.

Share Cap – the Share Cap that applies to the CATS as described in Section 10.6.3 of the Disclosure Document.

Signing Senior Lenders – the Senior Lenders who have delivered signature pages to the Implementation Agreement, together with their permissible successors and assigns, holding more than 83% of CNP Senior Facility Debt (or 79% of the CNP Senior Debt as at 31 August 2011).

Stapled or **Stapling** – an arrangement by which one Share in CRL, one CRT Unit, one CAWF Unit and one DHT Unit and one may not be dealt with without the others that are stapled.

Stapling Deed – the deed of that name to be entered into between CER, CAWF RE and DPF RE in respect of the Stapling of Securities as summarised in Section 14.2 of the Disclosure Document.

Stamp Duty – any stamp duty or similar charge imposed by any Government Agency and includes, but is not limited to, any interest, fine, penalty, charge or other amount imposed in respect of any of them.

Superior Proposal – means, in respect of an entity, a bona fide proposal of offer that:

- is reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the proposal or offer and the person making it;
- is materially more favourable to investors in relation to their investments in the relevant entity than the Senior Debt Schemes, Hybrid Scheme and the Aggregation, taking into account all the terms and conditions of the proposal or offer; and
- if successfully completed, would result in a person:
  - directly or indirectly acquiring control of that entity;
  - directly or indirectly acquiring or becoming the holder of any interest in substantially all of the business or assets of the entity; or
  - otherwise acquiring or merging with the entity,

  other than as contemplated by the Implementation Agreement, under the Schemes and the Aggregation or as part of the CNP Debt Cancellation.

Unit – a unit in any of CRT, CAWF, DHT as the case requires.

Unitholder – the person for the time being registered under the provisions of the trust deed as the holder of a unit in the trust and includes persons jointly registered.

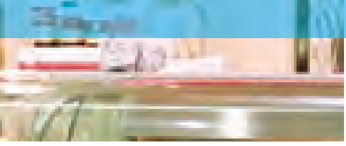
US Asset Sale – the sale by CNP, CER and a number of Centro Managed Funds of all their US investments pursuant to the Stock Purchase Agreement.

Voting Entitlement Date – 20 November 2011, the time at which CER Securityholders must be registered on the Register in order to be entitled to vote at the CER Securityholder Meetings.

15. Interpretation

In this Explanatory Memorandum, a reference to:

- the singular includes the plural and vice versa; and
- a gender includes the other genders.



Corporate Directory

Centro MCS Manager Limited
ABN 69 051 908 984 – Responsible Entity

Centro Retail Limited ABN 90 114 757 783

Board of Directors

Peter Day (Chairman)

William Bowness

Anna Buduls

Paul Cooper

Fraser MacKenzie

Michael Humphris

Company Secretary

Elizabeth Hourigan

Dimitri Kiriacoulacos

Registered Office

Corporate Offices

Level 3

Centro The Glen

235 Springvale Road

Glen Waverley Victoria 3150

Investor Relations

Telephone	+61 3 8847 0000
Facsimile	+61 3 9886 1234
Toll Free (AUS)	1800 802 400
Toll Free (NZ)	0800 449 605
Email	investor@centro.com.au
Website	cerinvestor.com.au

Corporate Solicitors

Clayton Utz

Level 18, 333 Collins Street

Melbourne Victoria 3000

Maddocks

140 William Street

Melbourne Victoria 3000

Financial Adviser

UBS AG

Level 16, Chifley Tower

2 Chifley Square

Sydney, NSW 2000

Auditor

Ernst & Young

Ernst & Young Building

8 Exhibition Street

Melbourne Victoria 3000

Security Registrar

Link Market Services Limited

Level 1

333 Collins Street

Melbourne Victoria 3000

Annexure A to CER Explanatory Memorandum

CRL Members' Scheme of Arrangement pursuant to section 411 of the Corporations Act 2001 (Cth)

Centro Retail Limited

CRL

Each person who is a Scheme Shareholder

Scheme of Arrangement dated 2011

Parties **Centro Retail Limited** ACN 114 757 783 of Level 3, Centro The Glen, 235 Springvale Road, Glen Waverley VIC 3150 (**CRL**)

Each CRL Shareholder as at the Scheme Record Date (**Scheme Shareholders**)

Background

A. CRL is a public company, limited by shares, which is incorporated in Australia and registered in the state of Victoria. Each CRL Share is stapled to a CRT Unit to form a CER Stapled Security. The CER Stapled Securities are listed for quotation on the official list of the ASX.

B. CER, CNP and certain other parties have entered into an implementation agreement dated 8 August 2011 (**Implementation Agreement**), pursuant to which, amongst other things, CRL has agreed to propose and implement this Share Scheme as an element of the Aggregation.

C. As a consequence of the Aggregation:

(a) each Restructured CRL Share will be stapled to a Restructured CRT Unit, a Restructured DHT Unit and a Restructured CAWF Unit to form a New Stapled Security; and

(b) New Stapled Securities will be listed for quotation on the official list of the ASX.

(c) CER Stapled Securities will cease to be separately listed.

D. This document contains the terms of a scheme of arrangement under Part 5.1 of the Corporations Act between CRL and Scheme Shareholders.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this document, the following definitions apply unless the contrary intention appears or the context requires otherwise:

Aggregation has the meaning given to that term in the Implementation Agreement.

Aggregation Implementation Date means the date which is the eighth Business Day after the Scheme Record Date or such other date as CRL, CAWF RE and DHT RE agree in writing.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the market operated by that entity, as the context requires.

Business Day means a week day on which trading banks are open for business in Melbourne Australia.

CAWF means the Centro Australia Wholesale Fund ARSN 122 223 974.

page 3

CAWF Constitution means the constitution of CAWF dated 30 November 2006 (as amended from time to time).

CAWF RE means CPT Manager Limited in its capacity as responsible entity of CAWF ARSN 122 223 974.

CAWF Unit means a fully paid ordinary unit in CAWF.

Centro Retail Australia means the new listed Stapled group formed as a result of the Aggregation comprising CER, CAWF and DHT.

CER means CRL and Centro MCS Manager Limited in its capacity as responsible entity of CRT ARSN 104 931 928.

CER Stapled Security means a CRL Share and a CRT Unit.

CHESS means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

CNP means Centro Properties Limited ACN 078 590 682 and CPT Manager Limited in its capacity as responsible entity of Centro Property Trust ARSN 091 043 793.

Common Terms Deed means the common terms deed dated 15 January 2009 between CNP, the Senior Agent, JP Morgan Australia Limited and others.

Conditions Precedent means the conditions precedent to this Share Scheme set out in clause 2.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the parties.

CPT means Centro Property Trust ARSN 091 043 793.

CRIT means Centro Retail Investment Trust ABN 52 788 650 867.

CRL means Centro Retail Limited ACN 114 757 783.

CRL Share means a fully paid ordinary share in the issued capital of CRL.

CRL Shareholder means a person registered as a holder of a CRL Share, including any persons jointly registered.

CRL Share Register means the register of CRL Shareholders maintained by CRL in accordance with the Corporations Act.

CRL Share Registry means Link Market Services Limited.

CRT means Centro Retail Trust ARSN 104 931 928.

CRT RE means Centro MCS Manager Limited in its capacity as responsible entity of CRT.

CRT Unit means a fully paid ordinary unit in CRT.

CSIF Holder Syndicates means each of:

(a) Centro MCS Manager Limited in its capacity as responsible entity for Centro MCS 4 ARSN 095 743 767;

(b) Centro MCS Manager Limited in its capacity as responsible entity for Centro MCS 14 ARSN 095 502 622; and

(c) Centro MCS Manager Limited in its capacity as responsible entity for Centro MCS 25 ARSN 097 223 259.

Deeds Poll means the following deeds poll:

(1) Deed Poll to be executed by DHT RE;

(2) Deed Poll to be executed by CAWF RE,

both in favour of CRL and Scheme Shareholders.

DHT means the Centro DPF Holding Trust.

DHT Constitution means the constitution of DHT dated 15 September 2011 (as amended from time to time).

DHT RE means Centro MCS Manager Limited in its capacity as responsible entity of DHT.

DHT Unit means a fully paid ordinary unit in DHT.

Effective means, when used in relation to this Share Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Share Scheme.

Effective Date means the date on which this Share Scheme becomes Effective.

Encumbrance includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset, or any pre-emptive or similar right or other third party interest.

End Date means 14 December 2011 or such later date agreed by CRL, CAWF RE and DHT RE.

Existing CAWF Unit means a fully paid unit in CAWF immediately prior to the Aggregation Implementation Date.

Existing CRL Share means a fully paid share in CRL immediately prior to the Aggregation Implementation Date.

Existing CRT Unit means a fully paid unit in CRT immediately prior to the Aggregation Implementation Date.

Existing DHT Unit means a fully paid unit in DHT immediately prior to the Aggregation Implementation Date.

Implementation Agreement means the implementation agreement dated 8 August 2011 between CNP, CER, DPF RE, CAWF RE, CSIF Holder Syndicates and the Signing Senior Lenders.

Ineligible Overseas CRL Shareholder means a Scheme Shareholder who is (or is acting on behalf of) a resident of a jurisdiction other than Australia and New Zealand and their respective external territories, or whose address as shown on the CRL Register is a place outside of Australia and New Zealand and their respective external territories, unless CRL is satisfied before the Effective Date that it would not be unlawful to issue to them Restructured DHT Units or Restructured CAWF Units either unconditionally or after compliance with conditions which CRL in its sole discretion regards as acceptable and not unduly onerous.

Listing Rules means the official listing rules of ASX.

New Stapled Security means a Restructured CRT Unit, a Restructured CRL Share, a Restructured DHT Unit and a Restructured CAWF Unit which are Stapled together, and registered in the name of a person.

Nominee means a person to be appointed by CER, DHT RE and CAWF RE, to sell New Stapled Securities.

Restructured CAWF Unit means a CAWF Unit after the consolidation of each 3.10 Existing CAWF Units into 1 CAWF Unit.

Restructured CRL Share means a CRL Share after the consolidation of each 5.8 Existing CRL Shares Units into one CRL Share.

Restructured CRT Unit means a CRT Unit after the consolidation of each 5.8 Existing CRT Units into one CRT Unit.

Restructured DHT Unit means a DHT Unit after the consolidation of each 2.51 Existing DHT Units into 1 DHT Unit.

Scheme Record Date means the Senior Debt Scheme Record Date or such other date as CER, CAWF RE and DHT RE agree in writing.

Scheme Shareholder means each CRL Shareholder recorded in the CRL Share Register as at the Scheme Record Date.

Scheme Transfer means for each Ineligible Overseas CRL Shareholder, a duly completed and executed instrument of transfer of their CRL Shares for the purposes of section 1071B of the Corporations Act.

Second Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Share Scheme is heard or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Senior Agent means Australia and New Zealand Banking Group Limited in its capacity as Senior Agent under the SFCA.

Senior Debt Schemes means the creditors schemes of arrangement under part 5.1 of the Corporations Act between CPT RE and the Senior Lenders (as defined in the Senior Debt Schemes) and CPL and the Senior Lenders (as defined in the Senior Debt Schemes).

Senior Debt Schemes Effective means, when used in relation to the Senior Debt Schemes, the coming into effect under section 411(10) of the Corporations Act of the Court Order made under section 411(4)(b) of the Corporations Act in relation to the Senior Debt Schemes.

Senior Debt Schemes Effective Date means the date on which the last of the Senior Debt Schemes becomes Senior Debt Schemes Effective.

Senior Debt Schemes Record Date means 5.00pm on the eighth Business Day after the Senior Debt Schemes Effective Date or such other day as CPT RE, CPL and the Senior Lenders agree.

Senior Lenders has the meaning given to that term in the Common Terms Deed.

SFCA means the Senior Facilities Continuation Agreement (as amended from time to time) dated 15 January 2009 between CNP, the Senior Lenders and others.

Share Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to CRL.

Share Scheme Meeting means any meeting of CRL Shareholders ordered by the Court to be convened in relation to this Share Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of such meeting.

Signing Senior Lenders means the Senior Lenders who have delivered signature pages to the Implementation Agreement on or before the date of the Implementation Agreement, together with their permissible successors and assigns in accordance with clause 26.8 of the Implementation Agreement.

Stapling means the 'stapling' of the CER Stapled Securities, the CAWF Units and the DHT Units, such that one CER Stapled Security is stapled to one CAWF Unit and one DHT Unit and one may not be dealt with without the others.

1.2 Interpretation

In this document, headings are for convenience only and do not affect interpretation, and the following rules apply unless the contrary intention appears or the context requires otherwise:

1.2.1 the singular includes the plural and vice versa;

1.2.2 each gender includes each other gender;

1.2.3 if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

1.2.4 references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;

1.2.5 references to paragraphs or clauses are to a paragraph or clause of this document;

1.2.6 a reference to a statute, regulation, listing rule or agreement is to such a statute, regulation, listing rule or agreement as from time to time amended;

1.2.7 a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

1.2.8 if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;

1.2.9 a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

1.2.10 a reference to any time is a reference to that time in Melbourne, Australia;

1.2.11 a reference to $, A$ or $AUD is to the lawful currency of the Commonwealth of Australia;

1.2.12 a reference to a document is that document as varied, novated, ratified or replaced from time to time;

1.2.13 the interpretation of a substantive provision is not affected by any heading; and

1.2.14 includes in any form is not a word of limitation.

1.3 Business Day

1.3.1 Except where otherwise expressly provided, where under this document the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the next Business Day.

1.3.2 Where a thing is to be done on a Business Day, it must be done on or by 5:00pm on that Business Day unless another time is specified in this agreement, or as agreed between the parties.

2. Conditions Precedent

2.1 Conditions Precedent

This Share Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent (Conditions Precedent):

2.1.1 all of the conditions in clause 6.1 of the Implementation Agreement, other than:

(a) the condition precedent relating to Court approval of this Share Scheme set out in clause 6.1(i) of the Implementation Agreement; and

(b) the condition precedent relating to Debt Cancellation set out in clause 6.1(t) of the Implementation Agreement,

having been satisfied or waived in accordance with the terms of the Implementation Agreement by 8:00am on the Second Court Date;

2.1.2 neither the Implementation Agreement nor any of the Deeds Poll having been terminated before 8:00am on the Second Court Date;

2.1.3 the Court makes orders approving this Share Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to CRL;

2.1.4 such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Share Scheme as are acceptable to CRL have been satisfied; and

2.1.5 the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Share Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

2.2 Certificate

2.2.1 CRL will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within its knowledge) whether or not all of the Conditions Precedent in clauses 2.1.1 and 2.1.2 have been satisfied or waived.

2.2.2 The certificate referred to in clause 2.2.1 constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

3. Effective Date of Share Scheme

This Share Scheme will:

3.1.1 take effect on and from the Effective Date; and

3.1.2 lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4. Implementation of Share Scheme

4.1 Lodgement of Court orders with ASIC

CRL will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Share Scheme as soon as practicable and in any event by 5:00pm on the first Business Day after the day on which the Court approves the Share Scheme.

4.2 Issue of CRL Shares to holders of DHT Units and CAWF Units

On the Aggregation Implementation Date, CRL must:

4.2.1 on receipt of an application by DHT RE (on behalf of the holders of Restructured DHT Units):

(a) issue to the holder of each Restructured DHT Unit on the Aggregation Implementation Date immediately after the conversion of Existing DHT Units into Restructured DHT Units, one Restructured CRL Share (Stapled to a Restructured CRT Unit) at an issue price of nil for each Restructured DHT Unit held; and

(b) enter in the CRL Share Register the name and address of each DHT Unitholder as the holder of Restructured CRL Shares issued to it;

4.2.2 on receipt of an application by CAWF RE (on behalf of the holders of Restructured CAWF Units):

(a) issue to the holder of each Restructured CAWF Unit on the Aggregation Implementation Date immediately after the conversion of Existing CAWF Units into Restructured CAWF Units, one Restructured CRL Share (Stapled to a Restructured CRT Unit) at an issue price of nil for each Restructured CAWF Unit held; and

(b) enter in the CRL Share Register the name and address of each CAWF Unitholder as the holder of Restructured CRL Shares issued to it.

4.3 Agreement to be bound

Each Scheme Shareholder (other than Ineligible Overseas CRL Shareholders) agrees that:

4.3.1 on and from the Aggregation Implementation Date, it will be:

(a) a holder of Restructured DHT Units and bound by the provisions of the DHT Constitution; and

(b) a holder of Restructured CAWF Units and bound by the provisions of the CAWF Constitution; and

4.3.2 from 5:00pm on the Aggregation Implementation Date, each Restructured CRL Share will be stapled to one Restructured CRT Unit, one Restructured DHT Unit and one Restructured CAWF Unit to form a New Stapled Security, such that each Restructured CRL Share may only be transferred by a CRL Shareholder if there is a simultaneous transfer by the CRL Shareholder of the same number of Restructured CRT Units, Restructured DHT Units and Restructured CAWF Units to the same transferee.

4.4 Ineligible Overseas CRL Shareholders

4.4.1 On the Scheme Record Date, the unencumbered beneficial and legal title in all CRL Shares registered in the name of an Ineligible Overseas CRL Shareholder, will be transferred to the Nominee by:

(a) CRL delivering to the Nominee the Scheme Transfer, without the need for any further act by any Ineligible Overseas CRL Shareholder; and

(b) the Nominee duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to CRL for registration;

4.4.2 in consideration of the transfer of the Ineligible Overseas CRL Shareholders' CRL Shares pursuant to clause 4.4.1, Nominee will pay to the Ineligible Overseas CRL Shareholders the net proceeds of the sale of the New Stapled Securities referred to in clause 4.4.3 in the manner set out in clause 4.4.3.

4.4.3 CRL will procure that the Nominee will sell the New Stapled Securities held by the Nominee, comprising the CRL Shares transferred to it pursuant to clause 4.4.1, at such time or times, in such manner and on such terms and conditions as the Nominee thinks fit in its absolute discretion (and at the risk of the Ineligible Overseas CRL Shareholder) and that the Nominee must then pay to that Ineligible Overseas CRL Shareholder their pro rata share of the net proceeds received, after:

(a) deducting any applicable brokerage, stamp duty and other taxes and charges; and

(b) rounding down to the nearest whole cent, provided that if CRL receives professional advice that any withholding or other tax is required by law to be withheld from any such payment, CRL will procure that the Nominee withholds the relevant amount before making the payment to the Ineligible Overseas CRL Shareholder. CRL will procure that any amount so withheld is paid to the relevant taxation authorities within the time permitted by law.

4.4.4 Each Ineligible Overseas CRL Shareholder agrees that the amount referred to in clause 4.4.3 may be paid to it by the Nominee sending, to the address on the CRL Share Register as at the Scheme Record Date, a cheque in Australian currency drawn on an Australian bank for the relevant amount.

4.4.5 Payment of an amount to an Ineligible Overseas CRL Shareholder in accordance with this clause 4.4 will be in full satisfaction of the obligations of CRL to that Ineligible Overseas CRL Shareholder under the Share Scheme.

4.4.6 None of CER, CAWF RE and DHT RE or the Nominee give any assurance as to the price that will be achieved for the sale of the New Stapled Securities by the Nominee. The sale of the New Stapled Securities under this clause 4.4 will be at the risk of the Ineligible Overseas CRL Shareholder.

4.4.7 Each Ineligible Overseas CRL Shareholder appoints CRL as its agent to receive on its behalf any financial services guide or other notices (including any update of those documents) that the Nominee is required to provide to the Ineligible Overseas CRL Shareholder.

4.5 Warranty by Ineligible Overseas CRL Shareholders

Each Ineligible Overseas CRL Shareholder is deemed to have warranted to the Nominee, and to the extent enforceable, to have appointed and authorised CRL as that Ineligible Overseas CRL Shareholder's agent and attorney to warrant to the Nominee, that all of their CRL Shares (including any rights and entitlements attaching to those CRL Shares) will, at the time of the transfer of them to the Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (other than the fact of the CRL Shares being stapled to CRT Units), and that they have full power and capacity to sell and to transfer their CRL Shares (together with any rights and entitlements attaching to those CRL Shares) to the Nominee pursuant to this Share Scheme. CRL undertakes in favour of each Ineligible Overseas CRL Shareholder that it will provide such warranty, to the extent enforceable, to the Nominee on behalf of that Ineligible Overseas CRL Shareholder.

4.6 Status of CRL Shares

Subject to this Share Scheme becoming Effective CRL will:

4.6.1 issue the Restructured CRL Shares required to be issued by it under this Share Scheme on terms such that each Restructured CRL Share will rank equally in all respects with each existing Restructured CRL Share;

4.6.2 ensure that each such Restructured CRL Share is duly issued and is fully paid and free from any adverse claim, mortgage, charge, lien, Encumbrance or other security interest; and

4.6.3 will use best endeavours to ensure that the Restructured CRL Shares issued will, as part of the New Stapled Securities, be listed for quotation, on the official list of the ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Aggregation Implementation Date, on an ordinary (T+3) settlement basis.

5. Entitlement to participate and dealings in CRL Shares

5.1 Entitlement to participate

Each Scheme Shareholder will be entitled to participate in the Share Scheme.

5.2 Dealings in CRL Shares by CRL Shareholders

5.2.1 For the purposes of establishing who are Scheme Shareholders, dealings in CRL Shares will be recognised by CRL provided that:

(a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the CRL Share Register as the holder of the relevant CRL Shares on or by the Scheme Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the CRL Share Register is kept by 5:00 pm on the day which is the Scheme Record Date (in which case CRL must register such transfers or transmission applications before 7:00 pm on that day).

5.2.2 CRL will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transfer or transmission application in respect of CRL Shares received after the Scheme Record Date.

For the purposes of clause 4.3, the Nominee will be deemed to be the holder of CRL Shares that are sold and transferred to the Nominee under clause 4.4 on and from the Scheme Record Date and any holder of those CRL Shares will be deemed to have ceased to be a holder of those CRL Shares on and from the Scheme Record Date.

5.3 CRL Share Register

For the purpose of determining entitlements to participate in this Share Scheme, CRL must maintain, or procure the maintenance of, the CRL Share Register in accordance with the provisions of this clause 5 and applicable laws. The CRL Share Register in this form will solely determine entitlements to participate in this Share Scheme.

5.4 Effect of share certificates and holding statements

All share certificates and holding statements for CRL Shares, Restructured CRL Shares or CER Stapled Securities will cease to have effect from the Scheme Record Date as documents of title of the CRL Shares or Restructured CRL Shares. As from the Scheme Record Date, each entry on the CRL Share Register current at that date will cease to have any effect other than as evidence of entitlement to the issue of DHT Units and CAWF Units pursuant to the Share Scheme in respect of the Stapled Securities relating to that entry.

6. Quotation of CER Securities and New Stapled Securities

6.1 Suspension of trading of CER Securities

It is expected that trading in CER Stapled Securities separately on ASX will be suspended no later than the Business Day following the day on which CER notifies ASX of the Court approval of the Share Scheme.

6.2 Quotation of Stapled Securities

CRL will apply or procure that an application is made for the quotation of New Stapled Securities on ASX immediately after the Effective Date.

7. General Scheme provisions

7.1 CRL to act on behalf of Scheme Shareholders

7.1.1 Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints CRL as its agent and attorney for the purpose of executing any document or form or doing any other act necessary to give effect to the terms of this Share Scheme and the transactions contemplated by it.

7.1.2 CRL, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under clause 7.1.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 Further assurances

7.2.1 Each Scheme Shareholder and CRL will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Share Scheme and the transactions contemplated by it.

7.2.2 Without limiting CRL's other powers under this Share Scheme, CRL has power to do all things that it considers necessary or desirable to give effect to this Share Scheme and the Implementation Agreement.

7.2.3 CRL undertakes to each Scheme Shareholder that it will enforce the Deeds Poll against DHT RE and CAWF RE respectively on behalf of and as agent of the Scheme Shareholders.

7.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

7.3.1 consents to CRL doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Share Scheme and the transactions contemplated by it; and

7.3.2 acknowledges that this Share Scheme binds CRL and all of the Scheme Shareholders from time to time (including those who do not attend the Share Scheme Meeting, those who do not vote at that meeting or those who vote against this Share Scheme), and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of CRL.

7.4 Alterations and Conditions

If the Court proposes to approve this Share Scheme subject to any alterations or conditions, CRL may, by its counsel or solicitors, consent on behalf of each Scheme Shareholder to those alterations or conditions.

7.5 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to CRL, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at CRL's registered office or by the CRL Share Registry (as the case may be).

7.6 Costs and Stamp Duty

Except as otherwise expressly stated in this Share Scheme or the Implementation Agreement, CRL will pay any costs, any stamp duty and any related fines or penalties, which are payable on or in respect of this Share Scheme or on any document referred to in this Share Scheme.

7.7 Governing Law

This Scheme is governed by the laws of the State of Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria, Australia for any proceedings in connection with this Scheme.

7.8 No liability when acting in good faith

Neither CRL, nor any director, officer or secretary of CRL will be liable for anything done or omitted to be done in the performance of this Share Scheme in good faith.

Centro Retail

5 OCTOBER **2011**

Disclosure Document

In relation to Centro Retail Limited ABN 90 114 757 783 (**CRL**)
Centro Retail Trust ARSN 104 931 928 (**CRT**)*
Centro Australia Wholesale Fund ARSN 122 223 974 (**CAWF**)
and Centro DPF Holding Trust ARSN 153 269 759 (**DHT**)

2011

If you hold Securities in any of CRL and CRT (together CER), CAWF or DHT, you should read this Disclosure Document in full, together with any Explanatory Memorandum for the relevant entity in which you hold Securities before deciding whether or not to vote in favour of Resolutions to facilitate the Aggregation of those entities that is referred to in that Explanatory Memorandum

Unitholders in Centro Direct Property Fund ARSN 099 728 971 (DPF) should read this Disclosure Document together with any Brochure for DPF redemptions in full before making any decision to receive New Stapled Securities and CATS if they request redemption of their DPF Units

* At the date of this Document CRL and CRT are listed on ASX and their stapled securities are quoted together as 'CER'

IMPORTANT NOTICES

Definitions

Certain terms used in this Document have meanings which are set out in the Glossary in Section 16.

References in this Document to "Centro Retail Australia" assume that Aggregation has occurred.

This Disclosure Document

Date: This Document is dated 5 October 2011.

Lodgement: It was lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 October 2011 as required by sections 727 and 1015B of the Corporations Act. In accordance with the Corporations Act, this Document is subject to an exposure period of seven days (or any extended period up to 14 days) from the lodgement.

Prospectus and PDS: This Document is:

- a prospectus for the purposes of Chapter 6D of the Corporations Act prepared by Centro Retail Limited ABN 90 114 757 783 (**CRL**) in respect of fully paid ordinary CRL shares and CATS; and
- a product disclosure statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act in respect of fully paid ordinary units in each of:
  - Centro Retail Trust ARSN 104 931 928 (**CRT**);
  - Centro Australia Wholesale Fund ARSN 122 223 974 (which will cease to be 'wholesale' if Aggregation proceeds) (**CAWF**); and
  - Centro DPF Holding Trust ARSN 153 269 759 (**DHT**),

  and CATS.

This Document is given by the issuers being:

- the Issuers of the New Stapled Securities and CATS, such Issuers being CRL and the following responsible entities (REs):
  - Centro MCS Manager Limited ABN 69 051 908 984 as the RE of CRT and RE of DHT; and
  - CPT Manager Limited ABN 37 054 494 307 as the RE of **CAWF**;

  and
- the transferor of New Stapled Securities and CATS to redeeming DPF Unitholders, DPF RE being Centro MCS Manager Limited as the RE of the Centro Direct Property Fund ARSN 099 728 971(**DPF**).

This Document has been prepared by them or on their behalf.

What it contains

This Document contains the following information:

- **New Stapled Securities** – information about the new issues and "Stapling" of Securities (**New Stapled Securities**) in each of CRL, CRT, CAWF and DHT (together referred to in this Document as the **Aggregation Funds**) on Aggregation. As background information, Aggregation is described in Section 3.
- **Centro Retail Australia** - information about Centro Retail Australia (comprising the Aggregation Funds) assuming that Aggregation occurs. This includes information about the assets and liabilities, financial position, performance and distributions and prospects of Centro Retail Australia and the rights and liabilities attaching to the New Stapled Securities.

  This includes an Investigating Accountant's Report prepared by Ernst & Young Transaction Advisory Services Limited about certain financial information of Centro Retail Australia.
- **Class Action True-up Securities** (**CATS**) – information about CATS, which are to be issued on Aggregation by the Aggregation Funds. CATS are to be issued to CAWF Unitholders and DHT Unitholders (as at the Aggregation Record Date), to DPF (in respect of certain assets transfers and to Centro Properties Group (being Centro Properties Limited (CPL) and the RE of Centro Property Trust and their controlled bodies) (**CNP**) in connection with the transfer of substantially all of CNP's Australian assets (excluding interests in CER, CAWF and DPF) by CNP to Centro Retail Australia. They will entitle their holders to the issue of additional New Stapled Securities should CRL and CRT (which are at the date of this Document a Stapled group traded on ASX as **CER**) be liable to pay certain amounts in respect of the CER Class Action Litigation which has been brought against them.

Recipients of this Document

CER, CAWF AND DHT MEMBERS PRIOR TO AGGREGATION

You should also have received an accompanying Explanatory Memorandum for your Aggregation Fund.

Your Explanatory Memorandum contains important information and requires your immediate attention.

Your Explanatory Memorandum tells you about resolutions for the proposed Aggregation on which you can vote and includes Notices of Meeting and proxy and voting forms.

What Securityholders need to do

Please read the Explanatory Memorandum for your Aggregation Fund in conjunction with this Document before making a Decision on how to vote on the Aggregation Resolutions.

In particular, please make sure that you understand the information in the Explanatory Memorandum about the proposed Aggregation (including the proposed Stapling of the Securities of the Aggregation Funds) and Centro Retail Australia, should Aggregation occur.

PLEASE REFER TO THE EXPLANATORY MEMORANDUM FOR THE DOCUMENTS THAT YOU NEED TO RETURN, THE DEADLINES AND PLACE FOR RETURN OF THOSE DOCUMENTS AND THE TIMES FOR ANY MEETINGS ABOUT AGGREGATION THAT YOU MAY BE ABLE TO ATTEND AND RESOLUTIONS ON WHICH YOU CAN VOTE.

Once you have voted, you do not need to do anything else.

If you would like a copy of the Explanatory Memorandum you can download a copy from www.centro.com.au or if you would like it sent to you free of charge or you have any further questions in relation to the Aggregation or voting please call toll free number 1300 785 534 (+61 2 9191 5974 for overseas callers) between 9:00 am and 5:00 pm (AEST), Monday to Friday, and consult with your investment or other professional advisers.

FOR DPF UNITHOLDERS WHO HAVE RECEIVED A REDEMPTION BROCHURE FROM THE DPF RE

If you have received a notice about requesting redemption of your DPF Units that tells you that you can elect to receive Centro Retail Australia securities instead of cash when redemption occurs, this Document provides you with information about the Centro Retail Australia securities (being New Stapled Securities and CATS) so that you can consider that election.

What DPF Unitholders need to do

Please read this Document together with the Redemption Brochure and accompanying letter from the DPF RE before making any decision as to whether to request redemption of any of your DPF Units and, if you request redemption, whether to elect to obtain New Stapled Securities and CATS rather than cash.

If you do not want to redeem your DPF Units then as soon as practicable after Aggregation (should it occur) you do not need to do anything at this time.

If you do want your DPF Units redeemed as soon as practicable then carefully consider all information about the New Stapled Securities and CATS in this Document and all information in the Redemption Brochure before making any election.

No Cooling Off

Cooling off rights do not apply to an acquisition of New Stapled Securities or CATS. This means that anyone who is issued New Stapled Securities or CATS will not have the right to return them to their Issuer or be paid any amount if they do not want them.

Issuers' responsibility for this Document

This Document covers multiple financial products and relates to the issue of CRL Shares by CRL, CRT Units by CRT RE, CAWF Units by CAWF RE, DHT Units by DHT RE and the issue of CATS by each of CRL, CRT RE, CAWF RE and DHT RE.

This Document also relates to any transfer by DPF RE to DPF Unitholders of New Stapled Securities and CATS, in relation to redemption of DPF Units and accordingly this Document has also been prepared by DPF RE.

The Issuers each take full responsibility for the contents of this Document.

This Document contains information from the following independent parties:

- The information concerning the Senior Lenders, to the extent that it relates to Signing Senior Lenders (**Signing Senior Lenders Information**) contained in Sections 1.5, 2 (to the extent that the information relates to the question titled "*What will the ownership structure of Centro Retail Australia look like after Aggregation implementation*?"), 3.2 and 5.5.3 is the responsibility of the Signing Senior Lenders. No Issuer, DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Signing Senior Lenders' responsibility for the accuracy or completeness of any Signing Senior Lenders Information.
- Ernst & Young Transaction Advisory Services Limited has prepared the Investigating Accountant's Report set out in Section 12 of this Document, and takes responsibility for that report. No Issuer or DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Investigating Accountant's responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report, except that each of those parties remains responsible to the extent of factual information given by it to Ernst & Young Transaction Advisory Services Limited.
- KPMG has prepared the Taxation Adviser's Report set out in Section 13 of this Document, and takes responsibility for that report. No Issuer or DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Taxation Adviser's responsibility for the accuracy or completeness of the information contained in the Taxation Adviser's Report, except to the extent of factual information that it has given to the Taxation Adviser.

Please refer to Section 15.5 for further information about the persons who have given their consent in respect of statements that they have made or that are based on statements made by them and that are included in this Document.

Regulatory information

A copy of this Document together with the CER Explanatory Memorandum has been lodged with ASIC. Copies of the CAWF and DHT Explanatory Memoranda have also been provided to ASIC and copies of all documents have been provided to Australian Securities Exchange (**ASX**). None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Document or any Explanatory Memorandum referred to in this Document.

This Document and the CER Explanatory Memorandum together comprise the explanatory statement for the proposed scheme of arrangement under Part 5.1 of the Corporations Act between CRL and CRL Shareholders (**CRL Members' Scheme**), for the purpose of section 412(1) of the Corporations Act. These documents are required to be sent to CRL Shareholders in relation to the CRL Members' Scheme. A draft copy of this Document and the CER Explanatory Memorandum were provided to ASIC on 31 August 2011 for the purposes of section 411(2) of the Corporations Act.

Statement of Past Performance

This Document includes information regarding the past performance of the Centro Retail Australia property portfolio and Centro Retail Australia (on a pro forma basis). Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-looking statements

This Document contains forecast financial information along with forward-looking statements in relation to the financial performance and strategy of Centro Retail Australia. The forward-looking statements included in this Document are made only as at the date of this Document. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Issuers and their Directors. Such statements reflect the current expectations of the Issuers concerning future results and events, and are not guarantees of future performance. The actual results of the Aggregation Funds and Centro Retail Australia may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements or forecasts. In particular you should note that Aggregation entails a number of changes to the assets and operations of each of the Aggregation Funds that comprise Centro Retail Australia, and they have not previously operated with common memberships and stapled listed securities in this form.

Other than as required by law, although they believe that there is a reasonable basis for the forward-looking statements, no Issuer or any other person gives any representation, assurance or guarantee that the occurrence of these events expressed or implied in any forward-looking statements in this Document will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

Subject to any obligations under the Corporations Act or the ASX Listing Rules, the Issuers and the Directors of each of the Issuers disclaim any obligation or undertaking to disseminate after the date of this Document any update or revisions to any forward-looking statements to reflect any change in expectations in relation to any of those statements or any change in circumstances, events or conditions on which any of those statements are based.

The risk factors in Section 5 of this Document or other factors (which could be unknown or unpredictable or result from a variation in the assumptions underlying the forecasts) could cause actual results to differ materially from those expressed, implied or projected in any forward-looking statements or forecasts.

No Issuer or any other person (including any officer or employee of the Issuers, any person named in this Document or any person involved in the preparation of it) gives any representation, assurance or guarantee (express or implied) that the results, performance or achievements expressed, implied or projected in the forward-looking statements in this Document will actually occur.

Notice to foreign persons

This Document and the Explanatory Memoranda do not in any way constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the New Stapled Securities or CATS or otherwise to permit an offering of New Stapled Securities or CATS in any jurisdiction outside of Australia and New Zealand.

Senior Lenders who receive this Disclosure Document should refer to the foreign jurisdiction disclaimers in the Explanatory Statement for the Senior Debt Scheme.

Financial information included in this Document has been largely prepared in accordance with Australian Accounting Standards (with exceptions noted in Section 7) and may not be comparable to the financial statements prepared in accordance with accounting standards in jurisdictions outside Australia.

This Document does not constitute an offer of securities for sale in the United States and the New Stapled Securities may not be offered or sold in the United States absent registration or exemption from registration. No offering of New Stapled Securities is made in the United States by any Issuer.

For the purposes of the Aggregation, Ineligible Overseas Securityholders are those Securityholders whose address as at the Aggregation Record Date as shown on the register of the Aggregation Fund Securityholders is a place outside of Australia and New Zealand and their respective external territories (and this exclusion applies to all United States Securityholders).

Ineligible Overseas Securityholders should refer to the Explanatory Memorandum for their Aggregation Fund that accompanies this Document. It explains that if Aggregation occurs then on the Aggregation Implementation Date, their existing shares and units (and all rights and entitlements) in the Aggregation Funds will be compulsorily transferred to a sale nominee for sale without the need for any act by the Ineligible Overseas Securityholder. The Aggregation Funds will also issue any securities to which an Ineligible Overseas Securityholder would otherwise have been entitled under Aggregation to the sale nominee appointed by the Aggregation Funds. The sale nominee must sell those securities in such manner and at such price and on such other terms as the sale nominee determines and at the risk of the Ineligible Overseas Securityholders. There is no assurance as to the amount that may be realised by any such nominee. Any sale will be subject to the risks associated with listed securities (including volatility in trading prices) and potential dilution as a result of any issues of New Stapled Securities under the CATS (subject to the Caps described in Section 1.5). The sale nominee will pay to each Ineligible Overseas Securityholders their proportion of the net proceeds of those Securities after deducting any applicable brokerage, stamp duty and other taxes and charges.

Electronic Document

This Document may be viewed online at www.centro.com.au. If you access the electronic version of this Document you should ensure that you download and read the entire Document as well as the relevant Explanatory Memorandum.

A paper copy of this Document can be obtained, free of charge, by calling toll free 1300 785 534 (+61 2 9191 5974 for overseas callers).

Warning to New Zealand Investors

The warning statement below is required under the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008 (New Zealand) and relates to the offer under this offer, which is made pursuant to those Regulations in New Zealand.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Voting decisions and investment

The information contained in this Document is general information only and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Securityholder or any other person. The information in this Document should not be relied upon as the sole basis for any investment decision in relation to the CRL Members' Scheme, your Securities or New Stapled Securities. Before making any investment decision in relation to the CRL Members' Scheme, your Securities or New Stapled Securities, including any decision to vote in favour or against by CRL Shareholders on the CRL Members' Scheme, by CER Securityholders on the CER Aggregation Resolutions at the CER Securityholder and CRL Members' scheme meetings (to be held on Tuesday 22 November 2011) or for DPF Unitholders making any decision as to whether to request redemption of their DPF Units and elect to receive New Stapled Securities and CATS, you should consider whether that decision is appropriate in light of your particular needs, objectives and financial circumstances. If you are in any doubt about what you should do, please consult your financial, taxation or other professional adviser(s).

Update of information

Information in this Document may need to be updated by the Issuers from time to time. Any updated information which is not materially adverse to Securityholders will be made available on the following website: www.centro.com.au. Where updated information about Aggregation requires the issue of a supplementary prospectus or product disclosure statement in accordance with the Corporations Act, a supplementary document will be issued.

Where updated information is materially adverse to investors, the Issuers will issue a supplementary document.

Where the Aggregation Fund in which you hold Securities is listed on ASX you should check for any announcements made to ASX.

The Issuers will provide a copy of the updated information on www.centro.com.au or you can obtain a copy free of charge by calling freecall number 1300 785 534 (+61 2 9191 5974 for overseas callers).

Privacy

The Issuers (including any replacement RE from time to time), DPF RE and any of their service providers, including any relevant Security Registrar ("**Recipients**"), may collect "personal information", as that term is defined in the Privacy Act 1988 (Cth). The purposes of collection of the personal information are to enable:

- the Aggregation to be implemented in the manner described in this Document and the Explanatory Memoranda; and
- the subsequent operation of Centro Retail Australia.

Without this information, the Recipients may be unable to give effect to the Aggregation or operate Centro Retail Australia.

Personal information may be disclosed by a Recipient to another Recipient, a Recipient's Security Registrar and service providers, authorised security brokers and to their related bodies corporate. Securityholders and other individuals whose personal information has been collected have certain rights to access personal information that has been collected and should contact the Centro Privacy Officer at privacy@centro.com.au, in the first instance, if they wish to request access to the personal information.

Securityholders and other individuals whose personal information has been collected may be sent material, information and publications (including marketing material) in addition to general corporate communications. You may elect not to receive marketing material by contacting the Centro Privacy Officer at privacy@centro.com.au.

If you have any complaints or queries about the privacy of your information please contact privacy@centro.com.au or:

Privacy Officer
Centro Properties Group
Centro The Glen
235 Springvale Road
Glen Waverley, Victoria 3150

Currency references

All monetary references in this Document are references to Australian dollars unless otherwise noted.

Key dates

Important dates in relation to the proposed Aggregation are set out in the Explanatory Memoranda for CER, CAWF and DHT. Securityholders in those Aggregation Funds should refer to their relevant Explanatory Memorandum for details of key dates.

There are also relevant dates that relate to DPF Unitholders, including in relation to the redemption of their DPF Units. DPF Unitholders should refer to the Redemption Brochure sent to them by the DPF RE for details of these dates.

Expiry date

No New Stapled Securities will be issued on the basis of this Document later than 13 months after the date of this Document.


fresh life

Contents

Chairman's letter

Dear Securityholder

I am pleased to provide you with information about Centro Retail Australia, which is anticipated to be a leading owner and manager of high-quality Australian retail property.

Centro Retail Australia provides an attractive opportunity to invest in Australian retail property via an ASX-listed vehicle featuring:

- a $4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further 7 Australian shopping centres;
- an experienced and dedicated management team and over 600 staff directly employed by Centro Retail Australia;
- one of Australia's largest unlisted retail property syndicate businesses comprising $0.5 billion of co-investments in, and management of, 27 Centro MCS Syndicates[1] which collectively own interests in 61 properties[2] valued at $2.6 billion;
- a clear investment strategy, a stable capital structure with gearing[3] of approximately 40% and a weighted average maturity[4] of three years for its debt facilities; and
- forecast pro forma 2012 financial year earnings of 15.3 cents per New Stapled Security, earnings yield on equity[5] of 6.1% and a forecast distribution of 6.4 cents per New Stapled Security for 2012 financial year (equivalent to 12.4 cents on a pro forma full year basis).

If the Aggregation proceeds, Centro Retail Australia is expected to have net book equity of $3.4 billion based on book value as at the Aggregation Implementation Date, making it one of the largest Australian REITs. It is also expected that Centro Retail Australia would become part of several A-REIT indices that are significant in attracting institutional investors and will have a strong governance structure and Board with relevant industry credentials.

As an investment class, Australian retail property has delivered comparatively strong returns to investors over many years and proven to be relatively resilient through economic cycles. Investment interests in Australian retail properties have stabilised during the past year with strong interest in high-quality shopping centres from both local institutional investors and offshore groups, including sovereign wealth and major pension funds.

Centro Retail Australia's strategy will be to deliver strong, consistent returns to investors from its portfolio of Australian shopping centres and to maintain its position as a leading manager of unlisted retail property funds. Centro Retail Australia's property management, development and leasing teams will pursue opportunities to add value through developments and selective acquisitions and disposals.

I am confident that the following strengths will underpin the successful execution of Centro Retail Australia's strategy:

- ***The quality of properties*** – A $4.4 billion portfolio of directly owned properties comprises predominantly regional[6] and sub-regional[6] shopping centres situated in major capital cities and other significant regional locations across all mainland States of Australia. The $2.6 billion portfolio owned by the Centro MCS

1 Expected Syndicates at Aggregation. Refer to Section 4.6.5 for details of Syndicates that have reached or are nearing their maturity dates and anticipated actions.

2 Includes five properties co-owned with Centro Retail Australia – total portfolio under management is 99 properties.

3 Gearing is defined as total borrowings divided by total property and equity-accounted investment interests as at 30 June 2011 (as described in Section 7).

4 Weighted average maturity for debt is the average length of time before Centro Retail Australia's proposed debt facilities will be required to be repaid or refinanced, after weighting according to the amount of debt under each facility. The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years.

5 Earnings yield is operating earnings as a proportion of net asset value (including intangibles).

6 Refer to Section 4.3 beneath the map for descriptions of these terms.

Syndicates comprises interests in predominantly sub-regional and convenience[6] shopping centres located across most Australian States. Both portfolios are anchored[7] by retailers focused on non-discretionary consumer spending[8]. Strong portfolio occupancy levels (at or in excess of 99%) and growth in portfolio net operating income (averaging 3.7% for the three years to 30 June 2011) have been sustained despite challenging recent economic conditions.

- ***A dedicated team with strong retailer relationships*** – A dedicated team of over 600 staff has done an excellent job in maintaining the strong performance of the CNP Group's Australian property portfolio through a period of significant uncertainty for the CNP Group and challenging economic conditions. Our property management, development and leasing teams have strong relationships with Australia's major and specialty retailers, which positions us well for the future.

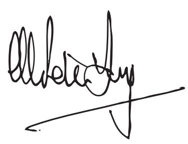
The agreement to establish Centro Retail Australia marks the successful conclusion of a complex restructuring process which, if approved, will align the interests of various stakeholders in an internally managed, large ASX-listed REIT that will be better positioned to capitalise on opportunities.

This Document contains important information about Centro Retail Australia and the proposed Aggregation, including risks that you should be aware of, as described in Section 5. The risks include the absence of a prior trading history in this Aggregated form, Centro Retail Australia's funding requirements not being met, the exposure to existing litigation including CER Class Action Litigation and the possible issue of further New Stapled Securities or cash to the holders of CATS (subject to Caps)[9] if any of the CER Class Action Litigation results in a liability for CRT or CRL. There are risks associated with listed securities, such as trading price volatility and liquidity, particularly where there may be holders of significant stakes whose actions can have significant effects on the trading price.

Further risks also include Centro Retail Australia's obligations in respect of flexible exit mechanisms for certain syndicates, whether all or only part of possible syndicate management rights will be obtained by Centro Retail Australia and risks associated with retail property investments and co-ownership arrangements. Please read this Document in conjunction with any Explanatory Memorandum issued to you if you are already a Securityholder in CER, CAWF or DHT. I urge you to carefully read these documents and seek any financial and legal advice that you may need about what it means for you personally. DPF investors are encouraged to read the information provided to them by the DPF RE including any Redemption Brochure provided by the DPF RE.

I look forward to welcoming you as a Centro Retail Australia investor.

Yours sincerely,



W. Peter Day

Chairman, CER

7 An "anchor" in a shopping centre is a large retailer (often a supermarket or department store) with a lettable area greater than 1,000 sqm.

8 In this context, non-discretionary focused retailers include supermarkets, discount department stores and certain specialty retailers that sell essential day-to-day items (e.g. fresh food).

9 See Sections 1.5, 3.4, 7.3.10 and 10.


BON JOUR
MAX BRENNER CHOCOLATE

1.
Centro Retail Australia Highlights

1.1. INVESTMENT OVERVIEW

HIGH-QUALITY $4.4 BILLION AUSTRALIAN RETAIL PROPERTY PORTFOLIO

- 36 properties with 100% ownership interests and a further 7 with 50% ownership interests;
- Forecast property net operating income of $328 million for the financial year ending 30 June 2012 accounting for 81% of total forecast Centro Retail Australia income for that financial year;
- Predominantly regional[10] and sub-regional[10] assets tenanted by non-discretionary retailers that sell essential day-to-day items;
- Australia's largest manager to the leading supermarket operators[11], Woolworths and Coles;
- Geographically diversified across all mainland Australian States with strong representation in Victoria and Western Australia;
- 99.4% occupancy as at 30 June 2011 and occupancy consistently at or over 99% during the last three years; and
- Potential for long-term value enhancement through strategic management of the existing portfolio including an approximate $400 million potential development pipeline (partially subject to financing).

10 These terms are used by the property industry in Australia – and are described in Section 4.3 beneath the map.

11 Based on 99 properties (which includes Centro MCS Syndicates properties).

1. CENTRO RETAIL AUSTRALIA HIGHLIGHTS

1.1. INVESTMENT OVERVIEW

EXPERIENCED TEAM WITH INTERNALISED MANAGEMENT STRUCTURE

- One of the largest managers of Australian retail property;
- An experienced management team has maintained portfolio performance through the recent global financial crisis;
- Strong relationships with Australian major and specialty retailers; and
- An internalised management structure[12] enhancing alignment of interests between management and Securityholders and with no fees payable to an external manager[13].

12 Internalised management structure refers to Centro Retail Australia directly employing fund and property management specialists rather than paying management fees to an external manager (which historically was the case for the Aggregation Funds where fees were paid to CNP).

13 With the exception of Tuggeranong Hyperdome which is externally managed.

1.1. INVESTMENT OVERVIEW

UNLISTED RETAIL PROPERTY SYNDICATE BUSINESS

- One of Australia's largest unlisted retail property syndicate managers with up to 27 Centro MCS Syndicates[14], which collectively own $2.6 billion of Australian retail property (61 properties);
- Adds to the scale of Centro Retail Australia's business and provides an opportunity to enhance return on equity of Centro Retail Australia;
- Pre-emptive rights over certain Centro MCS Syndicate properties providing a pipeline of potential acquisitions for Centro Retail Australia; and
- Potential opportunity to acquire additional interests in Centro MCS Syndicates upon expiry of Syndicate term.

14 Subject to any Syndicates appointing an entity other than Centro Retail Australia RE (or a related body corporate) as manager – see Section 4.6 for details. While this could affect the number of Syndicates and therefore number of properties and funds under management, Centro Retail Australia would still be expected to be one of the largest managers of Australian retail property and unlisted retail property funds.

1. CENTRO RETAIL AUSTRALIA HIGHLIGHTS

1.1. INVESTMENT OVERVIEW

STABLE CAPITAL STRUCTURE AND MARKET RELEVANCE

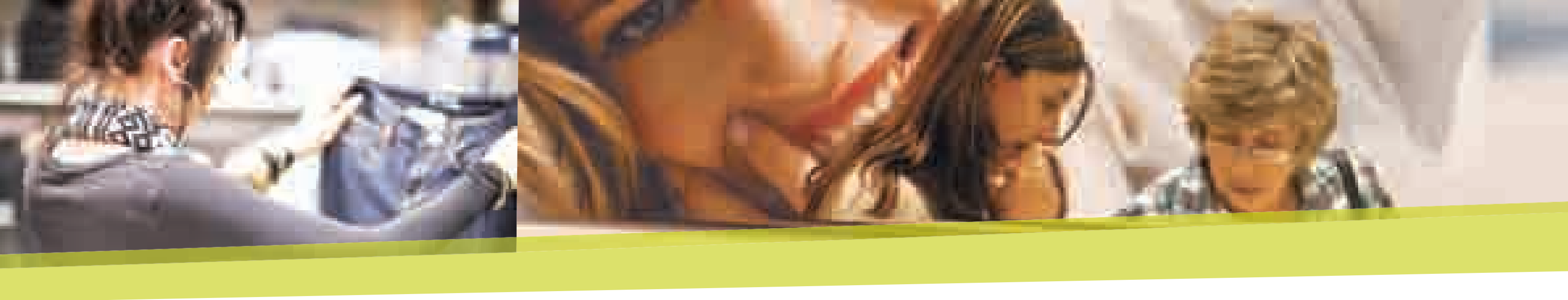
- Gearing of 40% and a full look-through gearing of 43% based on Pro Forma balance sheet as at 30 June 2011[15];
- Staggered debt maturity profile, with a weighted average maturity of three years[16] and no maturities[17] until December 2013; and
- Expected to become part of several indexes that are significant in attracting institutional investors.

Gearing – Gearing is a measure of the level of financial indebtedness of Centro Retail Australia. This Document references three separate measures of gearing as follows: Gearing is total borrowings divided by investment property and equity accounted investments; Book gearing is total liabilities (excluding puttable interests) as a proportion of total assets; Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments divided by Centro Retail Australia's proportionate share of all property investments.

15 Refer to notes to Table 1.3 for explanations of what gearing and full look-through gearing mean.

16 The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years. Refer to Section 7.3.6 for a summary Centro Retail Australia's Pro Forma borrowings as at 30 June 2011.

17 Excludes debt within certain joint ventures and Centro MCS Syndicates which is non-recourse to Centro Retail Australia.



1.2 CENTRO RETAIL AUSTRALIA OWNERSHIP AND OPERATIONAL STRUCTURE

TABLE 1.1 CENTRO RETAIL AUSTRALIA OWNERSHIP AND OPERATIONAL STRUCTURE

OWNERSHIP[1]

- 73.9%[2] Dispersed holders/ Former Senior Lenders
- 14.5% External CER Investors
- 11.6%[2] DPF / DPF Investors

Aggregation to form Centro Retail Australia

RESPECTIVE CONTRIBUTION BY AGGREGATION FUNDS

Stapled entities

CER (CRL | CRT)
- Direct property interests valued at $1.7 billion (Section 8.2)

CAWF
- Direct property interests valued at $2.3 billion (Section 8.3)

DHT
- Centro MCS Syndicates co-investments, collectively valued at $0.4 billion (Section 8.4)

Assets acquired

CPT Assets
- Direct property
- Centro MCS Syndicates co-investments
- CSIF-A Interests
- Related party loans, working capital balances and interest rate swap agreements (Section 9.2 and 9.4)

Services Business
- Property management, development, leasing and funds management services (Section 9.3)

Syndicate Assets
- Interests in two direct properties (Section 9.5)

CENTRO RETAIL AUSTRALIA ASSETS AND INCOME COMPOSITION[3]

Centro Retail Australia (c.$3.4 billion in total equity) — Profiled in Section 4

Services Business 13% of income (Section 4.5)

5%	**Direct property portfolio** 43 Australian shopping centres, valued at $4.4 billion	81% of Income	Section 4.4
8%	**Centro MCS Syndicates co-investments** 27 Centro MCS Syndicates (61 properties valued at $2.6 billion)	6% of Income	Section 4.6

Notes

1 Expected ownership percentage of New Stapled Securities following implementation of the Aggregation and the CNP Debt Cancellation. Senior Lenders and DPF (and any DPF Unitholders who redeem DPF Units for a transfer from DPF) will also hold CATS.

2 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.

3 Income figures in Table 1.1 above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. The Directors believe this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, services business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in Table 7.9).

1.3. PROPERTY PORTFOLIO METRICS

Table 1.2 below summarises

- the key metrics of Centro Retail Australia's directly owned property portfolio of 43 properties;
- the key metrics of the Centro MCS Syndicate portfolio managed by Centro Retail Australia; and
- the total portfolio under management of 99 properties.

TABLE 1.2 SUMMARY PORTFOLIO METRICS

	Direct Property Portfolio as at 30 June 2011[1]	**Centro MCS Portfolio** as at 30 June 2011[2]	**Total Portfolio Under Management** as at 30 June 2011
Number of Properties[3]	43	61	99
Total Portfolio Value ($m)[4]	4,447.2	2,584.2	7,031.4
Portfolio Weighted Average Capitalisation Rate[5]	7.29%	8.09%	7.58%
Gross Lettable Area (sqm)[6]	1,121,307	899,930	1,817,673
Net Operating Income Growth (FY11 Comparable)[4, 7]	3.7%	3.5%	3.6%
Portfolio Occupancy (%)	99.4%	99.6%	99.5%
Average Specialty Occupancy Cost[8]	14.1%	12.9%	13.3%
Weighted Average Lease Expiry by Income (Yrs)[9]	4.6	4.6	4.6

Notes

1 Information is presented as at 30 June 2011 and relates to owned properties held as at 31 August 2011.

2 Information is presented as at 30 June 2011 and relates to managed properties as at 31 August 2011. Centro MCS Syndicate Portfolio includes six properties which are subject to conditional sale contracts (book value at 30 June 2011 of $187 million).

3 Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Portfolio. Based upon properties owned as at 31 August 2011.

4 Value and net operating income by ownership percentage.

5 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.

6 Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area means floor area available for lease and excludes common areas such as mall area and car parking.

7 Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.

8 Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with leases on shops with a lettable area of less than 400 square metres and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental obligations.

9 Average lease duration of the portfolio, after weighted by income for the lease (excluding percentage rent).

Note: Past performance is not a reliable indication of future performance.

1.4. FINANCIAL INFORMATION

Set out below is the Pro Forma historical balance sheet for Centro Retail Australia as at 30 June 2011. Please refer to Section 7 for more detailed financial information including all relevant assumptions.

TABLE 1.3 SUMMARY PRO FORMA HISTORICAL BALANCE SHEET OF CENTRO RETAIL AUSTRALIA

	Pro forma 30 June 2011 $m
Assets	
Investment property	4,266.8
Equity accounted investments	513.9
Managed fund investments	297.9
Intangible assets	199.7
Other assets	246.5
Total assets	**5,524.8**
Liabilities	
Borrowings	1,893.7
Other liabilities	279.3
Total liabilities	**2,173.0**
Net assets	**3,351.8**
Stapled securities on issue (number)	1,340,727,759
Net tangible asset backing per security ($)	2.35
Net asset value per security ($)	2.50
Gearing[1]	39.6%
Book gearing[2]	37.6%
Look-through gearing[3]	43.4%

Notes

1 Gearing is borrowings divided by investment property and equity accounted investments.

2 Book gearing is total liabilities (excluding puttable interests) as a proportion of total assets. See Section 7.2.1 which describes "puttable" interests arising as a result of the part ownership of the Centro MCS Syndicates.

3 Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates, divided by Centro Retail Australia's proportionate share of all property investments.

Set out in Table 1.4 is summary forecast income and distribution information for Centro Retail Australia for the year ending 30 June 2012. Please refer to Section 7 for more detailed financial information including details of the Directors' of the Issuers key best estimate assumptions.

TABLE 1.4 SUMMARY FORECAST EARNINGS AND DISTRIBUTION INFORMATION FOR CENTRO RETAIL AUSTRALIA

	Pro forma Year to 30 June 2012[1] $m	Statutory Year to 30 June 2012[2] $m
Total revenue	533.8	314.9
EBIT excluding fair value adjustments	359.4	152.7
Net profit excluding fair value adjustments	207.5	64.0
Underlying earnings	**204.8**	**122.5**
Cash retained to fund operational capital expenditure requirements	(38.0)	(19.7)
Undistributed earnings	-	(17.0)
Cash distribution	**166.8**	**85.8**
Interest cover ratio (times)	2.4	1.7
Underlying earnings per unit (cents)	15.3	9.1
Distribution payout ratio (%)	81.4%	70.1%
Cash distribution per unit (cents)	12.4	6.4
Earnings yield (%)[3]	6.1%	6.3%
Cash distribution yield (%)[4]	5.0%	5.1%

Notes

1 The pro forma forecast income statement assumes Aggregation occurred on 30 June 2011.

2 The statutory forecast income statement assumes Aggregation occurred on 1 December 2011, with the results of the accounting parent, Centro Retail Limited (**CRL**), included for the period up to Aggregation (assumed to be 1 July 2011 to 30 November 2011). CRL net profit in that period is forecast to be nil.

3 Earnings yield is underlying earnings as a proportion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

4 Cash distribution yield is distributable cash as a portion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

Note: Pro Forma financial position and forecast earnings and distribution information has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except where otherwise disclosed. Please refer to the Important Notices at the front of this Document in respect of forward-looking statements. Where forward-looking information is used, the information may be affected by assumptions or by known or unknown risks and uncertainties. This may mean that the forecast earnings and distributions differ materially from results that are actually ultimately achieved. These figures assume that no New Stapled Securities are issued under the CATS prior to 30 June 2012 (see Section 10 for information about the CATS).

1.5. KEY RISKS

You should consider the risks associated with an investment in Centro Retail Australia (assuming Aggregation has occurred). The occurrence of any of these risks may have a material adverse impact on Centro Retail Australia's business, operations, strategy and/or financial results. Various material risks are described in Section 5.

An investment in Centro Retail Australia is an investment in securities in trusts and a company that have investments in Australian retail property investments. The key risks for Centro Retail Australia and investments in New Stapled Securities and CATS include the following:

	FURTHER DETAILS
Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further, the Aggregation involves complex restructuring which could have unforeseen legal or commercial consequences.	**Sections 5.4.9 and 5.5.2**
There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors some of which relate specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holders trading volumes. Immediately following implementation of the CNP Debt Cancellation (which will occur contemporaneously with or shortly after Aggregation), the Senior Lenders are expected to have individual holdings which together account for approximately 73.9% of the New Stapled Securities[18] and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption in the form of transfers of the New Stapled Securities and CATS). Following implementation of Aggregation, and the CNP Debt Cancellation, an active market in New Stapled Securities will depend in part on what actions (if any) the Senior Lenders and DPF Unitholders take in relation to their holdings. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period. Also, the potential issuance of New Stapled Securities under the CATS may negatively affect on the trading price of New Stapled Securities including as a result of a decrease in NAV in the event that there is a an actual or anticipated CER Class Action Litigation liability.	**Sections 5.5.2 and 5.5.3**
CATS holders will receive further New Stapled Securities or, if determined by a majority of the Issuers, cash, if any of the CER Class Action Litigation results in a liability for CRT or CRL on settlement or a Court determination. The number of New Stapled Securities or the amount of the cash payment is, however, limited by a Cap that is applied whenever New Stapled Securities are to be issued or cash payments made pursuant to the CATS. If the number of New Stapled Securities which would otherwise be issued pursuant to the CATS at that time (together with any previous issues pursuant to the CATS) would exceed 20% of the total number of New Stapled Securities on issue immediately after Aggregation, then the number of New Stapled Securities to be issued at that time will be limited to such number as will not result in the Cap being exceeded. An equivalent limit applies in respect of cash payments pursuant to the CATS. The potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation. Any issue of further New Stapled Securities to the holders of CATS will dilute the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities is not currently known but is limited by the Share Cap. See the examples of dilution in Section 10.	**Sections 3.4, 10**
The property portfolio will be exposed to any downturn in the property market, or economy, or any regulatory changes affecting the Australian retail property market.	**Section 5.2**
The retail property portfolio exposes the investor to retail-specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends including the use of alternative means for shopping such as the internet.	**Sections 5.2.1 to 5.2.4**

18 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units for a transfer from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation as CER Securityholders.

	FURTHER DETAILS
Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Such development carries a number of risks including the inability to obtain finance to undertake the development, construction not being completed on time or on budget or involving damage or harm, acceptable lease terms on new space not being achieved, business interruption during construction, and the risk that development costs incurred will exceed value added.	**Sections 5.2.5**
General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements, and the inability to insure against certain events.	**Sections 5.2.6 to 5.2.13**
The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event that any of the existing Centro MCS Syndicates for which it provides services cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Business may also be adversely affected if management of certain Centro MCS Syndicates is not delivered as part of the Aggregation, if any of the REs of the Centro MCS Syndicates are changed to entities that are not controlled by Centro Retail Australia as a result of a vote of Syndicate members or if Centro MCS Syndicates cannot refinance existing debt facilities.	**Sections 5.3.1 and 5.3.2**
CNP currently has obligations under the Syndicate Flexible Exit Mechanisms (FEM) which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. If the FEM is triggered, put and call arrangements apply under which Centro Retail Australia may be required to acquire some or all units held by investors in the Centro MCS Syndicates. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the $385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions.	**Section 5.3.3**
It is anticipated that Centro Retail Australia will have approximately $1.9 billion of debt for which it has granted security over its assets. It may need to access debt or equity capital markets in the future to refinance existing borrowings or may seek to do so to fund any acquisition or development opportunities. The condition of debt or equity markets at that time may hinder Centro Retail Australia's ability to access future capital, and may affect the pricing and terms of such capital.	**Sections 5.4.2 and 5.4.3**
The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that if established and funding remains available collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to the banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks, particularly if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).	**Sections 5.3.4 and 5.4.2**
CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with legal action against it, referred to as the CER Class Action Litigation.	**Section 5.4.7**
All of the Aggregation Funds will be exposed to stamp duty arising from the Aggregation and existing and future stamp duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed).	**Section 5.4.8**
The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgement or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments, or obligations in relation to the FEM) could have a material adverse effect on Centro Retail Australia's liquidity.	**Section 5.4.3**
The ability of Centro Retail Australia to successfully achieve its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain or attract key management personnel and employees.	**Section 5.4.1**
As an ASX listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock markets, macroeconomic conditions, interest rates, inflation rates and changes in taxation regulations.	**Section 5.5.1**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2. Key Questions & Answers

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What is Centro Retail Australia?	You should refer to Section 1.2 for a diagrammatic overview of Centro Retail Australia's ownership and operational structure. Centro Retail Australia is to be formed by the Stapling of Securities issued by the three existing funds – CER (which includes CRL and CRT), CAWF and DHT – together with the acquisition of CNP's Services Business and other direct property interests, syndicate co-investments and related party receivables that, at the date of this Document, are owned by CNP and other CNP-managed funds. This is referred to as Aggregation and it will only occur if various resolutions are passed and other events occur that are referred to below and in the Explanatory Memoranda that existing investors in the Aggregation Funds will have received. This Document assumes that the Aggregation proceeds and Centro Retail Australia is established. Centro Retail Australia is anticipated to become part of the relevant A-REIT indices, with: • pro forma total equity of $3.4 billion as at 30 June 2011; and • Australian retail property investments totalling approximately $4.4 billion based on independent valuations as at 30 June 2011. Through its acquisition of the Services Business from CNP, Centro Retail Australia will have its own "internalised" management structure. The Services Business provides property management, development, leasing and funds management services to various managed funds (including the Aggregation Funds). "Internalising" management means that Centro Retail Australia will directly employ staff to provide these services rather than paying fees to an external manager. Costs and expenses will of course still be incurred by Centro Retail Australia in operating the Services Business. Centro Retail Australia will also be the fund and property manager of a market-leading Syndicate business with assets under management expected to be approximately $2.6 billion. For more information on Aggregation, see Section 3 and your respective Explanatory Memorandum. For profiles of each of CER, CAWF and DHT see Section 8.	**Sections 1.2, 3, 4, 6, 8 and 9**
What is a New Stapled Security?	Centro Retail Australia will be formed by the existing funds – CER (consisting of CRL and CRT), CAWF and DHT, each of which will continue. Investors will hold securities in each of these funds as "stapled securities". Each stapled security will be comprised of one Share in CRL, and one Unit in each of CRT, CAWF and DHT. These stapled securities are referred to in this Document as the New Stapled Securities. The "stapling" of the share and units means that one share in CRL and one unit in each of CRT, CAWF and DHT can only be transferred together. It is proposed that the New Stapled Securities will be quoted on ASX. Application for quotation will be made to ASX within seven days of the date of this Document.	**Sections 3.2, 3.3 and 14**

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What is Centro Retail Australia's operating strategy?	Centro Retail Australia will seek to optimise returns for investors by: • actively managing its high-quality portfolio of Australian shopping centres; and • maintaining a position as a leading manager of unlisted retail property Syndicates. The priorities for Centro Retail Australia in executing its operating strategy include: • Asset Management – properties will be actively managed with the aim of optimising income and capital returns through leasing, development and acquisition and disposal strategies; • Funds Management – strengthening the Syndicate business and Syndicate product offering; and • Capital Management – maintaining a stable debt and capital structure that the Centro Retail Australia RE considers will provide consistent returns and flexibility to pursue value-adding activities.	**Section 4.3**
Who will be on the Board and management team of Centro Retail Australia?	The Centro Retail Australia Board will be led by a new independent Chairman, Dr Robert Edgar, and will comprise a combination of new appointees and directors with experience on the Board of CER and in the case of Mr Robert Tsenin the Board of CNP. Consistent with ASX guidelines, the Centro Retail Australia Board will comprise a majority of independent Non-Executive Directors. Immediately following Aggregation it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors from the CER Board Mr Peter Day and Mr Fraser MacKenzie, and the present Chief Executive Officer in the capacity of Managing (Executive) Director. Recruitment processes are under way to facilitate the selection and appointment of up to a further four external Non-Executive Directors to join the Board after Aggregation, and a new CEO. The Centro Retail Australia Chairman will oversee this Board renewal process. The newly appointed Centro Retail Australia Chairman, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the Centro Retail Australia Chief Executive Officer (New CEO) and Executive Committee. Until these appointments are finalised, Robert Tsenin has agreed to continue as CEO and Executive Director on a transitional basis until his planned retirement no later than 30 June 2012. This will enable a smooth and effective transition for Centro Retail Australia. Should no successor be in place by 30 June 2012, further interim arrangements will be made pending the permanent appointment.	**Section 6**

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What will the ownership structure of Centro Retail Australia look like after Aggregation Implementation?	On Aggregation: • CNP is entitled to receive New Stapled Securities through its investments in CER, DPF and CAWF and is also entitled to receive 18.4% of New Stapled Securities on issue in connection with the sale of substantially all of CNP's remaining Australian assets (including the Services Business) to Centro Retail Australia. These holdings will in aggregate result in CNP holding approximately 73.9% of New Stapled Securities[19] immediately following Aggregation; • existing CER Securityholders will receive approximately 29.4% of New Stapled Securities on issue. The interest held by CER Securityholders (who are not CNP) will be approximately 14.5% of the New Stapled Securities on issue[20]; and • DPF will initially hold approximately 38.5% of New Stapled Securities on issue. DPF will have the capacity to provide liquidity to its investors and accordingly (subject to remaining liquid) DPF Unitholders may request redemption of all or part of their investment. The redemption of DPF Units (which will involve DPF Unitholders redeeming their DPF Units for either New Stapled Securities and CATS, or cash), will result in the reduction of DPF's holding of New Stapled Securities which, after anticipated redemptions by CNP and depending on the extent of any redemptions by other DPF Unitholders, is anticipated to be between zero and approximately 11.6% of the New Stapled Securities[19] on issue. As mentioned in respect of risks associated with Centro Retail Australia, actions by holders of significant stakes in a listed entity can affect trading prices. On implementation of the Senior Debt Schemes, the New Stapled Securities to which CNP is entitled immediately following Aggregation will be distributed to CNP's Senior Lenders. Following implementation of the Senior Debt Schemes (which will occur contemporaneously with or shortly after Aggregation), Senior Lenders will hold in aggregate approximately 73.9% of the New Stapled Securities[21]. In most cases, the Senior Lenders will receive their New Stapled Securities on a pro-rata basis in accordance with their respective holdings of CNP Senior Debt. On the basis of holdings of CNP's Senior Debt as at 31 August 2011, no individual Senior Lender of record would hold more than 7.97%, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities immediately following implementation of the Senior Debt Schemes due to Australian takeovers regulation requirements.	**Sections 1.2, 3.2 and 3.3**

19 CNP's interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details.

20 This may include CER Securityholders who are Senior Lenders or people who are DPF Unitholders who also happen to be CER Securityholders.

21 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation because they are also CER Securityholders.

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What governance arrangements will be in place?	The Centro Retail Australia Board will operate under a set of corporate governance policies that comply with the principles and requirements of the Corporations Act and ASX, including satisfying the recommendations of the ASX Corporate Governance Council. The Centro Retail Australia Board will review and, when necessary, update the corporate governance charter and policies to accord with market practice, having regard to recent developments both in Australia and overseas.	**Section 6**
What is internalisation of management?	Internalisation of management means that Centro Retail Australia will have an RE and a property development, leasing and funds management business that is owned within the group (i.e. Centro Retail Australia will employ property and funds management specialists directly).This eliminates fees and expenses that may otherwise result from the sourcing of those services externally and aligns the interests of management with those of Centro Retail Australia investors.	**Section 4.5.2**
When will New Stapled Securities commence trading on ASX?	It is anticipated that New Stapled Securities will commence trading on the ASX on a deferred settlement basis on Monday, 28 November 2011 and on a normal settlement basis on Wednesday, 14 December 2011.	**Section 15.3**
Financial Information about Centro Retail Australia		
What are the expected earnings for Centro Retail Australia and what distributions can I expect to receive?	For the 12 month period ending 30 June 2012 the forecast Pro Forma underlying income is $204.8 million and the forecast distribution per New Stapled Security is 12.4 cents[22]. The key sources of earnings for Centro Retail Australia are expected to be the direct property portfolio (81%), the Services Business[23] (13%) and Syndicate co-investments (6%). Based on an estimated Aggregation Implementation Date of 1 December 2011, New Stapled Security holders are forecast to receive a cash distribution of 6.4 cents per New Stapled Security for the period ending 30 June 2012. Detailed forecast financial information of Centro Retail Australia and the assumptions on which it is based is set out in Section 7 of this Document. Please note that any forecast may be affected by assumptions that prove to be inaccurate or by known or unknown risks and uncertainties. This may mean that the actual financial information may differ materially from forecasts.	**Sections 7 and 12**
What is the expected net asset value and net tangible asset backing per New Stapled Security?	The pro forma net asset value and net tangible asset backing per New Stapled Security, as at 30 June 2011, are $2.50 and $2.35 respectively. Section 7.3 sets out the Pro Forma historical balance sheet for Centro Retail Australia as at 30 June 2011.	**Section 7.3**
What is Centro Retail Australia's gearing expected to be on Aggregation?	Centro Retail Australia is expected to have $1.9 billion in debt[24] with an expected level of gearing of 40% (based on 30 June 2011 property values). Full look through – gearing attributable to members is expected to be 43% (based on 30 June 2011 property values).	**Section 7.3**

22 You should note that this information is predictive in character and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties. This may mean that, although it is believed that there is a reasonable basis for the information, the forecast distributable income and distributions may differ materially from results ultimately achieved. These figures assume that no New Stapled Securities are issued or cash payment made under the CATS prior to 30 June 2012.

23 The Services Business provides property management, development, leasing and funds management services to CNP's managed funds (which includes the Aggregation Funds and the Syndicates business) and is described more fully in Section 4.5.

24 This includes $249 million of non-recourse debt that is consolidated onto Centro Retail Australia's balance sheet in accordance with Australian Accounting Standards.

QUESTION	ANSWER	FURTHER INFORMATION
Class Action True-up Securities (CATS)		
What are CATS?	CATS entitle holders to be issued New Stapled Securities (or be paid cash) in certain circumstances. CER is subject to the CER Class Action Litigation (which is described in Section 7.3.10). CER is defending the CER Class Action Litigation. It has not admitted liability and has not provided for any potential liability in relation to these actions in its financial statements. Accordingly, the CER Class Action Litigation has not been taken into account in determining the number of New Stapled Securities to which CNP and DPF will be entitled and which existing Securityholders of the Aggregation Funds will hold immediately following Aggregation. As a result of the exposure that Aggregation will give CAWF Unitholders, DHT Unitholders, DPF and CNP through their holdings of New Stapled Securities[25], they are to be provided with some compensation in the event that CER becomes liable to pay certain amounts in relation to the CER Class Action Litigation (including costs of CER and other parties). To provide for this, on Aggregation CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders will be issued Class Action True-up Securities (CATS) by the Aggregation Funds. In the event that any of the CER Class Action Litigation is resolved, settled, or a final judgement is given, the holders of CATS will be issued additional New Stapled Securities or, if a majority of the Issuers determine, paid cash to provide such compensation up to a Cap. The Cap is applied whenever the number of New Stapled Securities to be issued, or cash payment made pursuant to the CATS is determined. The Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date. The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV per New Stapled Security (as defined in Section 10 of the Disclosure Document). An example of the application of the Cap is contained in Section 10.6.3. As the number of New Stapled Securities that might be issued pursuant to the CATS depends on the underlying NAV of New Stapled Securities at the relevant time and the Share Cap, the actual maximum number of securities that could be issued as a result of any CER Class Action Litigation resulting in any liability may be more or less than is the actual liability. The Cap will be adjusted for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division). As there is more than one class action, the issue of New Stapled Securities or payment of cash pursuant to the CATS may occur more than once. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities have been issued or cash payments made to the extent of the Cap. Any issue of New Stapled Securities to the holders of CATS will effectively dilute the proportionate holdings of those investors with New Stapled Securities at that time. The extent of such dilution depends on the amount of the CER Class Action Litigation liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. See the examples in Section 10. The CATS will be transferable but will not be listed on ASX and there is no assurance that there will be any issue of further New Stapled Securities or cash payment to CATS holders or that the CATS will have any value or be marketable.	**Sections 3.4 and 10**
Who will be issued CATS?	CAWF Unitholders and DHT Unitholders as at the record date for issuing New Stapled Securities for Aggregation will be issued with CATS. DPF will be entitled to receive CATS in respect of certain asset transfers. CNP will also be entitled to receive CATS in connection with the sale of substantially all of its Australian assets (including the Services Business but excluding CNP's interests in CER, CAWF and DPF) to Centro Retail Australia. The CATS CNP is entitled to to receive will be transferred to the Senior Lenders under the Senior Debt Scheme.	**Section 10.1**

25 The New Stapled Securities (and CATS) that CNP is entitled to receive will be transferred to the Senior Lenders on the terms of the Senior Debt Scheme.

2.
KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Class Action True-up Securities (CATS)		
What if CER successfully defends the CER Class Action Litigation?	If CER successfully defends all four actions that comprise the CER Class Action Litigation, no New Stapled Securities will be issued or cash payment made pursuant to the CATS, and any costs which may be awarded in favour of CER would become an asset of Centro Retail Australia.	**Section 10**
Benefits and risks		
What are the main benefits of an investment in Centro Retail Australia?	An investment in Centro Retail Australia provides you with exposure to: • a high-quality $4.4 billion direct property portfolio with: – forecast pro forma property net operating income of $328 million[26] in the year ending 30 June 2012, accounting for 81% of total forecast Centro Retail Australia income; – predominantly regional and sub-regional assets, geographically diversified across all mainland Australian States (as described in Section 4.3); – a non-discretionary retailer focus with the two largest tenants being Australia's major supermarket operators Woolworths and Coles; – 99.4% occupancy of properties as at 30 June 2011; and – potential for long-term value enhancement through strategic management of the portfolio including a development pipeline of approximately $400 million; • an experienced management team (through the acquisition of the Services Business) with all key management functions performed internally, in comparison to the external management structure under which the Aggregation Funds operated prior to Aggregation; and • an unlisted retail property syndicate business with total funds under management that is expected to be $2.6 billion with potential to grow further if re-invigorated. Centro Retail Australia will receive a combination of recurring and non-recurring fees and management revenue from external investors in the Syndicates.	**Section 4.1**

26 Although the forecasts are believed to have a reasonable basis, forecasts may be affected by assumptions that prove to be inaccurate or by known or unknown risks and uncertainties. This may mean that the actual financial results may differ materially from forecasts. Refer to Section 7.4 for key best estimate assumptions.

QUESTION	ANSWER	FURTHER INFORMATION
Benefits and risks		
What are the main risks of an investment in Centro Retail Australia?	An investment in Centro Retail Australia has the following main risks (which in many cases are also risks facing the Aggregation Funds today): • Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further the Aggregation involves complex restructuring which could have unforseen legal or commercial consequences. • There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors, some of which relate specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holders trading volumes. Immediately following implementation of the CNP Debt Cancellation the Senior Lenders are expected to have individual holdings which together account for approximately 73.9% of the New Stapled Securities[27] and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption in the form of transfers of the New Stapled Securities and CATS). An active market in New Stapled Securities will depend in part on what actions (if any) the Senior Lenders and DPF Unitholders take in relation to their holdings. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period. Also, the potential issuance of New Stapled Securities under the CATS may negatively affect the trading price of New Stapled Securities including as a result of a decrease in NAV in the event that there is an actual or anticipated CER Class Action Litigation liability. • CATS holders will receive further New Stapled Securities or, if determined by a majority of the Issuers, cash if any of the CER Class Action Litigation results in a liability for CRT or CRL on settlement or a Court determination (up to a Cap – with a Share Cap and Cash Cap applying as described in Section 10). The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or the issues of any New Stapled Securities and payments of any cash have reached the Cap. Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the CER Class Action Litigation liability. As a result the extent of any dilution is not currently known but is limited by the Cap. Please see the examples of dilution in Section 10. • The property portfolio will be exposed to any downturn in the property market, or economy, or any regulatory changes affecting the Australian retail property market. • The retail property portfolio exposes the investor to retail-specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends, including the use of alternative means for shopping such as the internet. • Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Risks associated with property developments include an inability to obtain finance to undertake development, construction not being completed on time or on budget, acceptable lease terms on new space not being achieved, business interruption during construction and the risk that development costs incurred will exceed value added. • General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements and the inability to insure against certain events. • The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event any of the existing Centro MCS Syndicates cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Business may also be adversely affected in the event that management of certain Centro MCS Syndicates is not delivered as part of the Aggregation or if the REs of any Centro MCS Syndicates are changed to entities not controlled by Centro Retail Australia as a result of a vote of Syndicate members.	**Sections 1.5 and 5**

27 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation because they are also CER Securityholders.

2.
KEY QUESTIONS & ANSWERS

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>FURTHER INFORMATION</th></tr>
<tr><td colspan="3">Benefits and risks</td></tr>
<tr><td>What are the main risks of an investment in Centro Retail Australia?</td><td>

CNP currently has obligations under the Syndicate Flexible Exit Mechanisms (FEM) which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the $385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions.
It is anticipated that Centro Retail Australia will have approximately $1.9 billion of debt for which it has granted security over its assets. The condition of debt or equity capital markets at any time that Centro Retail Australia wants to refinance existing borrowings or fund any acquisition or development opportunities may hinder Centro Retail Australia's ability to access future capital, and may impact the pricing and terms of such capital.
The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks particularly if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).
CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with the CER Class Action Litigation.
All of the Aggregation Funds will remain exposed to stamp duty arising from the Aggregation and existing and future stamp duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed).
The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgement or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments, or obligations in relation to the FEM) could have a material adverse impact on Centro Retail Australia's liquidity.
The ability of Centro Retail Australia to successfully deliver on its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain and/or attract key management personnel and employees.
As an ASX-listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock market indices, macroeconomic conditions, interest rates, inflation rates and changes to taxation regulations.

</td><td>Sections 1.5 and 5</td></tr>
<tr><td colspan="3">Taxation</td></tr>
<tr><td>What are the taxation consequences of an investment in Centro Retail Australia?</td><td>Section 3.5 of this Document provides an overview of the general taxation implications of the Aggregation and Section 13 sets out the consequences to investors of holding New Stapled Securities. You should consult your tax adviser regarding the tax implications applicable to your particular circumstances.</td><td>Sections 3.5, 5.4.14 and 13</td></tr>
</table>

QUESTION	ANSWER	FURTHER INFORMATION
Creation of Centro Retail Australia – the proposed Aggregation		
What is the Aggregation?	Centro Retail Australia is the name given to the group which will result from the 'aggregation' of existing funds. Each Aggregation Fund will continue as a separate vehicle (together forming part of Centro Retail Australia) after Aggregation occurs. Aggregation involves the combination of the economic interests in the assets owned by the Aggregation Funds and certain assets owned or managed by CNP through the allocation to each investor in each of the separate Aggregation Funds of securities in all of the Aggregation Funds and the acquisition of assets from CNP and CNP-managed funds. It will involve: • the issue of Securities by each of CER, CAWF and DHT (the **Aggregation Funds**) to the Securityholders in the other Aggregation Funds, largely based on the relative net assets value (as at 31 December 2010) of the assets being contributed; • the "Stapling" of the Securities in the Aggregation Funds and the quotation of the resulting New Stapled Securities on ASX; • the acquisition by the Aggregation Funds of certain CNP assets (including the Services Business and investments in various Centro MCS Syndicates and certain direct real property interests), the A Class units in CSIF held by the CSIF Holder Syndicates, the units in the Centro Arndale Property Trust held by CPT Manager Limited as trustee of CMCS 33 and DPF's interests in various Syndicates; and • the issue of CATS by CER, CAWF and DHT to CNP and DPF, and to CAWF Unitholders and DHT Unitholders, as outlined above. Aggregation will occur in accordance with the Implementation Agreement entered into between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and CNP's Signing Senior Lenders. This agreement is described in the Explanatory Memoranda for investors in the Aggregation Funds. To the extent that there are ongoing obligations arising under any of the arrangements pursuant to the Implementation Agreement, they are described in the material contracts referred to in Section 14.	**Section 3**
What will CER, CAWF and DHT Securityholders receive if the Aggregation proceeds?	If the Aggregation proceeds, CER, CAWF and DHT Securityholders will hold New Stapled Securities. The number of New Stapled Securities to be issued to the Securityholders in each Aggregation Fund will be determined based on the net assets being contributed by that Aggregation Fund compared to the net assets of Centro Retail Australia. Securityholders will be entitled on Aggregation to receive the following: • CER Securityholders: For every 5.80 existing CER Stapled Securities held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia; • CAWF Unitholders: For every 3.10 existing CAWF Units held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia; and • DHT Unitholders: For every 2.51 existing DHT Units held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia.	**Sections 3.2 and 3.3**

2.
KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Creation of Centro Retail Australia – the proposed Aggregation		
Will CNP be part of Centro Retail Australia?	CNP will not be part of Centro Retail Australia if Aggregation proceeds. Aggregation involves the sale by CNP to Centro Retail Australia of substantially all of CNP's remaining Australian assets (including the Services Business but excluding CNP's holdings in CER, CAWF and DPF, which will effectively become holdings of securities in Centro Retail Australia under Aggregation). CNP will continue as a separate entity with limited operations until it can be wound-down. In connection with the acquisition of assets from CNP, Centro Retail Australia has agreed to certain arrangements including: • providing CNP with certain transitional services (including accounting, information system/technology and human resource services) for a period after Aggregation in order to enable CNP to conduct an orderly and solvent wind-down; • indemnifying CNP against existing and future stamp duty assessments in respect of certain historical transactions; and • assisting in transferring the rights and obligations of CNP under the FEM for certain Centro MCS Syndicates to Centro Retail Australia.	
Implementing the proposed Aggregation		
Is the Aggregation subject to any conditions precedent?	The Aggregation is subject to numerous conditions precedent that must be satisfied or waived in order for Aggregation to proceed. The conditions precedent are summarised in the Explanatory Memoranda. In particular, the Aggregation is subject to the condition precedent that the Aggregation Resolutions are passed by the members of the Aggregation Funds and the Senior Debt Scheme is approved by the requisite majority of Senior Lenders, the Treasurer of the Commonwealth of Australia does not object (*under the Foreign Acquisitions and Takeovers Act* 1974), to the transfer of New Stapled Securities to the Senior Lenders, Court approvals are received, ASIC and ASX waivers or relief are received and acceptable refinancing agreements are entered into in respect of the current secured debt held by CAWF, CER, CSIF and 90% of the Centro MCS Syndicates.	**Refer to Explanatory Memoranda**
Will Aggregation proceed if refinancing agreements are not entered into?	Successful refinancing is an important condition precedent to Aggregation. Whilst this condition precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that it is not intended that the Aggregation Funds proceed with the Aggregation or that the condition precedent be waived, except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms (including conditions that are believed to be capable of being satisfied) shortly after Aggregation.	
Will Aggregation proceed if a Superior Proposal emerges?	If a Superior Proposal[28] emerges, then the parties to the Implementation Agreement are obliged to consult in good faith as to whether the Aggregation can be completed by alternative means. If the parties to the Implementation Agreement are unable to reach agreement within 10 Business Days of the Superior Proposal being notified, then the party that has received the Superior Proposal can elect not to proceed with Aggregation.	

28 A Superior Proposal is a bona fide proposal or offer that: (1) is reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the proposal or offer and the person making it; (2) is materially more favourable to investors in relation to their investments in the relevant entity than the proposed transactions, taking into account all the terms and conditions of the proposal or offer; and (3) if successfully completed, would result in a person: directly or indirectly acquiring control of that entity; directly or indirectly acquiring or becoming the holder of any interest in substantially all of the business or assets of the entity; or otherwise acquiring or merging with the entity, other than as contemplated by the Implementation Agreement.

QUESTION	ANSWER	FURTHER INFORMATION
Implementing the proposed Aggregation		

What are the implications if the conditions precedent are not met?	If the conditions precedent to Aggregation cannot be satisfied by 14 December 2011, or such other date as agreed to in writing by the parties to the Implementation Agreement, any of the Aggregation Funds may terminate the Aggregation process. As a consequence:
	• CER Stapled Securities will not be Stapled with CAWF Units and DHT Units;
	• each Aggregation Fund will continue as a standalone entity and its assets will continue to be managed under the existing management and service arrangements by CNP related entities and existing third-party providers. If CNP becomes insolvent as a consequence of Aggregation not proceeding, then this may have an impact on the property and funds management services that the Aggregation Funds (and the Centro MCS Syndicates) receive, providing an indeterminate period of uncertainty;
	• assets of CNP, including the Services Business, will not be acquired by the Aggregation Funds and CER, CAWF and DHT will not have the benefit of an internalised management function but will continue to pay management fees to CNP as an external party;
	• each of the Aggregation Funds will have incurred costs and expended management time and resources in developing and pursuing the Aggregation. Up to Aggregation, these costs are estimated to be around $21.5 million. Please note that:
	  ◦ other than the costs set out below, if Aggregation does not proceed, the Aggregation Funds and CNP will each bear their own costs of Aggregation (including legal and financial advisory fees) and may incur further costs if alternative courses of action are pursued; and
	  ◦ if Aggregation proceeds there are various costs of Aggregation that will be borne by the parties in accordance with their respective ownership interests in Centro Retail Australia following Aggregation (including CNP based on the value of CNP assets it is contributing). Those costs include stamp duty, board/CEO recruitment fees, Investigating Accountant's fees, Taxation Adviser's fees, certain legal fees relating to Aggregation and fees in relation to the new financing facilities. The subsequent portion of those fees that remain payable will be borne in the same proportion as if Aggregation had occurred and the Aggregation Funds may have to make payments to each other and to CNP to give effect to this.
	• each Securityholder will continue to be exposed to the benefits and risks associated with an investment in the Aggregation Fund in which they are an investor at the date of this Document. Those Aggregation Fund specific risks are set out in each of the Explanatory Memoranda; and
	• the only likely alternative would be for CNP (the manager of, and a significant investor in, the Aggregation Funds) to enter into external administration which would likely be followed by the Senior Lenders appointing a receiver to CNP.
	The consequences of Aggregation not occurring may be different for Securityholders in each of CER, CAWF and DHT and are set out in their Explanatory Memoranda.	

2.
KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Implementing the proposed Aggregation		
How will I know if Aggregation has occurred?	You should check the website at www.centro.com.au for updates on Aggregation or you can call the toll free information line noted in the Directory at the back of this Document for a free copy of any updates.	
DPF Unitholders		
What choices do I have as a DPF Unitholder?	If you are a DPF Unitholder you will not be voting on Aggregation but you will have received this Document because you have the choices set out in the Redemption Brochure provided to you by the DPF RE if Aggregation proceeds. DPF will receive New Stapled Securities and CATS on Aggregation as a result of its investments in CER, CAWF and DHT and as a result of certain asset transfers. It is anticipated that DPF will, as a result, become a liquid fund for the purposes of the Corporations Act and be in a position to allow redemptions of DPF Units to be made by DPF Unitholders. This means that if you are a DPF Unitholder you may request redemption of your DPF Units. As a result: • if you want to redeem your DPF Units then DPF RE is giving you the opportunity to elect to receive New Stapled Securities and CATS instead of cash on redemption. If you make that election for any of your DPF Units then your pro rata portion of New Stapled Securities and CATS that have been issued to DPF will be transferred into your name; • alternatively, you may request redemption of your DPF Units for cash, which will be funded through the sale by DPF RE of New Stapled Securities and, if possible*, CATS; or • if you do nothing then you will remain a DPF Unitholder. DPF's principal asset at that stage would be a holding of New Stapled Securities and CATS and DPF RE will determine a strategy for the future operation of DPF once the extent of the redemption requests is known. However, DPF RE is aware that CNP intends to seek to have its DPF investments redeemed. If redemptions are significant and DPF ceases to be viable or able to achieve its purpose or objective then DPF RE may determine in the best interests of the remaining DPF Unitholders to wind up DPF. * Please refer to Section 10 for information about the CATS. You should note that they will not be listed on ASX and there is no certainty that there will be a market for them. You should read this Document together with the Brochure provided to you by DPF RE, which provides you with more information about your choices and the associated risks.	
Fees		
What fees and other costs apply?	The RE of each of the Aggregation Funds will not charge any management fees as following Aggregation Centro Retail Australia will be an internally managed fund. Costs and expenses will however be incurred by Centro Retail Australia in operating the Services Business. The costs of being internally managed relate to staff and overhead expenses directly incurred. Centro Retail Australia's internal management team will also generate fee income from the provision of services to Centro MCS Syndicates.	**Section 11**
What fees and other costs apply to CATS?	Centro Retail Australia will not charge any fees and costs relating separately to CATS.	

QUESTION	ANSWER	FURTHER INFORMATION
Costs, expenses and stamp duty		
Will I have to pay brokerage or stamp duty in respect of New Stapled Securities and any CATS that I receive on Aggregation implementation?	You will not have to pay any stamp duty or brokerage fees in connection with the receipt of New Stapled Securities and CATS. However, if you choose to sell your New Stapled Securities (including those New Stapled Securities which may be issued to you under the CATS) on ASX, you may have to pay brokerage fees (and any applicable taxes and charges) that a broker may charge. Such costs are similarly borne by DPF RE (and reduce the amount paid to DPF Unitholders) if it sells New Stapled Securities and CATS to meet cash redemptions.	
What costs and expenses have been incurred in pursuing the Aggregation?	Each Centro party to the Implementation Agreement (including the Aggregation Funds) has incurred costs and expended management time and resources in developing and pursuing Aggregation. Under the Implementation Agreement, if Aggregation proceeds then each Centro party will bear the costs incurred by it in connection with the negotiation, preparation, execution and performance of the Implementation Agreement to the extent that it relates to Aggregation (other than certain costs (including stamp duty payable on Aggregation) which it has been agreed will be shared between the Aggregation Funds and CNP in accordance with the respective value of assets contributed to Centro Retail Australia as part of Aggregation, as outlined above). The total costs expected to be incurred by the Aggregation Funds to form Centro Retail Australia in accordance with the Implementation Agreement are estimated at around $107.2 million, and comprise: • fees payable to financial, legal, accounting and tax advisers of $28.1 million; • fees payable to the Independent Expert of $1.5 million, the Investigating Accountant of $1.7 million and the Tax Adviser of $0.4 million; and • other costs related to the Aggregation of $75.5 million in respect of stamp duty and debt facility establishment costs. Actual costs may be higher than the estimate.	**Section 15.7**
Next steps and further information		
If I am an existing Securityholder in an Aggregation Fund, what should I do now?	1. Read this Document in full before making any decision on the Aggregation Resolutions. 2. CER, CAWF and DHT Securityholders should also read the relevant accompanying Explanatory Memorandum. The Explanatory Memoranda are provided to Securityholders as they contain further information on the Aggregation, and more specific information relevant to Securityholders in each Aggregation Fund. 3. If necessary, seek professional financial, legal or taxation advice, as this Document does not take into account the financial situation, objectives and particular needs of any individual Securityholder. 4. Your entitlement to vote on any Aggregation Resolution for the Aggregation Fund in which you are an investor is explained in its Explanatory Memorandum. If you are entitled to vote on the Aggregation Resolutions, you should weigh up the advantages and disadvantages and risks outlined in this Document and in the Explanatory Memorandum that you received.	**Important Notices**
If I am a DPF Unitholder, what should I do now?	Read this Document in full and the accompanying Brochure and material provided to you by the DPF RE before deciding what action to take in relation to the redemption of your DPF Units.	**Important Notices**
Further Questions	If you have any other questions in relation to the Aggregation or Centro Retail Australia, please call the toll free Information Line in the Directory at the back of this Document or email investor@centro.com.au or consult your financial, taxation or other professional adviser.	


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3. Overview of Aggregation

3.1. AGGREGATION – BACKGROUND AND OVERVIEW

On 1 March 2011, CNP, CER and a number of CNP managed funds announced that they had entered into a binding agreement to sell substantially all of their US investments (**US Asset Sale**) and had commenced discussions with a number of CNP's Senior Lenders to work towards agreeing to a potential amalgamation of their respective Australian assets.

On 29 June 2011, it was announced that the US Asset Sale had completed.

On 9 August 2011, it was announced that an Implementation Agreement had been executed by CER, CNP, CNP's Signing Senior Lenders and certain CNP managed funds, including CAWF and DPF, to aggregate the Australian assets of those entities (and in the case of DPF, the assets of DHT (being a sub-trust of DPF)) to form a new listed Australian retail property trust group, namely Centro Retail Australia.

The proposed Centro Retail Australia will, if established, have a $4.4 billion portfolio of retail properties with a strong strategic position anchored by non-discretionary focused retailers. Centro Retail Australia will also be one of Australia's largest unlisted retail property fund managers, managing property funds that collectively own a further $2.6 billion of retail assets.

Centro Retail Australia will be internally managed as a result of the group's acquisition of CNP's Services Business (which provides trust and property management services) and the group's ownership of Centro Retail Australia RE.

Aggregation will result in a simplification of each of the Aggregation Funds' equity and asset ownership structures and will give Securityholders in each of those funds an equity interest in each of the Aggregation Funds, all of which will be listed on ASX. CER is currently listed on ASX and application will be made within 7 days of the date of this Document for admission of each of CAWF and DHT to the official list of ASX. If New Stapled Securities are not admitted to quotation within 3 months of the date of this Document or such longer period as is permitted by law then the issues will not be made.

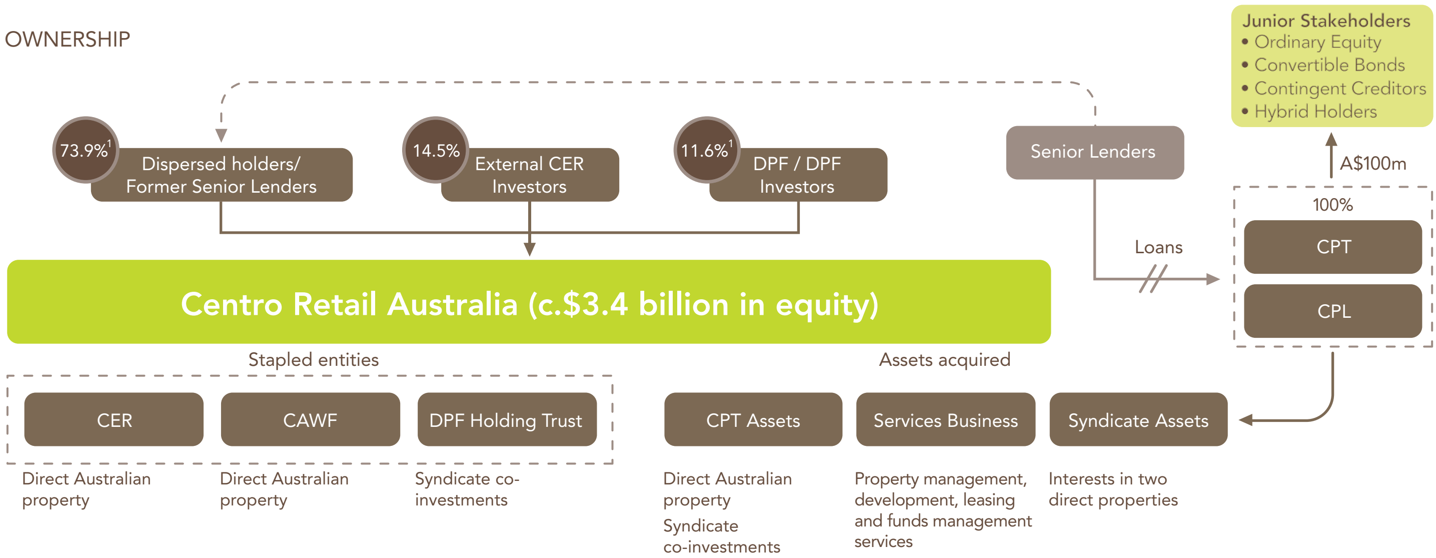
If Aggregation is implemented, Centro Retail Australia is expected to be one of the largest ASX listed real estate property groups as at the Aggregation Implementation Date based on a total equity value of $3.4 billion[29].

29 Based on Pro Forma balance sheet as at 30 June 2011.

3.
OVERVIEW OF AGGREGATION

The chart below outlines the structure of Centro Retail Australia immediately following Aggregation.

FIGURE 3.1. CENTRO RETAIL AUSTRALIA POST AGGREGATION AND THE CNP DEBT CANCELLATION



Notes

1 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.

3.2. AGGREGATION STEPS – WHAT OCCURS IF THE CONDITIONS ARE MET

As part of Aggregation:

- **Issue of New Stapled Securities:** Each Securityholder in the Aggregation Funds at the time that Aggregation is implemented will receive New Stapled Securities based primarily on the relative net equity value of the Aggregation Funds at 31 December 2010 (subject to certain adjustments to reflect changes since 31 December 2010)[30]. This approach was determined to be most appropriate given a number of factors including the degree of cross ownership at an asset and fund level. Each New Stapled Security will comprise one share in CRL, one unit in CRT, one unit in CAWF and one unit in DHT, and will have an aggregate combined net asset value of $2.50. Section 3.3 sets out details of how this will be achieved.
- **CATS:** Whilst CER has not provided for any liability for the CER Class Action Litigation in its financial statements, an entitlement to CATS will be provided to the Unitholders of each of the other Aggregation Funds (i.e. CAWF and DHT) on Aggregation, to CNP in connection with the sale of substantially all of CNP assets (excluding interests in CER, CAWF and DPF) to Centro Retail Australia and to DPF in respect of certain asset transfers. CATS will not be issued to CER Securityholders. The CATS are described in Section 10.

30 Investors in CER, CAWF and DHT at the date of this Document should refer to the Explanatory Memorandum for their fund for details.

- **Acquisitions:** Centro Retail Australia will acquire:
  - CNP's funds and property management Services Business (for approximately $200 million) (subject to certain adjustments) and associated accrued rollover, performance, wind-up and deferred management fees (for $40 million). In addition, working capital balances associated with the Services Business will be transferred to Centro Retail Australia. CNP is entitled to receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia;
  - CNP's direct property interests, managed fund investments and certain other assets (including related party loans, interest rate swap agreements entered into with CNP by other CNP group entities, working capital balances and provisions in relation to stamp duty exposures[31]), for approximately $347 million. CNP will receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia; and
  - certain property and managed fund investments from Centro MCS Syndicates managed by CNP, for approximately $71 million in cash.

  Section 9 sets out information about these acquisitions. These acquisitions will give Centro Retail Australia its own internalised management structure and a funds and property management business providing services to the Centro MCS Syndicates business.
- **Re-financing:** A new financing package for Centro Retail Australia is intended to be put in place upon Aggregation implementation. Subject to receiving full credit approvals and satisfaction of conditions precedent to the refinancing, the new package will replace the majority of the existing financing arrangements of each Aggregation Fund.
- **New RE:** The existing Aggregation Fund REs will be replaced with CRL (1) Limited, which is a new RE, wholly owned by Centro Retail Australia. If CRL Limited (1) is unsuccessful in its application for an Australian financial services licence prior to Aggregation, Wholesale Responsible Entity Limited ACN 145 213 654 will instead be appointed as the new RE.

After Aggregation, two further key steps will occur:

- **DPF may transfer New Stapled Securities and CATS to its investors or otherwise dispose of them:** Depending on the redemption requests and elections made by DPF Unitholders, DPF will distribute either New Stapled Securities and CATS or cash proceeds from the sale of such securities, to those DPF Unitholders who request redemption of their DPF Units.
- **CNP Debt Cancellation:** If Aggregation is effected, the Senior Lenders vote in favour of the Senior Debt Schemes and the Court approves the Senior Debt Schemes, CNP's Senior Debt to the Senior Lenders (which includes $2.9 billion (as at 30 June 2011) of Senior Facility Debt which matures on 15 December 2011) will be cancelled by the Senior Lenders (unless the CNP Junior Stakeholder Approvals are not obtained or there is delay in CNP receiving all of the New Stapled Securities to which it is entitled, in which case a portion of CNP's Senior Debt owed to the Senior Lenders will remain on foot). While the Senior Lenders will release most of the security in favour of the Senior Lenders, some security will remain in place to secure various obligations, including CNP's obligation to pay to the Senior Lenders any surplus remaining following completion of the wind-down of CNP. The CNP Debt Cancellation will occur in consideration for:
  - the distribution to the Senior Lenders of those New Stapled Securities that CNP is entitled to receive in connection with its Securityholdings in CER and CAWF as at the Aggregation Record Date;
  - the distribution to the Senior Lenders of New Stapled Securities that CNP is entitled to receive from the redemption of CNP's investment in DPF Units;
  - the distribution to the Senior Lenders of New Stapled Securities that CNP is entitled to receive in connection with the sale of assets by CNP to Centro Retail Australia as part of Aggregation; and
  - the distribution to the Senior Lenders of the CATS that CNP is entitled to receive in connection with Aggregation.

31 The stamp duty provisions will effectively be transferred to Centro Retail Australia, through being taken into account in determining the Aggregation Ratios.

As a result of the Senior Debt Scheme the Senior Lenders will in aggregate own approximately 73.9%[32] of New Stapled Securities on issue immediately following the implementation of Aggregation and the CNP Debt Cancellation. In most cases, the Senior Lenders will receive those New Stapled Securities on a pro rata basis to their CNP Senior Debt holdings.

The CNP Debt Cancellation will be implemented contemporaneously with or shortly after Aggregation. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, it is expected, as at the date of this Document, to occur within approximately 5 Business Days). Aggregation will only occur if the Senior Debt Schemes are unconditional and have become effective at the time Aggregation is implemented. If the CNP Debt Cancellation does not occur contemporaneously with Aggregation, CNP will hold New Stapled Securities for a period before they are transferred to the Senior Lenders under the Senior Debt Schemes in connection with the CNP Debt Cancellation.

On the basis of Senior Lenders' holdings of CNP Senior debt as at 31 August 2011, no individual Senior Lender would hold more than 7.97% of New Stapled Securities, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes. As at 31 August 2011, there were approximately 90 Senior Lenders[33]. There are some Senior Lenders whose investments are managed by the same investment manager. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities following implementation of the CNP Debt Cancellation due to Australian takeovers regulation requirements. Further detail on the CNP Debt Cancellation is contained in separate Explanatory Memoranda to the CNP Junior Stakeholders.

3.3. SECURITYHOLDINGS UPON AGGREGATION

The following table sets out the relative contributions of each Aggregation Fund and CNP to Centro Retail Australia's value on Aggregation, and the direct and look-through interest held by each contributing party.

TABLE 3.2. RELATIVE CONTRIBUTIONS AND INTEREST HELD BY EACH CONTRIBUTING PARTY AS AT 30 JUNE 2011

	CER	CAWF	DHT[1]	CNP[2]
Total equity value contribution ($ million)[3]	986.4	1,324.7	423.5	617.2
Direct ownership interest[4]				
CNP	29.0%	50.0%	-	100%
CER	-	0.1%	-	-
DPF	21.7%	49.9%	100%	-
External	49.4%	-	-	-
	100%	**100%**	**100%**	**100%**
Look-through ownership interest[4]				
CNP	41.1%	78.0%	56.1%	100%
CER External	49.4%	-	-	-
DPF External	9.5%	21.9%	43.9%	-
	100%	**100%**	**100%**	**100%**

Notes

1 DHT contribution reflects the position after the transfer to DHT of assets held by DPF before Aggregation.

2 Incorporates sale of CNP Assets (including the Services Business).

3 Total equity value contributions in the table above is based on the 30 June 2011 position. As noted in Section 3.2 and explained in the Explanatory Memoranda, the Aggregation principles primarily reflect adjusted net equity values as at 31 December 2010 (with working capital balances at 30 June 2011).

4 Direct interest is the percentage interest held by each contributing party in the Aggregation Funds or CNP assets. Look-through interest is the direct interest adjusted for the fact that certain of the Aggregation Funds have a cross-ownership interest in the other Aggregation Funds. For example, CNP's look-through interest in CER comprises its directly held 29.0% interest plus a 12.2% interest by way of an indirect interest in DPF. It is the look-through interest in each of the Aggregation Funds and assets that results in Centro Retail Australia proportionate ownership allocation at Aggregation.

32 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation because they are also CER Securityholders.

33 This number will be higher if there is a reallocated hybrid amount under the Senior Debt Scheme.

The total equity value contribution is based on the principles set out in Section 3.2 (and in the Explanatory Memoranda that investors in the Aggregation Funds will have received). The value contribution by each contributing party is a function of net equity contributed and the look-through interest of each party, with the over-arching principle being that no party receives a merger premium in relation to their respective contributions and all parties share in the costs of Aggregation pro rata to their respective contributions.

The table below shows how these ownership percentages are derived from the net equity contributed and (using 30 June 2011 balances) the look-through interest held.

TABLE 3.3. AGGREGATION VALUES AND RATIO OF OWNERSHIP OF CENTRO RETAIL AUSTRALIA AS AT 30 JUNE 2011

Securityholders	CER	CAWF	DHT	CNP	Adjustment[1]	Centro Retail Australia		
	$ million	$ million	$ million	$ million	$ million	$ million	Units '000[2]	%
CNP	405.7	1,033.7	237.6	617.2	182.6	2,476.9	990,748	73.9%
CER External	486.9	0.6	-	-	-	487.5	195,012	14.5%
DPF External	93.7	290.4	185.8	-	(182.6)	387.4	154,969	11.6%
Total	**986.4**	**1,324.7**	**423.5**	**617.2**	**-**	**3,351.8**	**1,340,728**	**100%**

Notes

1 Some Senior Lenders hold put options over direct and indirect interests in DPF units which are exercisable against CNP. The adjustment column in Table 3.3 relates to the exercise and transfer of these put options since 30 June 2011. Whilst there is certainty that these put options will be exercised by the time of implementation of the Senior Debt Scheme, it is uncertain as to whether the interests the subject of the put options will be transferred to CNP. If the interests are transferred, the holders will receive New Stapled Securities under the Senior Debt Scheme. If the interests are not transferred, the holders may elect to receive cash or New Stapled Securities under the DPF redemption offer or may continue to hold such Interest. The table above shows the position as though the put option holders receive New Stapled Securities in respect of such interests, and this position is adopted throughout this Document when referring to Centro Retail Australia ownership percentages. If the put option holders receive cash under the DPF redemption offer or do not take up the DPF redemption offer in respect of all of these interests, then the Senior Lenders' ownership percentage could be as low as 68.5% and the interest of DPF and/or DPF Unitholders could be as high as 17.0%.

2 Final number of securities on issue and the relative holding of each contributing party is subject to change for any asset sales between 31 December 2010 (or 30 June 2011 as relevant) and the date of Aggregation, any settlement of CER Class Action Litigation, any capital returns or distributions made or material one-off items.

If Aggregation proceeds, the result is that the existing holding of Securityholders in CER and Unitholders in CAWF and DHT will be replaced by an interest in Centro Retail Australia. This will be achieved through a process whereby the actual securities on issue in each of the Aggregation Funds will be consolidated and equalised to a number reflecting the above Aggregation Ratios with a net asset value as at Aggregation of $2.50 per New Stapled Security. On Aggregation, each New Stapled Security on issue will comprise one Security in each of the Aggregation Funds.

3. OVERVIEW OF AGGREGATION

Effective Aggregation Ratios

- 1 New Stapled Security for every 5.80 Stapled Securities in CER (being one share in CRL and one Unit in CRT);
- 1 New Stapled Security for every 3.10 Units in CAWF; and
- 1 New Stapled Security for every 2.51 Units in DHT.

The table below shows the number of units to be held in Centro Retail Australia based on an indicative holding of 1,000 Units in each of Aggregation Fund. The number of New Stapled Securities to be held by each Securityholder in an Aggregation Fund reflects an approximate 3% reduction in total value (from 30 June 2011 pre-Aggregation value) as a result of transaction costs being shared proportionately. Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number.

TABLE 3.4. EXAMPLE SECURITIES IN AGGREGATION FUNDS COMPARED TO UNITS IN CENTRO RETAIL AUSTRALIA

	Aggregation Funds				Centro Retail Australia			
	Pre-Aggregation				Post-Aggregation			
	Securities held	NAV[1] per Stapled Security	Value	Aggregation Ratios	Securities held	NAV[1] per Stapled Security	Value	Effective Impact of Transaction Costs
	Number	$/unit	$		Number	$/unit	$	$
CER	1,000	0.44	443	5.80 : 1	172	2.50	431	12
CAWF	1,000	0.83	829	3.10 : 1	323	2.50	807	22
DHT	1,000	1.02	1,025	2.51 : 1	399	2.50	998	27

Notes

1 Net Asset Value.

2 CNP is not an Aggregation Fund and is therefore not shown in the table above.

The table below shows the number of Securities on issue in each Aggregation Fund before and after the steps described above. The Units in each Aggregation Fund are then stapled so that one Unit in each Aggregation Fund and one Share in CRL are stapled to form a New Stapled Security.

TABLE 3.5. SECURITIES IN AGGREGATION FUNDS BEFORE AND AFTER AGGREGATION STEPS[3]

	CER	CAWF	DHT[1]
Securities on issue pre Aggregation (000)	2,286,399	1,644,888	170,100
Aggregation process[2]			
Securities on issue post Aggregation (000)	**1,340,728**	**1,340,728**	**1,340,728**
Stapling process			
New Stapled Securities on issue (000)		**1,340,728**	

Notes

1 Units on issue in DHT reflects the position before issue of units by DHT to DPF as consideration for the transfer of DPF assets in connection with Aggregation.

2 As described above, each Aggregation Fund will issue units to holders in each other Aggregation Fund, funded by a return of capital. Each Aggregation Fund will then consolidate or split the resulting number of units on issue to a number equivalent to the number of units Centro Retail Australia would have on issue to have a net asset value per security of $2.50. As such the final number of units on issue in each Aggregation Fund will be the same, and these will be stapled together in the ratio of 1:1:1.

3 CNP is not an Aggregation Fund and is therefore not shown in the table above.

Stapling

Stapling will be achieved as provided under the Constitutions of each of CRL, CRT, DHT and CAWF pursuant to amendments that are to be proposed (to certain of these Constitutions) as part of Aggregation. A Stapling Deed that applies while Stapling is in place is described in Section 14.2.

Once the CER Stapled Securities, CAWF Units and DHT Units have been Stapled, these Securities will trade jointly on ASX and none of them will be able to be traded or dealt with separately.

An investment in Centro Retail Australia will operate like an investment in a single consolidated group. In practical terms this will mean that:

- New Stapled Securities will trade together on ASX as if they were one security (ASX Code: CRF);
- New Stapled Securityholders will receive aggregated reports from Centro Retail Australia; and
- subject to the Centro Retail Australia Board determining that CRL and Centro Retail Australia RE are to make a distribution payment in respect of any distribution period, New Stapled Securityholders will receive a single distribution payment in connection with their investment.

CATS are not stapled to New Stapled Securities and will not be quoted for trading on ASX but will be transferable (see Section 3.4 below and Section 10).

3.4. CLASS ACTION TRUE-UP SECURITIES (CATS)

CER is subject to class action litigation that is described in Section 7.3.10 (CER Class Action Litigation) and there is no provision in CER's financial statements for the possible liability. As CER's exposure has not been quantified in its accounts, the exposure has not been taken into account for the purposes of determining the respective ownership interests that CNP and Securityholders in each of the Aggregation Funds will have in Centro Retail Australia immediately following Aggregation (see Section 3.3).

Aggregation will however expose CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders to CER's possible liability under these claims. To provide some compensation for this exposure, the Aggregation Funds will issue Class Action True-up Securities (CATS) to CNP, DPF, CAWF Unitholders and DHT Unitholders. CATS will not be issued to CER Securityholders as their exposure to the litigation is not altered by Aggregation. The CATS entitle their holders to further issues of New Stapled Securities or a cash payment (up to a Cap) if any of the actions are resolved or settled or a final judgement is given which results in CER having to meet a liability. The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)).

If at any time New Stapled Securities are to be issued pursuant to the CATS in respect of a CER Class Action Litigation liability, and the number of New Stapled Securities which would be issued (together with any previous issues pursuant to the CATS) would exceed the Share Cap, then the terms of the CATS provide that the number of New Stapled Securities to be issued at that time will be reduced on a pro rata basis such that the aggregate number of New Stapled Securities issued pursuant to the CATS will not exceed the Share Cap.

The Cap also determines the maximum amount of cash which can be paid to CATS holders under the CATS, having regard to the Pro Forma NAV Per New Stapled Security.

Examples of the application of the CATS is contained in Section 10.6.3.

The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation.

There is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

As the number of New Stapled Securities that might be issued pursuant to the CATS depends on the underlying NAV of New Stapled Securities at the relevant time, the actual maximum number of securities that could be issued as a result of any CER Class Action Litigation resulting in any liability may be more or less than is indicated by the examples in Section 10.6.3. The Cap will be adjusted for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division).

Any issue of New Stapled Securities to the holders of CATS will effectively dilute the proportionate holdings of those investors with New Stapled Securities at that time. The extent of such dilution depends on the level of the CER Class Action Litigation liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. See the examples in Section 10.

The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities issued or payments have been made to the extent of the Cap.

The CATS will be transferable but will not be listed on ASX and there is no assurance that there will be any issue of further New Stapled Securities or cash payment to CATS holders or that the CATS will have any value or be marketable.

Whether New Stapled Securities or cash is delivered under the terms of the CATS is a matter for determination by a majority of the Aggregation Funds. This determination is to be made taking into account circumstances at the relevant time and in the best interests of the Centro Retail Australia investors as a whole and in a way that is fair between classes of investors.

The issue of New Stapled Securities or the making of cash payments under the CATS do not put the holder back in the position that they would have been in had CER's litigation liability been an actual liability taken into account at the time that Aggregation occurred. This is because it is not feasible to recalculate all events between Aggregation and the time of the issue of further New Stapled Securities or the making of cash payments to establish that position and also because there is a Cap that applies to any New Stapled Securities issued or cash paid. Further, the CATS do not include any adjustment for costs that Centro Retail Australia will bear in financing any payment to be made under any settlement or judgement, such as any interest costs that may be borne on borrowing to pay an amount payable. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or the New Stapled Securities issued and any cash paid pursuant to the CATS have reached the Cap. Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the actual CER Class Action Litigation liability up to the Cap. As a result, the extent of any dilution is not currently known.

The terms of the CATS are described in Section 10 which also sets out examples in Section 10.6.3 of:

- the number of New Stapled Securities that the Cap would represent at Aggregation if the total Cap were issued as New Stapled Securities;
- the number of New Stapled Securities or the amount of any cash payable by Centro Retail Australia to CATS holders in respect of a CER Class Action Litigation liability. The amount of cash or value of New Stapled Securities issued on any occasion will not necessarily be the same; and
- the diluting effect which an issue of further New Stapled Securities under the CATS (subject to the Caps) has on New Stapled Securities then on issue.

3.5. TAXATION

The steps required to achieve the Aggregation of the various assets of CNP, CER, CAWF and DHT have been generally summarised in Sections 3.2 and 3.3. The general tax consequences of the Aggregation Steps are described below.

Steps to achieve Aggregation

Each New Stapled Security will comprise one Share in CRL and one Unit in each of CRT, CAWF and DHT. As part of the Aggregation there will be a consolidation of the number of existing Securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each New Stapled Security will have a total net asset value of $2.50. The consolidation of the existing Securities will have no income tax or GST consequences for each of the Aggregation Funds.

The Aggregation Funds will acquire various assets from certain Centro MCS Syndicates (for cash), and from CNP, in connection with the issue of New Stapled Securities. The Aggregation Funds will have a tax cost base in these acquired assets equal to the value of the consideration provided.

CER will also acquire certain assets from CAWF as part of the Aggregation. CER will have a tax cost base in the assets acquired from CAWF equal to the value of the consideration provided. CAWF will not derive a taxable net capital gain as a result of the transfer of these assets.

The returns of capital by each of the Aggregation Funds to their Securityholders to facilitate the equalisation of Securityholder interests in Centro Retail Australia will have no income tax or GST consequences for the particular Aggregation Fund. The subsequent issue of Securities by each of CER, CAWF and DHT to complete the equalisation process will also have no income tax or material GST consequences for each Aggregation Fund.

Following equalisation, the Stapling of CER Stapled Securities to CAWF Units and DHT Units so they can trade on the ASX as a single Stapled entity will have no income tax or GST consequences for each Aggregation Fund. The replacement of the REs of CRT, CAWF and DHT also will have no income tax or GST consequences for each Aggregation Fund.

The issue of the CATS by each of CER, CAWF and DHT will have no income tax or material GST consequences for each Aggregation Fund.

Steps after Aggregation

Following Aggregation, it is intended that DPF will transfer the New Stapled Securities and CATS it receives on Aggregation to investors who elect to redeem their DPF Units for New Stapled Securities and CATS. DPF will not derive an overall taxable gain from the transfer of these securities.

Separately, if the CNP Junior Stakeholder Approvals are obtained, CNP's Senior Debt will be cancelled in exchange for the transfer to the Senior Lenders of the New Stapled Securities and CATS to which CNP is entitled to and the security in favour of the Senior Lenders will remain in place to secure obligations to pay to the Senior Lenders any surplus on a wind-down of CNP. If the CNP Junior Stakeholder Approvals are not obtained, a portion of the CNP Senior Debt will remain outstanding.

The transfer of New Stapled Securities and CATS to the Senior Lenders will not have any tax consequences for the Aggregation Funds that comprise Centro Retail Australia.

Income tax consequences of the New Stapled Securities and CATS

The Australian income tax consequences of acquiring and holding New Stapled Securities and CATS are set out in Section 13.

4. Centro Retail Australia's Business

Centro Retail Australia is CRL, CRT, CAWF and DHT. For the profiles of each of these please refer to Section 8.

4.1. BENEFITS OF AGGREGATION

Following a comprehensive strategic review undertaken by each of the Aggregation Funds, their respective Boards concluded that Aggregation would be in the best interests of their respective investors.

Whilst the relevant considerations for each Aggregation Fund differed, benefits that were common amongst them include:

- **Consolidation of ownership interests in many Australian properties** – The Aggregation will result in Centro Retail Australia obtaining 100% ownership of most[34] of the Australian properties which, at the date of this Document, are jointly owned by the Aggregation Funds in complex structures. This is expected to deliver a range of benefits, including:
  - increased flexibility to actively manage the portfolio and pursue appropriate development, acquisition and disposal opportunities being able to be negotiated by Centro Retail Australia RE (e.g. co-ownership of properties can present challenges where owners have differing strategic objectives and/or financial capacity); and
  - greater financing flexibility, which could result in superior terms being able to be negotiated by Centro Retail Australia RE (e.g. some lenders prefer security over 100% interests and/or seek to cross-collateralise obligations where properties are co-owned).
- **Reduced structural complexity** – This is also expected to deliver a range of benefits including:
  - reduced potential for conflicts of interest; and
  - cost-saving opportunities from reduced administrative requirements.
- **Clear Value Proposition and focussed business model** – focus on ownership of regional and sub-regional shopping centres in addition to property and funds management of Centro MCS Syndicates.
- **Simplified and stable capital structure** – longer debt maturities a level of debt considered to be appropriate by the Aggregation Fund RE Boards and the CRL Board.
- **Alignment of interests through internalisation of management** – Centro Retail Australia will directly employ fund and property management staff and will no longer pay any fees to an external manager in relation to properties in which it has an interest[35]. Costs and expenses will however be incurred by Centro Retail Australia in operating the Services Business.
- **Operational stability** – Centro Retail Australia's establishment is expected to provide greater certainty to retailers, employees and suppliers and provide a more stable base from which to drive operational performance.
- **Redevelopment of properties** – Potential to proceed with redevelopment opportunities which may not occur or may be delayed if Aggregation does not proceed.
- **Relevance to investors** – Centro Retail Australia is expected to become part of several indexes that are significant in attracting institutional investors, with pro forma total net equity of approximately $3.4 billion as at 30 June 2011. It is expected to be one of only a few REITs with a purely Australasian retail property investment portfolio.

The Explanatory Memorandum for each of the Aggregation Funds provides further information in relation to possible advantages and disadvantages of the Aggregation from the perspective of Securityholders in each Aggregation Fund.

34 100% ownership in 36 properties and 50% ownership in a further 7 properties. Of the 7 co-owned properties, five are co-owned with certain Centro MCS Syndicates and two are co-owned with external parties.

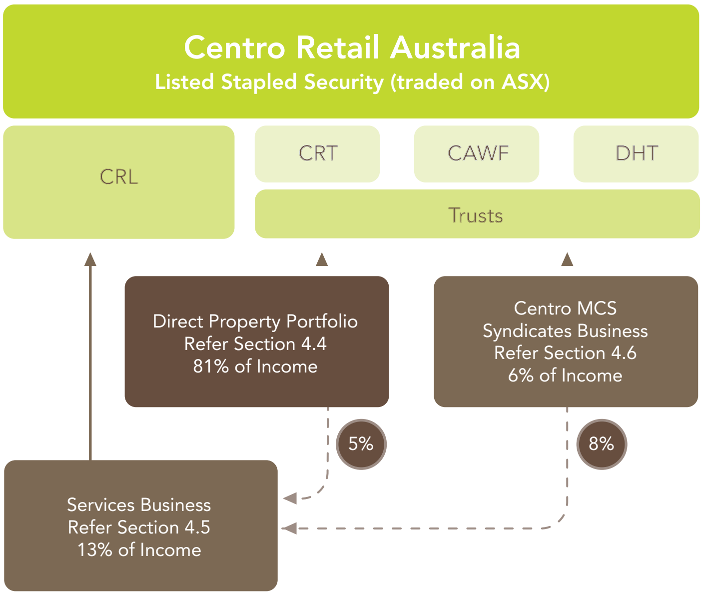
35 Other than property management fees associated with Tuggeranong Hyperdome which is externally managed.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

4.2. BUSINESS OVERVIEW

The diagram below shows how Centro Retail Australia will be structured and the proposed income structure of Centro Retail Australia after the Aggregation is implemented[36].

TABLE 4.1 CENTRO RETAIL AUSTRALIA STRUCTURE AND FORECAST INCOME COMPOSITION



Centro Retail Australia will be a fully integrated retail property ownership and services group featuring:

- a $4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further 7 Australian shopping centres, together accounting for 81% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012;
- an experienced and dedicated internalised management team of over 600 staff directly employed by Centro Retail Australia;
- one of Australia's largest unlisted retail property syndicate businesses comprising $460 million of co-investments in and management of up to 27 Centro MCS Syndicates, which collectively own interests in 61 properties valued at $2.6 billion as at 30 June 2011; and
- a clear investment strategy, stable capital structure (with gearing at 40% and a weighted average debt maturity of three years[37]), an earnings yield[38] of 6.1% and a sustainable distribution policy (pro forma forecast of 12.4 cents per New Stapled Security reflecting a cash yield on equity of 5.0% for the year ending 30 June 2012) (refer to Section 7 for further financial information).

Centro Retail Australia is expected to be one of the largest managers of retail property in Australia with 1.7 million square metres of retail area under management and will be the largest manager to Australia's major supermarket operators[39], Woolworths and Coles.

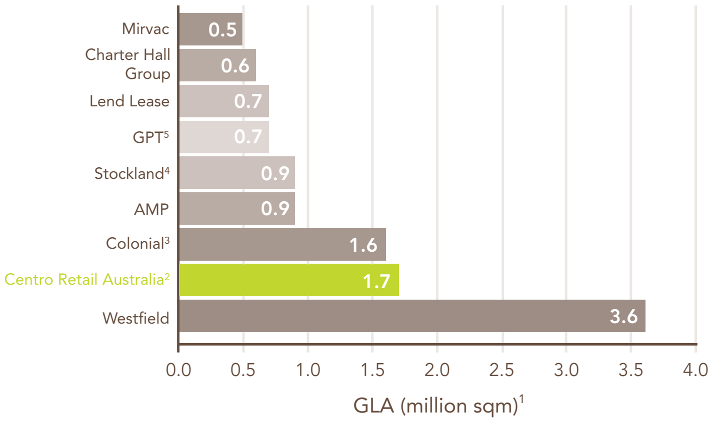
36 Income figures in Table 4.1 above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. The Directors believe this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, services business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in Table 7.9).

37 Weighted average maturity for debt is the average length of time before Centro Retail Australia's proposed debt facilities will be required to be repaid or refinanced, after weighting according to the amount of debt under each facility. The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years.

38 Earnings yield is operating earnings as a portion of net asset value (including intangibles).

39 Based on 99 properties (which includes Centro MCS Syndicates properties).

TABLE 4.2 LEADING MANAGERS OF AUSTRALIAN RETAIL PROPERTY



Source: Company filings[40], Centro Properties Group

1 Represents Australian assets under management only. Analysis includes WIP and development assets where appropriate.

2 Excludes Tuggeranong Hyperdome 0.08 million sqm because the property is (externally managed).

3 Pro-forma for direct factory outlet acquisition.

4 Includes Stockland Direct Retail Trust 1.

5 Includes GPT Wholesale Shopping Centre Fund.

The $7.0 billion portfolio of 99 properties that Centro Retail Australia will manage took more than a decade for the CNP Group to accumulate and the scale and breadth of the portfolio would be difficult to replicate.

4.3. OPERATING STRATEGY

Centro Retail Australia's strategy aims to deliver strong, consistent returns to investors by investing for the long term in its portfolio of Australian shopping centres and building on its already established position as a leading manager of unlisted retail property funds.

Priorities for Centro Retail Australia in executing its operating strategy include the following:

- **Asset Management** – Centro Retail Australia's property management, development and leasing teams will seek opportunities to optimise returns from actively managing each property, which may involve:
  - **Developments** – Existing development opportunities for Centro Retail Australia's direct property portfolio totalling approximately $400 million across 13 properties. These opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain its competitive advantage. Developments can have the potential to add incremental value. A combination of cash and Centro Retail Australia's committed undrawn debt facilities are expected to be sufficient to fully fund all committed developments. Other future developments are subject to the ability to source debt or equity capital at the time. Further detail is provided in Section 4.4.7.
  - **Acquisitions or disposals** – Centro Retail Australia will consider acquisition or disposal opportunities that are consistent with its investment strategy, which is outlined in Section 6.6. Acquisition opportunities could include interests in certain properties that at the date of this Document are partly or wholly owned by Centro MCS Syndicates (existing co-ownership agreements contain pre-emptive rights in some instances) and also via direct acquisition of properties or interests in properties from external parties. Acquisitions are subject to the ability to source debt or equity capital at the time. A pool of non-core assets valued at approximately $400 million has been identified for potential disposal within Centro Retail Australia's direct property portfolio.
- **Funds Management** – a wholly-owned subsidiary of Centro Retail Australia will act as the RE for up to 27 Centro MCS Syndicates, which are all fixed-term investment vehicles. Attracting new investors to replace existing Centro MCS Syndicate investors who wish to exit their investments will be a priority for Centro Retail Australia and will be managed by Centro Retail Australia through:
  - restructuring the Syndicates to offer market competitive returns (e.g. lower gearing and stable distribution yields of around 7+% per annum); and
  - rebuilding investor confidence (through improved stability of Centro Retail Australia as manager, strong corporate governance with clear related party protocols and offering future liquidity options).
- **Capital Management** – Centro Retail Australia will seek to manage and source debt and equity capital so as to minimise cost of capital to support sustainable returns for investors. Diversification of debt funding sources, over time, is expected to be a priority for Centro Retail Australia (refer to Sections 7.3.6 and 7.3.7 for further detail in relation to financial risk management policies).

40 Source: Westfield - WDC Q1 2011 results presentation; Colonial - www.cfsgam.com.au/AssetManagement/AMShoppingCentres.aspx; Stockland - 1H11 results presentation and 4 April 2011 ASX media release; GPT - Dec-10 HY results presentation; Mirvac - Dec-10 HY results presentation; Charter Hall Group - CHC Global Investor presentation May 2011 and CHC/WOW acquisition presentation 17 May 2011; Lend Lease - Dec-10 Portfolio Report; AMP - www.ampcapital.com.au/shopping-centres/pdf/Portfolio-Snapshot.pdf

4.
CENTRO RETAIL AUSTRALIA'S BUSINESS

CENTRO RETAIL AUSTRALIA'S DIRECT PROPERTY PORTFOLIO OF $4.4 BILLION

WA – 26.6% OF VALUE
- Centro Albany
- Centro Galleria
- Centro Halls Head
- Centro Karratha (50%)
- Centro Mandurah
- Centro Victoria Park
- Centro Warnbro
- Centro Warwick
- Perth City Central (50%)

NT – 0.6% OF VALUE
- Katherine Oasis Shopping Centre

QLD – 10.8% OF VALUE
- Centro Buranda
- Centro Lutwyche (50%)
- Centro North Shore
- Centro Springwood
- Centro Taigum
- Centro Toombul
- Centro Whitsunday
- Goldfields Plaza

NSW – 21.0% OF VALUE
- Centro Armidale
- Centro Bankstown (50%)
- Centro Goulburn
- Centro Lavington
- Centro Nepean
- Centro Roselands (50%)
- Centro Tweed
- Centro Warriewood
- Centro Westside

VIC – 27.8% OF VALUE
- Centro Box Hill North
- Centro Box Hill South
- Centro Cranbourne
- Centro Lansell
- Centro Karingal
- Centro Mildura

VIC – 27.8% OF VALUE
- Centro Mornington
- Centro Somerville
- Centro The Glen
- Centro Warrnambool
- Centro Wodonga
- Victoria Gardens (50%)

SA – 9.7% OF VALUE
- Centro Arndale
- Centro Colonnades
- Centro Mount Gambier

ACT – 3.5% OF VALUE
- Tuggeranong Hyperdome (50%)

Regional properties (which account for 43% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically exhibit the following characteristics:

- is a major retail centre with a wide range of retail and other services serving a broad regional role and destination oriented in nature;
- has as an anchor tenant at least one department store of a minimum of 10,000 square metres in size;
- has as an anchor tenant at least one discount department store and one or more supermarkets; and
- is over 50,000 square metres in size.

Sub-regional properties (which account for 51% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically the following characteristics:

- offer a wider range of apparel and other soft goods than a supermarket-based centre;
- has as an anchor tenant at least one discount department store and typically one or more supermarkets; and
- is over 25,000 square metres in size.

Convenience properties (which account for only 5% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically exhibit the following characteristics:

- provide convenience shopping for consumers in the immediate neighbourhood;
- comprise one or two major supermarkets along with a collection of food and non-food specialty shops and services; and
- is usually less than 10,000 square metres in size.

CBD retail properties (which account for only 1% of Centro Retail Australia's direct property portfolio as at 30 June 2011) located in the central business district of a capital city.

4.4. DIRECT PROPERTY PORTFOLIO

4.4.1. Direct Property portfolio overview

The table below outlines Centro Retail Australia's Direct Property portfolio, which accounts for 81% of total pro forma forecast income for the year to 30 June 2012.

TABLE 4.3 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO ON AGGREGATION (FIGURES AS AT 30 JUNE 2011)

Investments ($m)	State	Centre Type	Cap Rate	GLA sqm	Occupancy	MAT $m	Sales per sqm	Specialty Sales per sqm	Specialty Occupancy Cost incl GST
Centro Galleria	WA	Regional	6.00%	73,122	100%	482.3	6,596	10,160	16.4%
Centro The Glen	VIC	Regional	6.25%	59,161	100%	331.1	5,597	8,407	16.3%
Centro Colonnades	SA	Regional	7.25%	65,578	99.1%	286.8	4,373	5,989	17.2%
Centro Bankstown	NSW	Regional	6.75%	85,689	99.6%	416.6	4,862	7,726	18.1%
Centro Mandurah	WA	Sub Regional	7.25%	39,735	100%	354.3	8,917	9,632	12.9%
Centro Toombul	QLD	Sub Regional	8.00%	33,731	100%	205.8	6,101	6,975	15.6%
Centro Karingal	VIC	Sub Regional	7.25%	41,582	100%	229.8	5,528	7,048	12.5%
Centro Roselands	NSW	Regional	7.00%	61,439	100%	296.0	4,817	8,115	17.3%
Tuggeranong Hyperdome	ACT	Regional	7.50%	76,847	97.9%	268.9	3,499	6,636	13.4%
Centro Warriewood	NSW	Sub Regional	7.25%	22,153	100%	166.9	7,533	9,357	15.1%
Centro Warwick	WA	Sub Regional	7.75%	29,983	100%	190.3	6,346	7,536	12.6%
Centro Cranbourne	VIC	Sub Regional	7.50%	33,892	100%	192.5	5,679	8,121	11.7%
Centro Box Hill South	VIC	Sub Regional	7.75%	23,470	100%	122.4	5,215	7,170	14.6%
Centro Nepean	NSW	Sub Regional	7.50%	20,869	97.0%	175.9	8,427	8,470	11.1%
Centro Mildura	VIC	Sub Regional	8.00%	20,157	99.5%	143.7	7,127	6,472	10.0%
Victoria Gardens	VIC	Sub Regional	7.00%	31,108	99.6%	161.8	5,200	8,421	12.9%
Centro Taigum	QLD	Sub Regional	7.50%	22,798	100%	122.2	5,359	5,989	12.9%
Centro Tweed	NSW	Sub Regional	8.25%	18,549	98.3%	102.6	5,531	5,632	15.6%
Centro Box Hill North	VIC	Sub Regional	8.00%	14,232	100%	70.7	4,965	4,999	15.7%
Centro Lavington	NSW	Sub Regional	7.75%	20,052	99.3%	119.1	5,938	7,168	11.9%
Centro Mornington	VIC	Sub Regional	7.50%	11,670	99.1%	93.6	8,019	9,482	14.0%
Centro Springwood	QLD	Sub Regional	8.00%	15,431	100%	78.0	5,057	7,195	11.6%
Centro Whitsunday	QLD	Sub Regional	8.25%	22,337	95.7%	99.5	4,454	7,629	9.2%
Centro Arndale	SA	Sub Regional	8.50%	40,529	99.7%	162.0	3,997	6,484	14.9%
Centro Goulburn	NSW	Sub Regional	8.75%	13,802	97.2%	98.4	7,127	7,686	11.3%
Centro Warnbro	WA	Convenience	7.75%	11,331	100%	99.3	8,765	7,953	11.3%
Centro Karratha	WA	Sub Regional	7.75%	23,852	99.4%	246.4	10,332	9,625	8.7%
Centro Wodonga	VIC	Sub Regional	9.00%	17,587	99.7%	95.0	5,401	6,191	11.3%
Centro Armidale	NSW	Sub Regional	8.50%	14,627	100%	96.5	6,597	5,039	12.8%
Centro Somerville	VIC	Sub Regional	8.25%	16,521	99.3%	61.3	3,713	4,581	12.1%
Centro Mount Gambier	SA	Sub Regional	9.50%	12,648	98.0%	61.7	4,876	9,372	9.4%
Centro Westside	NSW	Sub Regional	9.50%	16,682	100%	108.0	6,474	8,598	7.5%
Centro Buranda	QLD	Sub Regional	7.75%	11,585	100%	75.4	6,508	7,563	12.0%
Centro Lansell	VIC	Sub Regional	9.00%	18,227	98.1%	85.7	4,701	5,473	10.0%
Centro Lutwyche	QLD	Convenience	7.75%	19,518	100%	73.8	3,779	4,579	11.5%
Centro Halls Head	WA	Convenience	8.00%	5,978	100%	36.6	6,114	5,039	12.7%
City Central	WA	Other	8.50%	13,067	100%	57.0	4,361	7,872	17.1%
Centro Albany (WA)	WA	Convenience	8.50%	12,309	99.8%	50.6	4,110	4,351	9.4%
Katherine Oasis	NT	Convenience	9.00%	7,157	99.4%	76.5	10,695	8,525	8.3%
Centro Victoria Park	WA	Convenience	8.00%	5,480	100%	59.5	10,863	5,412	12.0%
Goldfields Plaza	QLD	Convenience	9.25%	8,285	97.6%	47.3	5,715	9,269	7.2%
Centro North Shore	QLD	Convenience	7.75%	4,046	100%	43.3	10,711	5,070	13.0%
Centro Warrnambool	VIC	Convenience	8.75%	4,491	100%	37.3	8,316	6,645	6.9%
Total			**7.29%**	**1,121,307**	**99.4%**	**6,382.2**			

CER	CAWF	Other	$m	% of Property	% of Portfolio
307.5	307.5	0.0	615.0	100%	13.9%
205.8	205.8	0.0	411.5	100%	9.3%
148.7	148.7	0.0	297.4	100%	6.7%
0.0	277.5	0.0	277.5	50.0%	6.3%
118.1	118.1	0.0	236.1	100%	5.3%
99.2	99.2	0.0	198.4	100%	4.5%
90.0	90.0	0.0	180.0	100%	4.1%
0.0	162.9	0.0	162.9	50.0%	3.7%
0.0	157.5	0.0	157.5	50.0%	3.5%
67.3	67.3	0.0	134.6	100%	3.0%
63.8	63.8	0.0	127.5	100%	2.9%
60.0	60.0	0.0	120.0	100%	2.7%
54.3	54.3	0.0	108.5	100%	2.4%
0.0	0.0	102.0	102.0	100%	2.3%
44.9	44.9	0.0	89.7	100%	2.0%
0.0	83.5	0.0	83.5	50.0%	1.9%
38.6	38.6	0.0	77.3	100%	1.7%
36.5	36.5	0.0	73.0	100%	1.6%
30.5	30.5	0.0	61.1	100%	1.4%
30.5	30.5	0.0	61.0	100%	1.4%
27.0	27.0	0.0	54.0	100%	1.2%
26.0	26.0	0.0	52.0	100%	1.2%
24.9	24.9	0.0	49.9	100%	1.1%
0.0	48.5	48.5	97.0	100%	2.2%
24.0	24.0	0.0	48.0	100%	1.1%
47.5	0.0	0.0	47.5	100%	1.1%
0.0	47.0	0.0	47.0	50.0%	1.1%
20.8	0.0	20.8	41.5	100%	0.9%
19.5	0.0	19.5	39.0	100%	0.9%
0.0	0.0	38.5	38.5	100%	0.9%
37.5	0.0	0.0	37.5	100%	0.8%
17.3	0.0	17.3	34.6	100%	0.8%
17.0	0.0	17.0	34.0	100%	0.8%
17.0	0.0	17.0	34.0	100%	0.8%
0.0	0.0	30.0	30.0	50.0%	0.7%
14.4	14.4	0.0	28.8	100%	0.6%
0.0	0.0	28.4	28.4	50.0%	0.6%
26.8	0.0	0.0	26.8	100%	0.6%
0.0	0.0	24.6	24.6	100%	0.6%
0.0	0.0	22.8	22.8	100%	0.5%
0.0	0.0	19.3	19.3	100%	0.4%
0.0	0.0	17.5	17.5	100%	0.4%
0.0	0.0	11.5	11.5	100%	0.3%
1,715.2	**2,288.8**	**434.5**	**4,438.4**		**100%**

Notes

1 Table 4.3 and the statistics that follow exclude vacant land adjoining Centro Keilor (valued at $8.8 million at 30 June 2011) which will be acquired by Centro Retail Australia from CNP on Aggregation.

2 Tuggeranong Hyperdome and Victoria Gardens are co-owned with joint venture partners external to the Centro group and Aggregation may trigger pre-emptive rights in favour of those parties, which may or may not be exercised. If those rights are triggered and exercised, Centro Retail Australia may be required to sell its interests in those properties to the joint venture party for market value (see Section 5.2.6).

3 All other 50% interests are co-owned with Centro MCS Syndicates, which have confirmed that they will not seek to exercise any pre-emptive rights that may be triggered by Aggregation.

4.
CENTRO RETAIL AUSTRALIA'S BUSINESS

Key points to note in relation to Centro Retail Australia's direct property portfolio include:

- The portfolio is geographically diversified across Australia spanning five States and two Territories.
- The portfolio comprises predominantly regional (43%) and sub-regional (51%) shopping centres (% by property value), as at 30 June 2011.
- The portfolio has a strong representation of non-discretionary focussed retailers and has a diverse base of over 4,000 tenants.
- Portfolio occupancy was approximately 99.4% at 30 June 2011.
- Centro Galleria in Western Australia is Centro Retail Australia's largest asset, representing 13.9% of the portfolio. No other single property accounts for more than 10% of the portfolio.
- Centro Retail Australia will manage all of the properties in its direct property portfolio with the exception of Tuggeranong Hyperdome, which at the date of this Document is externally managed.

4.4.2. Direct Property portfolio metrics

The table below outlines key metrics for Centro Retail Australia's direct property portfolio described in Section 4.4.1 above:

TABLE 4.4 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO METRICS

	Direct Property Portfolio as at 30 June 2011[1]
Number of Properties[2]	43
Total Portfolio Value ($m)[3]	4,447.2
Portfolio Weighted Average Capitalisation Rate[4]	7.29%
Gross Lettable Area (sqm)[5]	1,121,307
Net operating income growth (FY11 Comparable)[3, 6]	3.7%
Portfolio Occupancy (%)	99.4%
Average Specialty Occupancy Cost[7]	14.1%
Weighted Average Lease Expiry by Income (Yrs)[8]	4.6

Notes

1 Information is presented as at 30 June 2011 and relates to owned properties held as at 31 August 2011.

2 Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Syndicate Portfolio. Based upon properties owned as at 31 August 2011.

3 Value and net operating income by ownership percentage.

4 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.

5 Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area is a standard industry term referring to floor area available for lease and excludes common areas such as mall area and car parking.

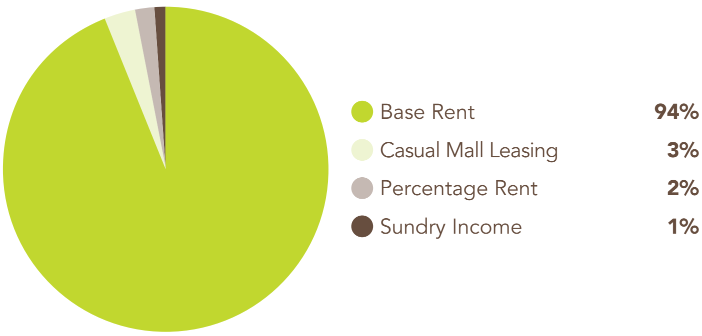
6 Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.

7 Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with a lettable area of less than 400 sqm and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental commitments.

8 Average lease duration of the portfolio, after weighting by income for the lease (excluding percentage rent).

The chart below sets out the income composition of Centro Retail Australia's direct property portfolio based on forecasts for the year ending 30 June 2012.

TABLE 4.5 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO INCOME COMPOSITION



Note The above graph excludes Tuggeranong Hyperdome.

Base rent accounts for 94% of income. Casual mall leasing relates to short term leasing of common areas within shopping centres and accounts for only 3% of income. Percentage rent (which is directly linked to retailer sales performance) accounts for only 2% of income.

Standard lease terms for retailers encourage long-term tenure and have built-in review periods. The standard lease term for specialty retailers[41] is five years (with 92% of base rent from specialty retailers subject to fixed annual increases) whilst the standard lease term for anchor tenants[42] is 20 years with five yearly reviews. Approximately 54% of rental income is derived from specialty retailers.

41 Specialty tenants are those tenants within shopping centres with leases on shops where the lettable area is less than 400 sqm.

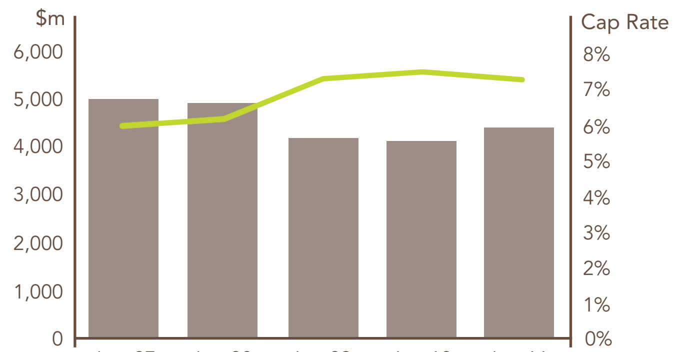
42 An "anchor" is a large retailer (often a supermarket or department store) with a lettable area greater than 1,000 sqm.

The specialty retailer occupancy costs (the ratio of gross rent inclusive of GST to sales inclusive of GST), which average 14.1% across the portfolio, are an important indicator of the capacity of tenants to meet their rent obligations and are broadly in line with industry averages.

The financial performance of Centro Retail Australia's direct property portfolio has been consistent in recent years with occupancy maintained or at in excess of 99% (over the last three years) and comparable net operating income growth (on a like for like portfolio and excluding the impact of developments that have increased Gross Lettable Area) of 3.7% for the year ended 30 June 2011, and averaging 3.7% over the three financial years ended 30 June 2011.

The chart below sets out the total value of Centro Retail Australia's direct property portfolio and the portfolio weighted average capitalisation rate[43] (WACR) for the five years as at 30 June from 30 June 2007 to 30 June 2011.

TABLE 4.6 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO VALUATION METRICS JUNE 2007 TO JUNE 2011



	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
FUM $m	5,026.7	4,955.9	4,245.1	4,205.7	4,438.4
Cap Rate	**5.97%**	**6.15%**	**7.24%**	**7.46%**	**7.29%**

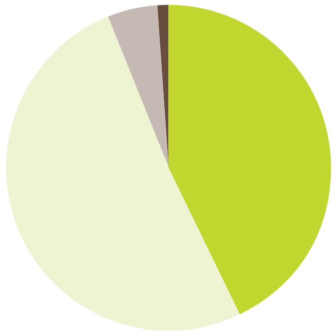
Note Excludes Keilor land at a 30 June 2011 book value of $8.8 million.

Between June 2007 and June 2010 the value of Centro Retail Australia's direct property portfolio reduced by 16.3%, despite consistent growth in net operating income. This was due to progressive increases in the WACR totalling 149 basis points from 5.97% to 7.46%. During the year ended 30 June 2011, net operating income growth and a 17 basis point reduction in the WACR to 7.29% (due to property markets stabilising) resulted in a 5.5% increase in portfolio value.

4.4.3. Direct Property portfolio diversification

Centro Retail Australia's direct property portfolio predominantly comprises regional (43%) and sub-regional (51%) assets as shown in the chart below.

TABLE 4.7 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DIVERSIFICATION (ASSET TYPE BY PROPERTY VALUE)



Regional	**43%**
Sub Regional	**51%**
Convenience	**5%**
CBD Retail	**1%**

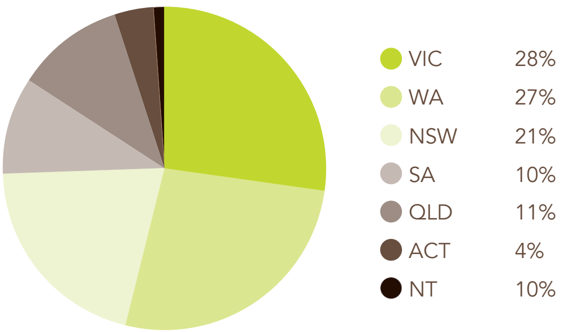
Notes

1 Excludes vacant land adjoining Centro Keilor (valued at $8.8 million at 30 June 2011).

43 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.

Centro Retail Australia's direct property portfolio is well diversified geographically with a strong representation in Victoria and Western Australia, as shown in the chart below.

TABLE 4.8 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DIVERSIFICATION BY GEOGRAPHY (BY VALUE)

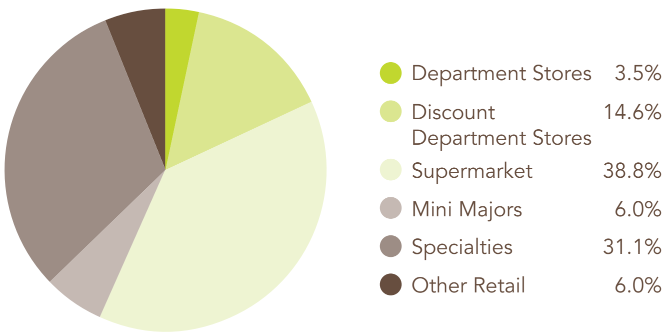


4.4.4. Tenant profile

Centro Retail Australia's direct property portfolio has a strong representation of non-discretionary focussed retailers (including supermarkets and discount department stores) and has a diverse base of over 4,000 tenants.

The chart below outlines sales by retailer category for Centro Retail Australia's direct property portfolio and highlights the importance of supermarkets in particular[44].

TABLE 4.9 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO SALES BY RETAILER CATEGORY



44 Categories reflect standard industry classifications. Supermarkets, department stores and discount department stores (often referred to as 'anchor' tenants) have gross lettable area of greater than 1,000 sqm. Mini-majors have gross lettable area of between 400 sqm and 1,000 sqm. Specialty stores have gross lettable area of less than 400 sqm.

The table below outlines the top 10 retailers (based on total income) for Centro Retail Australia's direct property portfolio.

TABLE 4.10 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO OF TOP 10 TENANTS

Tenant	No of Leases	GLA %
Woolworths	29	8.2%
Kmart	14	7.8%
Coles	24	7.1%
Big W	11	6.6%
Target	11	5.6%
Myer	5	3.6%
David Jones	1	1.4%
Best & Less	20	1.1%
Harris Scarfe	3	1.1%
The Reject Shop	16	0.9%
Total Top 10	**134**	**43.5%**

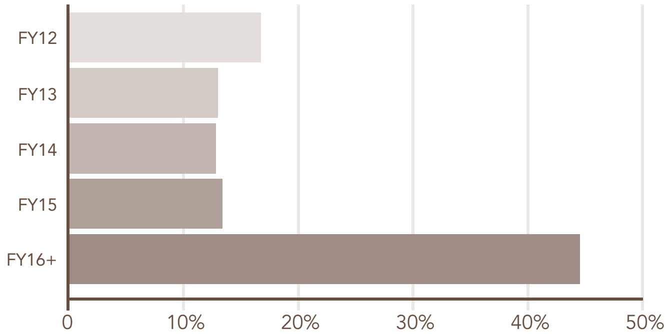
Note Whilst top 10 retailers represent 44% of total Gross Lettable Area, they represent only 28% of total income with the largest income exposure to one tenant at 7% of total income.

Australia's leading supermarkets (Woolworths and Coles) and discount department stores (Kmart, Big W and Target) are the top five tenants in Centro Retail Australia's direct property portfolio.

4.4.5. Lease expiry profile

Centro Retail Australia's direct property portfolio will have a stable operating income profile, with approximately 58% of total income presently secured under leases expiring in FY15 or beyond as shown in the chart below.

TABLE 4.11 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO LEASE EXPIRY PROFILE



Note Average lease duration of the portfolio weighted by income (excluding percentage rent).

The weighted average lease expiry of Centro Retail Australia's direct property portfolio is 4.6 years and the majority of specialty tenant leases incorporate annual rent review provisions that typically reflect fixed increases of between 4.0% and 5.0%.

4.4.6. Maintenance capital expenditure

Despite challenging economic conditions and capital constraints on the CNP Group generally, the physical condition of Centro Retail Australia's direct property portfolio has been maintained to a high standard.

Maintenance capital expenditure for Centro Retail Australia's direct property portfolio for the year ended 30 June 2011 totalled $18.4 million. Maintenance capital expenditure for Centro Retail Australia's direct property portfolio for the year ending 30 June 2012 is forecast to increase to $19.9 million, which is considered a sustainable level of expenditure to maintain the portfolio to a high standard.

4.4.7. Development potential

Centro Retail Australia's development opportunities are expected to be focused on expanding existing properties. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain its competitive advantage. Developments can have the potential to add significant incremental value. Since 2007 there has been modest development activity in the portfolio.

Potential development opportunities for Centro Retail Australia's direct property portfolio total approximately $400 million[45] across the 13 properties shown in the table below.

TABLE 4.12 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DEVELOPMENT PIPELINE AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place on Aggregation	Centro Retail Australia Board approval required	Co-owner interest may need to be acquired post Aggregation to facilitate development
Centro Bankstown	NSW	✓ (minor works)	✓ (major works)	✓ (major works)
Centro Roselands	NSW		✓	✓
Centro Tweed	NSW	✓		
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)	
Centro Arndale	SA	✓	✓	
Centro Mount Gambier	SA		✓	
Centro Box Hill North	VIC		✓	
Centro Warwick	WA	✓		
Centro Albany (WA)	WA		✓	
Centro Galleria	WA		✓	
Centro Halls Head	WA		✓	
Centro Karratha	WA		✓	✓
Centro Warnbro	WA		✓	

Of the properties listed in Table 4.12 above, only Centro Toombul (first of two stages), Centro Tweed and Centro Warwick are currently approved and committed, or underway ($11 million in total). In addition, some minor works are under way at Centro Bankstown ($1.2 million), which are unrelated to a more substantial proposed development noted in Table 4.12. A development opportunity at Centro Arndale ($41 million) will be considered if Aggregation proceeds. Aggregation will provide 100% ownership of Centro Arndale.

All committed developments, and the Centro Arndale development (assuming it proceeds), are expected to be completed by March 2013 and there will be sufficient cash and undrawn debt facilities in place on Aggregation to fund these. Other projects, to the extent they proceed, may take up to five years to complete. Proceeds from non-core asset sales (refer to Section 4.4.8 for details) could be applied to fund any uncommitted developments, subject to certain borrowing facility requirements. A range of other funding options would also be considered for such projects.

In line with investment policies to be put in place for Centro Retail Australia, all development proposals involving expenditure of more than $10 million will require Board approval. The relevant Centro Retail Australia Board will review a number of criteria when assessing any development opportunity to assess the likely returns to Securityholders from undertaking the developments, the availability of equity or debt capital to fund the development and the inherent risk involved. As such there can be no guarantee that all projects noted in Table 4.12 will proceed.

45 $400 million reflects Centro Retail Australia's share of the expected total development cost (i.e. where a property is owned 50%, then the estimate reflects 50% of the total cost of development within Centro Retail Australia total).

Potential developments at Centro Bankstown, Centro Roselands and Centro Karratha may not proceed unless Centro Retail Australia acquires the existing co-owners' interests in these properties. The co-owners' share of the development cost for these properties is approximately $140 million which would be assumed by Centro Retail Australia on acquisition of the co-owner's interest.

4.4.8. Active portfolio management

A pool of non-core assets valued at approximately $400 million has been identified within Centro Retail Australia's direct property portfolio. These non-core assets are typically smaller properties that are not aligned with Centro Retail Australia's operating strategy.

Any sale of these non-core assets will take into consideration prevailing market conditions and other external factors which impact upon market value. Proceeds from any successful dispositions would be used to reduce borrowings or fund developments, subject to certain borrowing facility requirements. As at 31 August 2011, discussions are underway for the sale of one property from the pool of non-core assets, with a book value of less than $40 million (as at 30 June 2011).

4.5. SERVICES BUSINESS

4.5.1. The Services Business

As part of Aggregation, Centro Retail Australia will acquire the Services Business, providing property management, development, leasing and funds management services to CNP's managed funds as described below:

- **Property Management** – This involves the day-to-day management of the shopping centres, including management of retailer relationships, rental collection, rent review negotiations, marketing, property maintenance and security. Centro Retail Australia's property management team will comprise staff with property, marketing and facilities maintenance backgrounds. Managing the properties held by Centro Retail Australia directly and by the Syndicates as a total portfolio of 99 centres allows Centro Retail Australia to deal with retailers and suppliers on a national basis, which provides for oppurtunities to leverage off economies of scale and therefore potential for strong net operating income performance.
- **Development Management** – This involves continuously reviewing development opportunities within the portfolio and, as financially feasible projects are identified and approved, project managing the development through to its completion. The development management team manages relationships with regulatory authorities, architects, builders and other development stakeholders.
- **Project Leasing** – This involves the leasing of new space that is being created through the development of properties within the portfolio. Centro Retail Australia's leasing specialists will maintain relationships with major retailers, which should enable key tenants to be secured in the early stages of a development such that newly created space generally opens for trade with a mix of quality retailers and low vacancy rates.
- **Maintenance Leasing** – This involves negotiating new leases with existing tenants looking to renew their expiring leases and negotiating leases with prospective tenants who may be interested in filling existing vacant space or replacing existing retailers that are under-performing.
- **Funds Management** – It is proposed that post Aggregation a wholly owned subsidiary of Centro Retail Australia will replace the current REs as the RE for up to 27 Centro MCS Syndicates with a focus on ensuring that the interests of investors in each Syndicate are protected and that investment returns are maximised. Managing the day-to-day affairs of each fund requires dedicated fund managers as well as other specialists in fields such as accounting, taxation and legal services.

The table below summarises Services Business fee arrangements, which are considered to be market competitive rates:

TABLE 4.13 CENTRO RETAIL AUSTRALIA SERVICES BUSINESS FEE ARRANGEMENTS

Service	Fees
Property Management (% of income):	
• If maintenance leasing fee applies	Up to 4%
• If no maintenance leasing fee	Up to 5%
Development (% of project cost)	Up to 6%
Project Leasing (% of first year rent)	Up to 10%
Maintenance Leasing (% of first year rent)	Up to 15%
Funds Management – Centro MCS Syndicates	Varies but averaging 0.90% of net equity

In addition to the fees outlined in Table 4.13 above, Centro Retail Australia is also expected to be entitled, pursuant to existing arrangements, to charge fees to Centro MCS Syndicates from time to time in certain circumstances, for example fees in connection with Syndicate rollovers, wind-ups, acquisitions, disposals or refinancing.

4.5.2. Internalised Management of Centro Retail Australia

By acquiring the Services Business, Centro Retail Australia will be an internally managed vehicle.

Internalisation means that:

- the funds management of Centro Retail Australia will be carried out by an RE owned by Centro Retail Australia, rather than by an external RE; and
- Centro Retail Australia's direct property portfolio will be managed by a property management team directly employed by Centro Retail Australia rather than paying fees to an external property manager.

The internalisation will be achieved by acquisition of the Services Business and, in respect of funds management, will also be achieved by replacement of the existing RE of CRT, CAWF and DHT with Centro Retail Australia RE. Centro Retail Australia RE will be an entity owned by Centro Retail Australia. Fees will no longer be paid out of the Aggregation Funds to an external RE.

As an internally managed vehicle, Centro Retail Australia will not pay fees to its RE. In addition, Centro Retail Australia will provide property management, development and leasing services for all properties in its $4.4 billion direct property portfolio with the exception of Tuggeranong Hyperdome which is externally managed. Fees for the provision of these internal property management, development and leasing services are equivalent to $21.1 million[46] or 5% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012.

4.6. CENTRO MCS SYNDICATES

By acquiring the Services Business, certain co-ownership investments in the Centro MCS Syndicates at the date of this Document held by CNP and through the Stapling of DHT to CER and CAWF, Centro Retail Australia will also secure co-investments in and management of 27 Centro MCS Syndicates (the co-investments and management rights are collectively referred to in this Document as the Centro MCS Syndicates business). This is subject to Syndicates not appointing an entity other than Centro Retail Australia (or one of its related bodies corporate) as manager (see Section 5.3 for details). Fees for the provision of services by the Services Business to the Centro MCS Syndicates account for 8% of Centro Retail Australia total pro forma income for the year ending 30 June 2012.

The Centro MCS Syndicates business is expected to be one of the largest managers of unlisted retail property funds in Australia (with over 12,500 investors as at 30 June 2011).

4.6.1. Overview of Centro MCS Syndicates

The Centro MCS Syndicates collectively own interests in 61 Australian shopping centres valued at $2.6 billion at 30 June 2011 as set out in the following table. Five of these shopping centres are 50% co-owned with Centro Retail Australia (Bankstown, Roselands, Karratha, Lutwyche and City Central).

46 Given these are internal fees paid from the direct property portfolio to the Services Business they are partially eliminated on consolidation in the statutory income statement. The reference to 5% of Centro Retail Australia's total Pro Forma forecast income for the year to 30 June 2012 is based on the alternative basis of presentation, as set out in Section 7.8 where income is segmented by source regardless of whether it is internally or externally generated and property net operating income is shown net of property management fees.

TABLE 4.14 CENTRO MCS SYNDICATES PORTFOLIO

Syndicate	Maturity	Properties[1, 2]	Jun 11 Value ($m)
CMCS 4	Aug-14	Centro Seven Hills	91.5
CMCS 5	Oct-10	Belmont Shopping Village, Centro Kurralta	68.2
CMCS 6	Aug-11	Centro Brandon Park	110.0
CMCS 8[3]	May-10	Centro Albany (QLD), Centro Northgate	87.0
CMCS 9	Nov-11	Centro Dianella, Centro Gympie, Centro Hollywood	197.0
CMCS 10	Jun-13	Centro Lennox, Maitland Hunter Mall	60.5
CMCS 11	Mar-10	Centro Surfers Paradise	183.0
CMCS 12	Jun-17	Centro Glenorchy, Centro Oakleigh	60.5
CMCS 14	Aug-14	Centro Kalamunda, Centro Stirlings	52.3
CMCS 15	Apr-12	Centro Meadow Mews	37.0
CMCS 16	May-11	Centro Toormina	63.5
CMCS 17	Oct-11	Centro Albion Park, Centro Newcomb, Centro Townsville	77.3
CMCS 18	Mar-12	Centro Hilton, The Gateway Shopping Village	44.7
CMCS 19NZ	Nov-11	Centro Gladstone (30%), Centro Warners Bay (30%)	12.0
CMCS 19UT	Jun-11	Altone Park Shopping Centre, Centro Gladstone (70%), Centro Kiama, Centro Warners Bay (70%), Deniliquin Plaza Shopping Centre, Melville Plaza Shopping Centre	100.3
CMCS 20	May-13	Kelston Shopping Centre (NZ)[4], Porirua MegaCentre (NZ)[4]	41.9
CMCS 21	Jun-11	**Centro Roselands** (50%)	162.9
CMCS 22	Mar-12	Kidman Park[5]	39.0
CMCS 23	Apr-11	Centro Dubbo	37.0
CMCS 25	Jun-14	Centro Emerald Market (50%), Centro Emerald Village (50%), **Centro Karratha** (50%), Centro Oxenford, Centro Raymond Terrace	115.8
CMCS 26	Mar-15	Centro Indooroopilly, Centro Maddington (76.4%), Tweed Supermarket	128.2
CMCS 27	Apr-13	Sunshine Marketplace	89.0
CMCS 28	Jun-12	**Centro Bankstown** (50%), **City Central** (50%)	305.9
CMCS 30	Aug-14	Centro Woodlands	15.6
CMCS 33	Sep-12	Centro Burnie, Centro Flinders, Centro Keilor (87.4%), **Centro Lutwyche** (50%), Centro Milton	143.5
CMCS 34	Dec-11	Centro Emerald Market (50%), Centro Emerald Village (50%), Centro Lismore, Centro Morwell, Centro Pinelands, Centro Port Pirie, Centro Woodcroft	119.0
CMCS 37	May-13	Centro Albury, Centro Gladstone Home, Centro Monier Village, Centro Newton, Centro Whites Hill	141.8
Total			**2,584.2**

Notes

1 All properties 100% owned except where noted.

2 Portfolio includes six properties under conditional sale contracts with total book value at 30 June 2011 of approximately $187 million.

3 CMCS 8 in the process of being wound-up.

4 Properties are externally managed as at the date of this Document.

5 Distribution centre (not shopping centre)

Bolded properties are those co-owned with Centro Retail Australia.

Common features of the Centro MCS Syndicates include the following:

- The Syndicates are all fixed-term (rather than perpetual) managed investment schemes that aim to deliver sustainable distributions to investors (typically paid quarterly) with capital growth over time.
- The Syndicates predominantly own investments in Australian sub-regional and convenience shopping centre (the only exceptions being one Syndicate which owns two shopping centres in New Zealand, and another Syndicate which owns an Australian industrial property).
- A subsidiary of Centro Retail Australia will act as RE for each Syndicate and will have an obligation to act in the best interests of each Syndicate's investors (the Chairman and a majority of the directors of this RE are expected not to also be Directors of the Centro Retail Australia RE).
- External Syndicate investors are predominantly retail (rather than wholesale or institutional).

4.6.2. Centro MCS Syndicate debt funding arrangements

Centro MCS Syndicate capital structures typically include borrowings (either bank facilities or commercial mortgage backed securities) with a loan to property value ratio ranging between 40% and 60%. Most of these facilities mature in December 2011 and are in the process of being refinanced.

The Centro MCS Syndicates in which Centro Retail Australia will co-invest and which it may manage collectively have $1.3 billion of secured borrowings that are non-recourse to Centro Retail Australia. $1.2 billion of that debt matures and is repayable in December 2011. Of that amount $0.1 billion is expected to be repaid from proceeds of asset sales; and $1.1 billion needs to be refinanced. Credit approvals have been obtained for a portion of the amount to be refinanced and discussions are continuing with other lenders in respect of the remainder. Regardless of the status of approvals, the provision of refinance will be subject to documentation, satisfaction or conditions precedent, repricing and withdrawal risks. Although the borrowings are non-recourse to Centro Retail Australia, it will have an indirect exposure to refinancing risks associated with these borrowings due to its $460 million of co-investments in the Syndicates.

4.6.3. Centro MCS Syndicate property co-ownership arrangements

As noted above, there are five properties that will be 50% co-owned by Centro Retail Australia and Centro MCS Syndicates. Each co-ownership agreement includes pre-emptive rights and/or last rights of refusal in favour of co-owners where an owner elects to sell an interest in a co-owned property. Centro Retail Australia will consider exercising any pre-emptive rights and/or last rights of refusal that are triggered by a Centro MCS Syndicate seeking to sell its interest in a co-owned property where such an acquisition is consistent with Centro Retail Australia's investment strategy.

4.6.4. Importance of Centro MCS Syndicates Business

The 61 properties in which the Centro MCS Syndicates own interests are important to Centro Retail Australia's scale as a leading manager of Australian retail property as these provide competitive advantages including:

- Relevance to retailers (as one of Australia's largest retail property managers Centro Retail Australia will have strategic relationships with major retailers and national specialty retail chains);
- Cost savings from portfolio wide contract tendering (e.g. cleaning, security);
- National initiatives such as casual mall leasing opportunities and marketing campaigns (e.g. Freebies);
- The ability to attract and retain a team of highly skilled property experts at a national and state/centre level; and
- The Centro MCS Syndicates also contribute 64% of the income generated by the Services Business.

4.6.5. Maturity of Centro MCS Syndicates

At the end of each Centro MCS Syndicate's fixed term, Syndicate investors are generally offered the opportunity to roll over (extend) their investment for a further fixed term (provided that the RE determines this to be in the best interests of all investors).

Where some Syndicate investors elect not to roll over their investments at maturity, Centro Retail Australia will consider various options including:

- sourcing new investors and/or contributing additional co-investment equity to replace those investors who wish to exit;
- selling some properties (if the Syndicate owns more than one property) to fund investor redemptions and then rolling over the Syndicate with a reduced portfolio for a further term; or
- selling all properties and winding up the Syndicate.

The Centro MCS Syndicates' funds management team continues to work on a number of strategies to roll over Syndicates for new investment terms and to provide exit opportunities for investors requiring liquidity at Syndicate expiries. Of particular note are the following:

- Centro MCS 12 (Centro Oakleigh, Victoria and Centro Glenorchy, Tasmania) – has recently rolled over for a further investment term of five to six years from 1 July 2011;
- Centro MCS 6 (Centro Brandon Park, Victoria) – rollover is expected to occur early 2012, allowing sufficient time for the RE to find buyers for exiting investors' units;
- Centro MCS 5 (Centro Kurralta, South Australia and Belmont Shopping Village, Victoria) – The RE is recommending a Syndicate restructure and rollover where proceeds from property sales will be used to redeem exiting investors. The Syndicate will then continue for a further term, for those investors who elect to remain. An investor meeting to vote on required constitutional changes to allow the restructure/rollover to proceed is scheduled for 30 September 2011; and
- Centro MCS 11 (Centro Surfers Paradise) – Discussions are continuing with an external party who is interested in acquiring a large holding of units in Centro MCS 11. This would then allow a restructure / rollover solution for the benefit of the large number of investors who wish to remain in the Syndicate, as well as an exit opportunity for those investors requesting liquidity. It is anticipated that an investor meeting to vote on this restructure/ rollover will be held in early 2012.

A number of other Centro MCS Syndicates have recently reached the end of their current investment terms including Centro MCS 8, 16, 17, 19UT, 21 and 23 with Centro MCS 9, 19NZ and 34 approaching maturity. As a result, a number of Syndicate properties are now being marketed for sale, with a view to either wind up the Syndicates or in certain cases to propose a restructure / rollover opportunity at a later date.

The establishment of Centro Retail Australia is expected to enhance the prospects of retaining existing Centro MCS Syndicate investors and attracting new investors to existing or new funds due to the stabilised environment that Centro Retail Australia will provide.

4.6.6. Potential sale of Centro MCS Syndicate properties

As noted above, as at the date of this Document some Centro MCS Syndicates are marketing properties for sale to assist with providing liquidity to investors seeking to exit their investment and to assist in refinancing or to address borrowing covenant pressure. At 31 August 2011, 13 properties collectively valued at $414 million were either in, or about to commence sale marketing campaigns and an additional six properties, with book value totalling approximately $187 million, are subject to conditional sale contracts.

4.6.7. Flexible Exit Mechanism (FEM)

At the date of this Document, nineteen of the 27 Centro MCS Syndicates that Centro Retail Australia will manage incorporate a mechanism in their constitutions known as the FEM, which is triggered whenever the RE determines that a Syndicate should be rolled-over for another term. Termination notices have been issued for four of the 19 Syndicates that have the FEM feature in their constitutions, which means that the FEM for those Syndicates cannot be triggered. Of the remaining 15 Syndicates that have the FEM feature in their constitutions, 11 offer the RE of the relevant Syndicate the option to issue a termination notice and wind up the Syndicate rather than trigger the FEM. If the FEM is triggered, put and call arrangements apply under which CNP would be required to acquire the units held by investors in the Centro MCS Syndicates for cash, scrip of a combination of both.

Investors in some Centro MCS Syndicates may be asked to approve the replacement of CNP with Centro Retail Australia Fund as the counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those CNP has at the date of this Document under the FEM.

Further information regarding risks to Centro Retail Australia relating to the FEM is provided in Section 5.2.12. Further information regarding the mechanics of the FEM is provided in Section 14.5.

4.6.8. Reinvigorating the Centro MCS Syndicates Business

The likelihood of certain Centro MCS Syndicates winding up and others selling properties was factored into the negotiation of the purchase price to be paid by Centro Retail Australia to acquire the Services Business. It is anticipated that Centro Retail Australia could deliver value to investors if it can reinvigorate the Centro MCS Syndicates business.

Strategies have been developed for each Syndicate to maximise the capacity to retain existing investors and attract new investors by attempting to ensure that Syndicates have the following features:

- strong and sustainable cash distribution yields (target 7%+ p.a.);
- moderate gearing (target below 50%);

- all capital expenditure funded through up front capital raising or debt facilities;
- no related party loans; and
- potential for capital growth.

In addition, Centro Retail Australia intends to seek approval from syndicate investors to implement a number of constitutional changes to provide more flexibility that may include:

- effective exit mechanisms to minimise the requirement to sell assets to facilitate roll-overs (e.g. ability to pay rollover fees in units rather than cash); and
- ability to meet investor liquidity demand at rollover through syndicates redeeming units or issuing units.

It is also proposed that the RE of all Centro MCS Syndicates have a Board with an independent chairman and a majority of members who are not also directors appointed to the Centro Retail Australia Board.

The unlisted property funds sector grew significantly in the decade leading up to the onset of the global financial crisis. With recent stabilising in retail property markets, investors may again be attracted to unlisted property funds. Centro Retail Australia will be well positioned to offer new investors the opportunity to invest in existing Syndicates without incurring any of the entry costs (e.g. stamp duty, establishment fees) that typically apply to an investment in a new Syndicate. This may provide a competitive advantage over other managers of unlisted property funds and assist Centro Retail Australia in maintaining its market leading position.

The Centro MCS Syndicates business has historically been a profitable source of revenue for the Services Business. Centro Retail Australia's management team will include experienced Syndicate fund managers and other support staff with extensive knowledge of each existing Centro MCS Syndicate, established distribution networks and a track record of successfully launching a range of unlisted property funds during the period leading up to the onset of the global financial crisis.

4.6.9. Co-investments in Centro MCS Syndicates

a. Co-investments overview

Centro Retail Australia will hold a co-investment in each of the Centro MCS Syndicates that it will manage. The total value of the portfolio of co-investments at 30 June 2011 was $460 million and it accounts for approximately 6% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012. The table below outlines the co-investment that Centro Retail Australia will hold in each Centro MCS Syndicate.

TABLE 4.15 CENTRO RETAIL AUSTRALIA CO-INVESTMENTS IN CENTRO MCS SYNDICATES

Fund	Look through Ownership Interest %	Investment Value $m	% of Investment
Ordinary			
CMCS04	36.2%	11.2	2.7%
CMCS05	24.5%	16.0	3.9%
CMCS06	16.4%	10.1	2.5%
CMCS08[1]	8.8%	3.1	0.8%
CMCS09	10.7%	7.7	1.9%
CMCS10	25.5%	7.6	1.8%
CMCS11	6.6%	7.0	1.7%
CMCS12[2]	39.6%	9.8	2.4%
CMCS14	32.4%	12.1	2.9%
CMCS15	25.3%	7.9	1.9%
CMCS16	29.7%	2.0	0.5%
CMCS17	10.2%	6.5	1.6%
CMCS18	24.1%	8.6	2.1%
CMCS19NZ	34.9%	3.9	0.9%
CMCS19UT	13.1%	8.1	2.0%
CMCS20	16.2%	3.3	0.8%
CMCS21	58.3%	45.7	11.1%
CMCS22	34.2%	7.6	1.9%
CMCS23	40.9%	6.1	1.5%
CMCS25[2]	68.6%	42.5	10.3%
CMCS26[2]	86.3%	67.6	16.4%
CMCS27[2]	61.9%	20.2	4.9%
CMCS28	30.4%	28.6	6.9%
CMCS30[2]	57.1%	3.7	0.9%
CMCS33	40.4%	26.7	6.5%
CMCS34	42.0%	15.9	3.9%
CMCS37[2]	52.7%	22.6	5.5%
Total ORD	**33.5%**	**412.3**	**100%**
Equity Notes[3]			
CMCS28	100%	40.0	72.6%
CMCS33	100%	6.9	12.5%
CMCS34	100%	5.0	9.1%
CMCS37	100%	3.2	5.8%
Total EN	**100%**	**55.1**	**100%**

Notes

1 CMCS 8 in the process of being wound-up.

2 Consolidated by Centro Retail Australia

3 No voting rights but ranks higher than ordinary equity with advantaged distribution rights.

Centro Retail Australia will control, from an accounting perspective, six Centro MCS Syndicates, which will therefore be consolidated in the Centro Retail Australia, and its largest co-investments (based on combined value of ordinary equity and equity notes) at inception will be:

- Centro MCS 28 (which co-owns 50% of Bankstown and City Central with Centro Retail Australia) of $68.6 million;
- Centro MCS 26 (which owns interests in Maddington Shopping Centre in WA, Indooroopilly Central in Queensland and a Woolworths Supermarket adjoining Centro Tweed Heads in NSW) of $67.6 million;
- Centro MCS 21 (which co-owns 50% of Roselands with Centro Retail Australia) of $45.7 million; and
- Centro MCS 25 (which co-owns 50% of Karratha with Centro Retail Australia and directly owns four other shopping centre assets) of $42.5 million.

Several of the properties owned by Centro MCS Syndicates in which Centro Retail Australia has a significant co-investment would be considered suitable for acquisition by Centro Retail Australia should such an opportunity arise.

b. Centro MCS Syndicates property portfolio overview

The table below outlines key metrics for the portfolio of properties owned by the Centro MCS Syndicates.

TABLE 4.16 CENTRO MCS SYNDICATES PROPERTY PORTFOLIO KEY METRICS

	Centro MCS Portfolio as at 30 June 2011[1,2]
Number of Properties[3]	61
Total Portfolio Value ($m)[2,4]	2,584.2
Portfolio Weighted Average Capitalisation Rate[5]	8.09%
Gross Lettable Area (sqm)[6]	899,930
Net operating income growth (FY11 comparable)[4,7]	3.5%
Portfolio Occupancy (%)	99.6%
Average Specialty Occupancy Cost[8]	12.9%
Weighted Average Lease Expiry by Income (Yrs)[9]	4.6

Notes

1 Information is presented as at 30 June 2011 and relates to managed properties as at 31 August 2011.

2 Includes six properties under conditional sale contracts with total book value at 30 June 2011 of approximately $187 million.

3 Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Syndicate Portfolio. Based upon properties owned as at 31 August 2011.

4 Value and net operating income by ownership percentage.

5 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.

6 Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area is a standard industry term referring to floor area available for lease and excludes common areas such as mall area and car parking.

7 Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.

8 Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with a lettable area of less than 400 sqm and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental commitments.

9 Average lease duration of the portfolio, after weighting by income for the lease (excluding percentage rent).

Key points to note in relation to the Centro MCS Syndicates property portfolio include:

- the portfolio comprises predominantly sub-regional and convenience shopping centres (see Sections 4.3);
- key metrics are comparable to Centro Retail Australia's direct property portfolio with 99.6% occupancy and comparable net operating income growth (which excludes the impact of developments which have increased gross lettable area) of 3.5% for the year ended 30 June 2011; and
- there is a pipeline of development opportunities totalling approximately $240 million (of which Bankstown, Roselands and Karratha represent approximately $140 million).

4.7. MANAGEMENT EXPENSE RATIO

Centro Retail Australia's pro forma forecast of expenses of $59.2 million for the year ending 30 June 2012, as shown in table 7.12 represent 0.84% of total assets under management of $7.0 billion as shown in table 1.2.

Cost structures vary considerably for large ASX listed REITs due to differences in business models including platform scale, asset type (e.g. retail property is relatively management intensive), management arrangements (internal or external or a combination of both) and the extent of external funds management activities.

Centro Retail Australia's cost structure is in line with its peers having regard, in particular, to the administrative requirements associated with the Centro MCS Syndicate business (i.e. up to 27 Syndicates and approximately 12,500 investors). Reduced structural complexity may create opportunities for Centro Retail Australia to lower its cost structure over time.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5. Risks

5.1. INTRODUCTION

There are a number of risks and uncertainties, specific to both the Aggregation Funds or Centro Retail Australia, and of a general nature, which may individually or in combination have a material adverse effect on the business, operational performance and financial results of the Aggregation Funds or Centro Retail Australia, and their respective investment returns. Although there is a belief that there is a reasonable basis for the statements and forecasts, there can be no guarantee that the Aggregation Funds or Centro Retail Australia will achieve their stated objectives or that any forward-looking statements or forecasts included in this Document will eventuate.

This Section details areas that are considered to be the major risks associated with holding New Stapled Securities. The risks have been separated into retail property investment risks (as described in Section 5.2), Services Business and Centro MCS Syndicates risks (as described in Section 5.3) other business risks (as described in Section 5.4) and markets and ownership risks (as described in Section 5.5).

This list is not an exhaustive list of risks associated with holding an investment in Centro Retail Australia, and Securityholders are advised to consider the risks in conjunction with other information provided in this Document. Specifically, Securityholders should note that in many cases these risk factors already apply to a holding in one or more of the Aggregation Funds and as such this Section should be read in conjunction with other information regarding potential advantages and disadvantages of a vote in favour of the proposed Aggregation provided in this Document and as part of the relevant Explanatory Memoranda.

Securityholders should also have regard to their own investment objectives and financial circumstances, and should consider seeking advice from their financial, taxation or other professional advisers before deciding on how to vote on the proposed Aggregation.

5.2. RETAIL PROPERTY INVESTMENT RISKS

5.2.1. General risks of retail property investment

Returns from an investment in retail property largely depend on rental income generated from property interests, expenses incurred in managing and maintaining those interests, and changes in market value of such interests. The market value of properties is in part correlated to rental income, and rental income may be adversely impacted by a number of factors including:

- overall market conditions in national and local economies in which Centro Retail Australia operates such as growth or contraction in gross domestic product, demographic changes, employment trends and consumer sentiment;
- the financial performance and condition of tenants, in particular the major retailers and other anchor tenants;
- the ability to attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy;
- the perception of prospective tenants and shoppers of the attractiveness and convenience of the shopping centres, which in turn can be affected by changes in road and public transport access in the vicinity of the shopping centre;
- consumer shopping trends, in particular trends around use of alternative retail options such as the internet, which may impact turnover of tenants, which in turn can have an impact on rental income under the terms of certain leases;
- local real estate conditions such as the demand and supply of retail space; and
- changes in levels of competition, including pricing or competition policies of any competing properties or retailers.

In addition there are a number of other risks which can affect the value of properties without necessarily impacting the level of rental income, including:

- a downturn in the global economy or in the property market in general;
- adverse consequences of amendments to government regulations or legislation, including environmental, retail tenancy and planning controls;
- supply and demand for retail property; and
- interest rates and the availability of financing.

5.2.2. Lease expiry

Centro Retail Australia's direct property portfolio has one anchor tenant lease expiry in the period to 30 June 2012. Various options are being considered in relation to that lease, including possibly renewing the lease or replacing the tenant with alternative retailers. Additionally, two anchor tenant leases remain on holdover pending development approvals. These three leases, in aggregate, are not material to Centro Retail Australia. Lease negotiations provide an opportunity for rental growth at the centres and value creation through a more favourable long-term lease covenant. Alternatively, a lower rent may be negotiated than forecast, additional capital expenditure may be incurred to secure a new lease agreement or major retailers may choose not to renew.

5.2.3. Tenant default

The majority of Centro Retail Australia's revenue is generated from rental income from tenants across the property portfolio. As such any default by a tenant that causes it to break its lease or default on payment of its lease obligations has the potential to adversely impact the operational and financial results of Centro Retail Australia. Whilst individually this is unlikely to be material, systematic default by a number of tenants could be material.

Anchor tenants occupy a significant proportion of the total gross lettable area of Centro Retail Australia's properties. In particular, Australia's two major retail groups[47] between them account for approximately 35% of portfolio gross lettable area and contribute approximately 22% of portfolio gross rent as at 30 June 2011. The bankruptcy, insolvency or severe downturn in financial condition of any anchor tenant, in particular the two main retail groups in Australia, could materially adversely affect Centro Retail Australia's operations and financial results, both directly and because anchor tenants play an important role in generating customer traffic through the properties for other tenants. Given the diversity of other tenants, it is unlikely any default by any of these individual tenants would cause a material adverse effect on the operations or financial results of Centro Retail Australia.

The strength of Centro Retail Australia's relationships with retailers and ability to attract replacement tenants will be important in managing this risk. By way of example, three recent high profile retail chain distress situations impacted a total of 77 stores across the managed portfolio of 99 properties and resulted in 27 stores being vacated of which 16 stores have been successfully re-leased and the remaining 11, casually leased with four in active negotiations.

5.2.4. Competition

The properties owned by Centro Retail Australia are located in areas developed with other retail uses and many compete with other shopping centres located in their main trade area. There is potential for new competition to enter the marketplace or changes in the composition of existing competition at any time. Accordingly, the existence of such competition and any changes in competition may have a material adverse impact on the trading performance of properties owned by Centro Retail Australia or the ability to secure tenants for the properties owned by Centro Retail Australia and consequently on rental levels. Competition with other real estate investors may also influence Centro Retail Australia's ability to acquire interests in new shopping centres.

5.2.5. Property development risk

Future growth of Centro Retail Australia will in part be dependent on it continuing to develop its properties to grow the gross lettable area and to improve and maintain their market position with retailers and consumers. Risks associated with development activities include:

- construction not being completed on time or on budget;
- proposed leasing terms not being achieved;
- maintaining existing occupancy levels during construction and leasing new space on completion;
- funding being available for new development;
- obtaining required permits, licences or approvals and timing of receipt of such approvals;
- industrial disputes affecting timing;
- customers lost to competitors during development phase may not return; and
- in the event a proposed project does not proceed, pre-development costs may need to be written-off.

47 Woolworths (incorporating Woolworths, Safeway and Big W) and Wesfarmers (incorporating Coles, Kmart and Target).

There is no guarantee that completed development projects will increase the value of the property being developed, and to the extent costs incurred in carrying out the development exceed the value added, there may be a need to expense a component of the costs incurred. Rigorous feasibility analysis and due diligence will be undertaken for all potential development projects to assist in managing this risk.

5.2.6. Co-ownership Agreements and pre-emptive rights

Centro Retail Australia will continue to be a co-owner of a number of properties, specifically Victoria Gardens and Tuggeranong Hyperdome which are 50% co-owned with third parties, and Centro Bankstown, Centro Roselands, Centro Karratha, Centro Lutwyche and City Central, which are 50% co-owned with a number of Centro MCS Syndicates. Under the co-ownership arrangements on these properties, Centro Retail Australia will not have exclusive control over the development, financing, leasing and other aspects of the properties. Owning an interest in an asset jointly with a third party imposes restrictions on flexibility, which do not apply when the asset is wholly owned. From time to time major decisions will be required associated with redevelopment, refurbishment, refinancing, or sale of the properties themselves or adjoining land. Where Centro Retail Australia has business objectives that are inconsistent with those of its co-owner in relation to those decisions, such business objectives may not be able to be achieved, or achieved in a timely manner, and there is the possibility for disputes to arise.

In addition, pre-emptive rights will generally apply in co-ownership arrangements. In the case of Victoria Gardens and Tuggeranong Hyperdome, both properties have pre-emptive rights that may be triggered on Aggregation. If pre-emptive rights are triggered and the co-owner elects to exercise their rights, the interest in those properties may be sold to the co-owner and, at that point in time, the interests would no longer be held by Centro Retail Australia. If Centro Retail Australia's interest in either Victoria Gardens or Tuggeranong Hyperdome were to be sold, the price to be paid by the co-owner to acquire Centro Retail Australia's interest would reflect market value (i.e. Centro Retail Australia could not be forced to accept an unrealistically low offer from a co-owner) and the sale proceeds would most likely be used by Centro Retail Australia to reduce borrowings.

5.2.7. Unforeseen capital expenditure

There is a risk that Centro Retail Australia's properties will require unforeseen capital expenditure in order to maintain them in a condition appropriate for the purposes intended, and that such capital expenditure is not fully reflected in the financial forecasts. The Services Business forming part of Centro Retail Australia employs a team of highly experienced property management specialists in order to mitigate this risk and that team was involved in the preparation of capital expenditure estimates for the purposes of preparing the financial forecasts. Regardless there is a risk of a hitherto unforeseen event triggering the need for additional capital expenditure which would impact on the business, its operational performance and financial results. Such an event could include, for example, changes to safety regulations.

5.2.8. Property damage and insurance

There is a risk that one or more of the properties may be damaged or destroyed by natural events such as earthquakes, fires or floods, or be subject to terrorism activity. A number of Centro Retail Australia's managed properties were recently impacted by flooding in Queensland and other extreme weather events. Centro Retail Australia carries material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses.

In preparing the financial forecasts, the nature and cost of insurance have been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of Centro Retail Australia.

5.2.9. Force majeure events

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including "acts of God", fire, flood, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically. A force majeure event may adversely affect Centro Retail Australia's ability to perform its obligations until it is able to remedy the force majeure event. Similarly a force majeure event may adversely affect a tenant's ability to perform its obligations under a particular lease. Should such events occur in respect of Centro Retail Australia's portfolio, they may adversely impact Centro Retail Australia's business, operational performance and financial results.

5.2.10. Building regulations

As a property owner Centro Retail Australia will need to be compliant with the appropriate building regulations under various federal, state and local laws that cover aspects such as safety and compliance with legislation for persons with disabilities. There may be unforseen expenditure associated with maintaining compliance, which is discussed further in Section 5.2.7. Compliance with applicable building regulations may also limit implementation of Centro Retail Australia's development strategies or may increase the cost of the development strategies.

5.2.11. Environmental

As a property owner, Centro Retail Australia will be exposed to the risk that under various federal, state and local environmental laws, it may be liable for the cost of removal or remediation of hazardous or toxic substances on, under, in or emanating from the properties. In common with all other owners of property, there remains a risk that environmental laws and regulations may become more stringent in the future or that environmental conditions on or near the properties, presently known or unknown, may have a materially adverse effect on the properties. There is no assurance that any applicable insurance will be sufficient to cover that event. The Directors of the Issuers are not aware of any material environmental risks within Centro Retail Australia's portfolio.

5.2.12. Revaluations

In accordance with Australian Accounting Standards, Centro Retail Australia's properties will be required to be revalued on an annual basis, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result Centro Retail Australia can have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold. If a substantial decrease occurs in the fair market value of its properties, Centro Retail Australia's financial results could be adversely affected and, as a result, it may have difficulty in maintaining its desired leverage ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements, potentially impacting forecast distributions.

5.2.13. Liquidity of Direct Property and Syndicate investments

Investments in property and Syndicates that invest in property are relatively illiquid and more difficult to sell than publicly offered or quoted equities or bonds. This characteristic tends to limit the ability to vary the property portfolio (or an interest in that portfolio) promptly in response to changes in economic or others conditions. Further, interests of less than 100% can be more difficult to sell than 100% interests and discounts to the value of a 100% interest may apply. As a result, Centro Retail Australia may be restricted in its ability to dispose of a property (or an interest in that property) or an interest in one of the Centro MCS Syndicates.

5.2.14. Ownership of Centro Armidale land

Centro Retail Australia is not currently the registered proprietor of certain sections of the land on which Centro Armidale has been constructed (as set out in Table 4.3, Centro Armidale will form part of Centro Retail Australia's direct property portfolio following Aggregation). These sections of the Centro Armidale land are owned by adjoining landowners. The Aggregation Funds are currently negotiating with the adjoining landowners to transfer ownership of the land to the Aggregation Funds, in exchange for the performance of certain obligations. However, it is not anticipated that the land transfers will occur prior to Aggregation. Until the land transfers occur, the local council will not issue a final occupancy certificate for Centro Armidale and leases which relate to tenancies over the relevant land are not able to be registered. Whilst this has no impact on the day-to-day operations of the property, if not addressed, it could adversely affect the value of Centro Armidale were Centro Retail Australia to seek to sell the property (which is not intended in the near term), and may also impact any future refinancing of debt secured by the property.

5.3. SERVICES BUSINESS AND CENTRO MCS SYNDICATES RISKS

5.3.1. Loss of Centro MCS Syndicate Funds under management

A subsidiary company of Centro Retail Australia will be the responsible entity of the Centro MCS Syndicates and the property and leasing managers for properties owned by the Centro MCS Syndicates, in addition to the properties owned by Centro Retail Australia. The property and leasing manager may be a different entity to the Centro MCS Syndicate RE. The amalgamation of these two property portfolios provides Centro Retail Australia with platform scale and the associated benefits including strength of relationships with key major and national retailers and economies of scale. The Centro MCS Syndicates are structured as a fixed term investment with withdrawal opportunities for investors at the end of the term at which time the responsible entity of the relevant Centro MCS Syndicate would decide whether to roll the syndicate for a new term or wind-up the syndicate. A proportion of investors are expected to seek to exit their investments at the next opportunity. For some Centro MCS Syndicates, if buyers cannot be found for exiting investors the Syndicate may be forced to either sell some properties and roll over with a reduced portfolio or sell all properties in the relevant Syndicate and wind up. As a result, Centro Retail Australia's fund, property and leasing management income, platform scale and associated benefits could diminish.

Further, whilst Centro Retail Australia has property and funds management contracts in place with all Centro MCS Syndicates, there is no guarantee that these will exist in perpetuity. Under the Corporations Act, investors have the right to change the RE, in which case all property and funds management contracts entered into by the existing RE are statutorily novated to the new RE. A minimum of 5% of investors by value, or 100 investors by number, can call for an investor vote to consider a resolution to change the RE. 50% of all investors entitled to vote must vote in favour of the resolution for it to pass. Such a resolution could be triggered by a proposed change of RE, or the transfer of shares in the existing RE, in connection with Aggregation. On this basis there is a risk that Centro MCS Syndicate investors choose to change the RE, in which case Centro Retail Australia's fund, property and leasing management income, platform scale and associated benefits could diminish.

5.3.2. Change of RE for Centro MCS Syndicates

In addition to the risks described in Section 5.3.1, this Section outlines additional risks associated with a proposed change of RE for certain Centro MCS Syndicates in the period prior to implementation of Aggregation.

CPT Manager Limited is currently the RE for the following eight Centro MCS Syndicates: 21, 22, 23, 25, 26, 27, 28 and 33. CPT Manager Limited has determined that it is in the best interests of Syndicate investors for Centro MCS Manager Limited to replace it as the RE and a process is underway to effect the proposed change. The process to change the RE involves:

- writing to the investors in each Syndicate to inform them that ASIC has granted relief that enables the proposed change of RE (which CPT Manager Limited is recommending to Syndicate investors) to occur without the requirement for an investor meeting to approve the change provided that investors are given the opportunity to request an investor meeting;
- obtaining the consent of financiers to Syndicates 25, 27, 28 and 33; and
- notifying financiers to Syndicates 21, 22, 23 and 26.

If Aggregation proceeds, Centro MCS Manager Limited will be acquired by Centro Retail Australia, whereas CPT Manager Limited will not be acquired by Centro Retail Australia.

The Implementation Agreement includes a condition precedent to Aggregation that Centro MCS Manager Limited becomes the RE for Centro MCS Syndicates that collectively own properties that represent at least 90% of the value of all properties owned by all 27 Syndicates. If this condition precedent is not satisfied prior to the scheduled date for implementation of Aggregation, the parties to the Implementation Agreement may determine to:

- waive the condition precedent and proceed with Aggregation; or
- not proceed with Aggregation.

In the event that Aggregation proceeds and CPT Manager Limited is still the RE for some of the Syndicates noted above, Centro Retail Australia would provide services to CPT Manager Limited to enable it to discharge its responsibilities. Centro Retail Australia would be paid an amount for the provision of those services which is equivalent to all fees that CPT Manager Limited receives as RE of the relevant Syndicate(s).

Mechanisms also exist to adjust the purchase price to be paid by Centro Retail Australia to acquire the Services Business (as described in Section 9.3) where Centro MCS Manager Limited does not replace CPT Manager Limited as RE of any of these Syndicates, however these mechanisms only apply in the event of a Failed CNP Junior Stakeholder Vote.

As such, the key risk for Centro Retail Australia in relation to the arrangements outlined above is that it may not control the RE of all Syndicates at implementation of Aggregation (i.e. because the condition precedent to Aggregation only requires 90% of the value of all properties owned by all 27 syndicates) and may instead be providing services to CPT Manager Limited in exchange for payments equivalent to all fees that CPT Manager Limited receives as RE of the relevant Syndicate(s). This could increase the risk of loss of effective control of the management of the relevant Syndicate(s) after implementation of Aggregation.

5.3.3. Commitments of Centro Retail Australia in relation to Flexible Exit Mechanism on certain Centro MCS Syndicates

At the date of this Document, 15 of the 27 Centro MCS Syndicates that Centro Retail Australia may manage include a mechanism in their respective constitutions known as the FEM. As at 30 June 2011, the combined value of the interests that had the benefit of the FEM was $385 million. Investors in some Centro MCS Syndicates are to be asked to approve the replacement of CNP with Centro Retail Australia as the counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those which CNP has under the FEM including the obligation to acquire any units that are put by Syndicate investors either for cash or New Stapled Securities or a combination of both. There is a risk that the obligation to acquire any units that are put by Syndicate investors could increase Centro Retail Australia's debt funding requirements or necessitate the issue of additional New Stapled Securities on terms that may be dilutive to the interest of existing New Stapled Securityholders.

Further information regarding mechanics of the FEM is provided in Section 14.5.

5.3.4. Centro MCS Syndicate Debt Maturities

The 27 Centro MCS Syndicates that Centro Retail Australia will co-invest in and manage collectively own interests in 61 Australian shopping centres valued at $2.6 billion at 30 June 2011 and have $1.3 billion of secured borrowings of which $1.2 billion matures in December 2011 and:

- $0.1 billion is expected to be repaid from proceeds of asset sales; and
- $1.1 billion is in the process of being refinanced.

Syndicate borrowings are non-recourse to Centro Retail Australia, however Centro Retail Australia will have an indirect exposure to refinancing risks associated with these borrowings due to its $460 million of co-investments in the Syndicates.

Whilst Centro Retail Australia's establishment is expected to assist in refinancing Syndicate borrowing facilities, there remains a risk that:

- some borrowing facilities may not be successfully refinanced; and
- pricing of some or all new borrowing facilities may be less favourable than forecast.

If any Syndicate borrowing facilities are not successfully refinanced, or pricing of any new borrowing facilities is less favourable than forecast, or asset sales are not executed Centro Retail Australia could be adversely affected in a number of ways, including through reduced value of co-investments, lower distributions from co-investments, lower Services Business income and delayed related party loan repayments. As such, the Centro MCS Syndicates refinancing and asset sales could affect the liquidity of Centro Retail Australia (refer to Section 5.4.3 for further detail).

5.4. OTHER BUSINESS RISKS

5.4.1. Board, management and employees

The ability of Centro Retail Australia to successfully deliver on its business objectives as set out in this Document is in part dependent on its ability to attract additional directors, a new Chief Executive Officer and retain key management personnel and employees, particularly in relation to the property management, leasing and development teams who maintain key relationships with the retailers, and to attract future talent to assist in meeting growth objectives. Changes that adversely affect Centro Retail Australia's ability to retain or attract skilled directors or employees could materially affect the business, operational performance or financial results.

5.4.2. Funding requirements

The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that, if obtained, collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of these facilities remains subject to credit approvals, documentation and satisfaction of conditions precedent.

The Aggregation Funds intend to seek financier credit committee approvals, satisfy financier due diligence requirements and enter into formal agreements (which are likely to include normal conditions precedent to draw down) with each financier so as to ensure that all of the facilities that they are negotiating are available to be drawn down upon Aggregation.

Additional conditions are expected to include the Aggregation becoming effective and no material adverse effect on the ability of Centro Retail Australia to perform its obligations under the facilities. As such, there is currently no guarantee that sufficient debt funding for Centro Retail Australia will be available on Aggregation or that margins will be consistent with forecast assumptions. Details of expected specific conditions precedent to draw-down and maturity profile are included in Section 7.3.6. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or a paper copy can be obtained free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).

Centro Retail Australia will need to refinance its facilities and may be required to access the capital markets to meet ongoing funding requirements or to diversify its funding base, including the raising of new equity or the issuance of debt instruments. Instability in or disruptions to the capital markets or deterioration in Centro Retail Australia's financial condition due to internal or external factors could restrict or eliminate Centro Retail Australia's access to new funding. In addition prevailing market conditions at the time and Centro Retail Australia's financial condition will dictate the cost of such funding. Further, the ability to access certain debt markets will in turn be dependent on the ability of Centro Retail Australia to secure a credit rating in the future, which is not guaranteed.

Refinancing risks also apply to an investment in CER or CAWF or DHT (indirectly) today.

5.4.3. Liquidity

Following Aggregation, Centro Retail Australia (if the facilities that it is seeking (as referred to in Section 5.4.2 above) have been obtained) expects to have cash and committed undrawn debt facilities totalling approximately $170 million. Any committed undrawn debt facilities are expected to be used, in part, to fund development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforseen expenditure requirements (e.g. adverse judgment or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments or obligations in relation to the FEM) could have a material adverse impact on Centro Retail Australia's liquidity.

5.4.4. Interest rates and hedging

The borrowings of Centro Retail Australia will be largely hedged against interest rate movements. However, in the future Centro Retail Australia's borrowings may need to be refinanced at which time interest rates and/or margins may be higher, in which case returns to New Stapled Securityholders could be affected accordingly. If interest rates and/or margins increase substantially, then refinancing may not be possible. In such an event, some of the properties of Centro Retail Australia may have to be sold at short notice and in a market that may not be conducive to an efficient sale. In these circumstances, Centro Retail Australia may not receive the price for the property that it would if the property is sold with reasonable notice and under appropriate market conditions.

In addition, whilst Centro Retail Australia intends to use derivative and other financial instruments to manage its interest rate risk, its financial and operating results may be adversely affected if its hedges are not effective in managing that risk, if Centro Retail Australia is under-hedged, or over-hedged or if a hedge counter-party defaults on its obligations under the hedging instruments.

Consequently there can be no assurance that Centro Retail Australia's hedging arrangements or changes in interest rates will not have a material adverse effect on its business, operational performance or financial results.

5.4.5. Counterparty credit

As part of its financial risk management strategy, Centro Retail Australia intends to hedge its interest rate from time to time. At the date of this Document, no such transactions have been entered into. There is a risk that Centro Retail Australia could suffer a financial loss as a result of a payment default by the counterparty with whom Centro Retail Australia has entered into the hedging transaction. Additionally, a counterparty credit risk could exist in other circumstances such as Centro Retail Australia placing funds on deposit with a counterparty. The Centro Retail Australia Board intends to implement a policy that Centro Retail Australia will only deal with counterparties that it believes are of good credit standing.

5.4.6. Dilution

Centro Retail Australia may choose to conduct future capital raisings to implement investment strategies such as developments or acquisitions. These capital raisings may dilute the value of the New Stapled Securityholders' interests if the increase in Centro Retail Australia's gross assets is less than the value of New Stapled Securities issued to finance the investment strategy.

In addition, any issue of New Stapled Securities pursuant to the CATS (which are described in Section 10) will have a diluting effect on New Stapled Security holdings immediately before that new issue was made. The extent of such dilution depends on the level of the liability as a result of CER Class Action Litigation. This means that the extent of any dilution (if any) is not currently known but will be limited by the Share Cap (being a cap equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date, subject to certain adjustments – see Section 10.6.3 for further detail about Caps). The Caps are not an estimate of potential liability and may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

The CATS will remain in issue until all of the CER Class Action Litigation has been finalised and any liability determined or New Stapled Securities have been issued or payments have been made to the extent of the Cap on liability. The extent of potential liability has not been ascertained and so the potential number of New Stapled Securities that may be issued is not known, but is subject to the Share Cap.

Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the CER Class Action Litigation liability but is limited by the Share Cap. As a result the extent of any dilution is not currently known.

5.4.7. Litigation

Centro Retail Australia may from time to time be subject to litigation and other claims or disputes in the ordinary course of its business, including public liability matters, employment matters and contractual disputes. To the extent claims exceed insurance levels, such matters could adversely affect Centro Retail Australia's financial results.

In addition, as set out in Section 8.2, Centro Retail Australia is exposed to risks associated with the CER Class Action Litigation to the extent such litigation remains on foot when Aggregation occurs. Whilst the CATS described in Section 10 will, subject to the Cap, adjust the respective ownership percentage of CATS holders to partially compensate for any judgment or settlement, any costs incurred by CER in defending the action and any eventual judgment or settlement would need to be funded by Centro Retail Australia to the extent not covered by insurance policies. Further, there can be no guarantee that other such claims will not emerge. See Section 7.3.10 for further information in relation to this litigation risk.

5.4.8. Stamp duty

As set out in Section 7.3.10 Centro Retail Australia has agreed to indemnify DPF and CNP against existing and future stamp duty assessments in respect of certain historical transactions. Where assessments have been raised in relation to these transactions, objections have been lodged and arrangements have been made to stay payment of the duty (subject to certain conditions) until such time as the matters are ultimately determined. In order to cover such an eventuality an amount will be provided for in the balance sheet of Centro Retail Australia at the time of Aggregation. Notwithstanding this, there is a risk that the amount provided for may be insufficient to cover stamp duty payable on all relevant matters. Any stamp duty that becomes payable will need to be funded by Centro Retail Australia.

In addition to the above, it has been estimated that approximately $60 million of stamp duty will arise as a result of Aggregation. This amount has been expensed in the statutory financial forecasts included in this Document in accordance with Accounting Standards and is fully funded. Despite the Aggregation Funds' estimates, there is a risk that a relevant regulatory authority (or court) may determine that the amount of stamp duty payable on Aggregation may be higher than the amount estimated.

In the event that the mechanics of Aggregation are effected using steps that differ from those contemplated, stamp duty could be payable in Victoria, based on current duties legislation, if a person who as a result of acquiring New Stapled Securities holds (either alone or when aggregated with interests of associated persons and interests acquired by other persons as part of substantially one arrangement, one transaction or one series of transactions) an interest of 20% or more in Centro Retail Australia. That duty would be calculated at the rate of 5.5% on a proportion of the value of CAWF's Victorian property at the time of the acquisition which corresponds to the acquirer's proportionate interest (either alone or on an aggregated basis) in CAWF. The value of CAWF's Victorian property is estimated at $596 million based on 30 June 2011 property valuations. By way of example, based on current duties legislation, the duty payable on an acquisition of 20% of New Stapled Securities would be in the order of $6.56 million. This amount would increase with the acquisition of a greater interest. Each of the responsible entity of CAWF, the acquirer and any other person whose interests are aggregated with the acquirer's interest will be jointly and severally liable for that duty. This could provide a disincentive to a potential future acquirer of Centro Retail Australia or diminish the value that a potential acquirer may be prepared to offer.

5.4.9. Complexity associated with Aggregation

Centro Retail Australia has not previously operated as an aggregated entity and as such there is no trading history of the New Stapled Securities. The Aggregation will involve complex corporate restructuring (including the establishment of new corporate entities, the acquisition of assets and the reallocation of certain pools of retail property assets and associated debt). Further, after Aggregation implementation the Aggregation Funds do not have the benefit of warranties (other than title) in relation to the assets acquired from CNP as part of Aggregation. Due diligence has been undertaken (including obtaining professional advice) in relation to the legal and commercial effects of the Aggregation, the required corporate restructuring, the retail property portfolio of CER, CAWF and DPF and the assets acquired from CNP. The Issuers believe that these investigations were appropriate and complete and that all material issues have been taken into account in preparing the financial forecasts. Nevertheless, there is a risk that the Aggregation and/or corporate restructuring may have unforeseen legal or commercial consequences for CER, CAWF, DHT and Centro Retail Australia.

5.4.10. Achievement of Financial Forecasts

As noted in Section 7, the financial forecasts have been prepared using all relevant information available to the Directors of each of the Issuers and certain best estimate assumptions by the Directors of each of the Issuers regarding the future financial performance of Centro Retail Australia.

Although the Directors of each of the Issuers believe the information and assumptions used in preparing the financial forecasts are appropriate and reasonable at the time of preparation, some factors that may affect actual results cannot be foreseen or accurately predicted and many of these factors are beyond the control of the Directors of each of the Issuers.

Consequently, the Directors of each of the Issuers cannot and do not guarantee that the financial forecasts will be achieved and Securityholders are advised to carefully consider the assumptions used in preparing the financial forecasts when considering the likely future financial performance of Centro Retail Australia.

5.4.11. Relationship with CNP

On Aggregation, Centro Retail Australia will be legally, financially and operationally separate from CNP and its controlled entities. It is anticipated that CNP and its controlled entities will be wound down as soon as practically achievable. During the period from Aggregation until wind-down of these entities, Centro Retail Australia will have the following relationship with those entities:

- Centro Retail Australia will provide certain transitional services (including accounting, information technology and human resources support) to CNP entities for up to 4 years under a Transitional Services Agreement (see Section 14.6 for more detail) for which Centro Retail Australia will receive compensation on a cost-reimbursement basis;
- as part of Aggregation, Centro Retail Australia will provide DPF and CNP with an indemnity for certain existing and future stamp duty assessments in respect of certain historical transactions referred to in Section 7.3.10; and
- an obligation for Centro Retail Australia to assist in transitioning to the Aggregation Funds the obligations of CNP as counter party under the FEM as referred to in Section 5.3.3 to Centro Retail Australia.

5.4.12. Regulatory issues, changes in law and Australian Accounting Standards

Centro Retail Australia will be subject to the usual business risk that there may be changes in laws that impact rental income or operational expenditure, for example changes to retail opening hours, the ability to recover certain property expenses from tenants, changes to regulatory requirements around disability access, or changes to operating practices as a result of the federal government's proposed carbon tax, or associated climate change legislation. In addition, Centro Retail Australia's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds. Centro Retail Australia is also subject to the usual risk around changes in Accounting Standards that may change the basis upon which Centro Retail Australia reports its financial results. There can be no assurance that such changes will not have a material adverse effect on Centro Retail Australia's business, operational performance or financial results.

5.4.13. Acquisitions

Centro Retail Australia may choose to pursue acquisitions of interests in shopping centres and such acquisitions carry a number of risks relating to the assessment of the acquisition, including the purchase price and its links to value of the shopping centre, the income, the leasing profile and the strengths and weaknesses of the shopping centre proposed to be acquired. Further, Centro Retail Australia may look to acquire the co-owned 50% interests of shopping centres in its directly owned portfolio (properties co-owned with Centro MCS Syndicates) and such acquisitions will need to have regard to related party considerations.

Any acquisition may be subject to financial risks, particularly if Centro Retail Australia chooses to debt fund the acquisition.

The financial forecasts do not assume any acquisitions of interests in shopping centres by Centro Retail Australia.

5.4.14. Taxation changes

Significant recent reforms and current proposals for further reforms to Australia's taxation laws give rise to uncertainty. The precise scope of proposed changes to the taxation treatment of managed investment trusts including listed property trusts (commonly known as REITS) is not yet known. Any change to the current rate of company income tax may impact New Stapled Securityholders' returns. In addition any changes to rules applying to listed property trusts could have an adverse impact on the level of Securityholder returns.

The material Australian income taxation consequences of the Aggregation steps are set out in Section 3.5 with further detail provided in the Taxation Advisers' Report in Section 13.

A class ruling has been sought from the ATO to confirm the income tax implications of the Aggregation for investors in CER, CAWF and DHT at Aggregation (as set out in Section 13). It is anticipated that the ruling will be finalised around the time of the proposed implementation of Aggregation. A link to the final class ruling issued by the ATO will be provided on the Centro website once it is received. Please check the Centro website at www.centro.com.au for updates or you can call the contact number in the Directory at the back of this Document to obtain a copy free of charge.

If the ATO does not grant the ruling requested, the tax consequences for those investors in Centro Retail Australia could differ from those described in this Document.

5.5. MARKET AND OWNERSHIP RISKS

5.5.1. General economic and market conditions

A number of factors affect the performance of the stock market, which could affect the price at which New Stapled Securities trade on ASX. Among other things, movements on international and domestic stock markets, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes may affect the demand for, and price of, New Stapled Securities. Trading prices can be volatile and volatility can be caused by general market risks such as those that have been mentioned. Recently, markets have become more volatile, with volatility in some markets at very high levels. Investing in or being invested through periods of such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market.

New Stapled Securities may trade at or below the price at which they commence trading on ASX including as a result of any of the factors that have been mentioned, and factors such as those mentioned may also affect the income, expenses and liquidity of Centro Retail Australia. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Centro Retail Australia.

5.5.2. Active Market for New Stapled Securities post Aggregation

Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities.

There can be no assurance that an active market in New Stapled Securities will develop or that the price of those New Stapled Securities will increase post Aggregation. Similarly, there can be no assurance that the price of those New Stapled Securities will reflect underlying net asset value. There may be relatively few buyers or sellers of New Stapled Securities on ASX at any time. This can increase the volatility of the market price of a particular stock and it may also affect the prevailing market price at which New Stapled Securityholders are able to sell their New Stapled Securities. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period.

5.5.3. Potential Significant Sellers of New Stapled Securities

Each Signing Senior Lender has provided a representation and warranty to the Issuers and the other Signing Senior Lenders that upon or immediately following the CNP Debt Cancellation, they will not have any arrangements or understandings with any other Senior Lender in respect of Centro Retail Australia that would cause the Senior Lenders to breach Australian takeovers regulation requirements. However, given the anticipated size of the Senior Lenders' aggregate ownership interest of approximately 73.9%[48] in Centro Retail Australia if a Senior Lender with a significant holding of New Stapled Securities (the largest of which, on the basis of holdings of CNP Senior Debt as at 31 August 2011, is expected to hold no more than 7.97%[49], and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities), either acting individually or in unison with other non-associated significant holders of New Stapled Securities, chose to sell its stake, this may affect the prevailing market price of the Securities.

Further, depending upon the outcome of the DPF redemption process, the DPF RE may be required to sell its holding of 11.6%[48] of New Stapled Securities following Aggregation to meet redemption requests in cash. The more DPF Unitholders that request redemption of their DPF Units in cash, the more New Stapled Securities the DPF RE will be required to sell. Over time, DPF's holding is expected to reduce as DPF Unitholders redeem their DPF investment. This may also affect the prevailing market price of the New Stapled Securities. The inclusion of Centro Retail Australia within A-REIT indices that are significant in attracting institutional investors should partially mitigate this risk.

48 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF unitholder who redeem DPF units for a transfer from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options overdirect and indirect interests in DPF units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or DPF unitholders acquire under Aggregation in their capacity as CER Securityholders.

49 On the basis of holdings of CNP Senior Debt as at 31 August 2011, there are some Senior Lenders of record whose investments are managed by the same investment manager. On the basis of holdings of CNP Senior Debt as at 31 August 2011, no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Scheme.


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6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

6.1. BOARD OF DIRECTORS

The Centro Retail Australia Board will be led by a new independent Chairman, Dr Robert Edgar (profiled below), and will comprise a combination of new appointees and directors with experience on the Board of CER and in the case of Mr Robert Tsenin the Board of CNP. Consistent with ASX guidelines, the Centro Retail Australia Board will comprise a majority of independent Non-Executive Directors.

Immediately following Aggregation it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors who have been appointed from the CER Board (profiled below), and the present Chief Executive Officer in the capacity of Managing (Executive) Director.

Aggregation and the external appointment of the prospective Centro Retail Australia Chairman, Dr Edgar, marks a significant milestone for Aggregation and Centro Retail Australia. Recruitment processes are underway to facilitate the selection and appointment of up to a further four externally appointed Non-Executive Directors to join the Board after Aggregation, and a new Chief Executive Officer (New CEO). The prospective Centro Retail Australia Chairman, Dr Edgar, will oversee this Board renewal process and following aggregation, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the New CEO and Executive Committee. Mr Robert Tsenin will continue as CEO and Executive Director on a transitional basis until his planned retirement no later than 30 June 2012. (Further details are outlined in Section 6.2 below). This is aimed at facilitating a smooth and effective transition for Centro Retail Australia. Should no successor be in place by 30 June 2012, further interim arrangements will be made pending the permanent appointment.

The following will be the initial Centro Retail Australia directors, immediately following Aggregation if it proceeds:

Dr Robert Edgar, Chairman

Background & Experience

Dr Edgar has over 30 years experience as a senior executive, with 25 years at ANZ Banking Group in various senior roles including Deputy Chief Executive Officer, Senior Managing Director, Chief Operating Officer and Chief Economist.

Dr Edgar holds a Bachelor of Economics (Hons) from University of Adelaide and a PhD from Ohio State University. He is a Fellow of the Financial Services Institute of Australasia (FINSIA) and a Fellow of the Australian Institute of Company Directors (FAICD).

Current Directorships and Advisory Roles

- Asciano Limited – Independent Non-Executive Director
- Linfox Armaguard Pty Ltd – Independent Non-Executive Director
- Transurban Group – Independent Non-Executive Director
- Nufarm Ltd – Non-Executive Director
- Prince Henry's Institute of Medical Research – Chairman
- AMMB Holding Berhad – Independent Non-Executive Director

6.
BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

Mr Robert Tsenin – Interim CEO and Executive Director

Background & Experience

Mr Robert Tsenin commenced as Centro's Group Chief Executive Officer and Managing Director Designate on Friday 5 February 2010. Mr Tsenin has also served as a non-executive Director of Centro Properties Group since his appointment to the Board effective October 2009.

Mr Tsenin has over 30 years experience in investment banking in corporate finance and mergers and acquisitions, and senior roles in real estate in development, construction and funds management in Australia, the US and the UK.

Mr Tsenin's recent roles include Managing Director of Goldman Sachs (Australia) Limited, and Finance Director of Lend Lease Corporation Limited.

Mr Tsenin has served as a non-executive Director of major Australian and overseas companies and a number of real estate funds.

Mr Peter Day, Non-Executive Director

Background & Experience

Mr Day has over 30 years experience in Australia and internationally in finance, strategy, general management and compliance including executive positions with Amcor, Rio Tinto and the Australian Securities & Investments Commission.

Mr Day holds a Bachelor of Laws (Hons) from Queen Victoria University (UK) and a Master of Business Administration from Monash University. He is a Fellow of the Institute of Chartered Accountants (in Australia and UK), and CPA Australia, and a Graduate Member of the Australian Institute of Company Directors.

Current Directorships and Advisory Roles

- Ansell – Non-Executive Director
- Orbital – Non-Executive Chairman
- SAI Global – Non-Executive Director
- Accounting Professional & Ethical Standards Board – Member
- Australian Prudential Regulation Authority – Risk Management & Audit Committee
- Central Gippsland Region Water Corporation – Non-Executive Director
- Multiple Sclerosis (and related entities) – Non-Executive Director
- Water Accounting Standards Board – Member

Mr Fraser MacKenzie, Non-Executive Director

Background & Experience

Mr MacKenzie has over 40 years of finance and general management experience in the UK, US and Asia, including as Chief Financial Officer of both Coles Group/Coles Myer and OPSM Group. Mr MacKenzie has held senior finance and general management roles at Pfizer, Gestetner Holdings and Smith Kline & French Laboratories in addition to various accounting positions in his early career at Royal Bank of Scotland, Hambros Bank and Ernst & Young.

Mr MacKenzie holds a National Diploma in Business Studies from Aberdeen College of Commerce (Scotland), is a Fellow of the Chartered Association of Certified Accountants in the UK, a Fellow of the Certified Practising Accountants in Australia and a Member of the Australian Institute of Company Directors.

6.2. EXECUTIVE COMMITTEE

As outlined above, Mr Robert Tsenin is appointed as Interim CEO and Executive Director until his planned retirement on 30 June 2012. Mr Tsenin may elect to terminate his employment earlier than this date, if the New CEO commences as the New CEO prior to 30 June 2012. As outlined above, the Chairman of Centro Retail Australia will lead the recruitment process for the New CEO and will make an appointment after a rigorous assessment of both internal and external candidates.

Members of the Executive Committee, who have operationally managed the business during the restructuring and Aggregation process, will continue either in their current roles or in alternative roles taking into account the strategic and organisational needs of Centro Retail Australia. The Executive Committee has wide experience and a passion for the retail property sector, and is dedicated to pursuing strong, consistent returns for investors in Centro Retail Australia. The Executive Committee is held in high regard. The New CEO, in conjunction with the Centro Retail Australia Board may, however, review the composition of the Executive Committee at some point in the future, in line with the strategic needs of the business going forward.

Profiles of Centro Retail Australia's Executive Committee and their current roles are provided below:

Mr Robert Tsenin – Interim Chief Executive Officer (See Mr Tsenin's profile under Section 6.1)

Chris Nunn – Group Chief Financial Officer

Mr Chris Nunn joined Centro in September 2009. Chris oversees the finance, treasury, tax and financial and management accounting functions of Centro and its managed funds. Chris also manages the internal audit, IT, information management and business analysis functions of the Centro business.

Chris has over 30 years of finance, accounting and audit experience and most recently, Chris served as Chief Financial Officer at Industry Superannuation Property Trust. He has held senior finance and operations roles at MacarthurCook, JP Morgan Investor Services, Merrill Lynch Investment Managers and McIntosh Securities after ten years with Coopers & Lybrand.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

Mark Wilson – General Manager, Property Operations Australia

Mr Mark Wilson is responsible for the overall performance of Centro's Australian retail assets. This includes all areas of leasing, property management, development and marketing, as well as valuations and property transactions.

Since joining Centro in 1997, Mark has served in a range of roles, including Chief Investment Officer and Chief Operating Officer for Centro Watt US.

Mark is a Director of the Shopping Centre Council of Australia and has over 20 years experience in the retail and property industry.

Dimitri Kiriacoulacos – Group General Counsel & Company Secretary

Mr Dimitri Kiriacoulacos joined Centro in October 2009 and oversees the Group's legal, secretariat and compliance teams. Dimitri is a lawyer and accountant with legal and commercial experience across many countries. He has worked in private practice, investment banking and corporate roles principally in the areas of mergers and acquisitions, business development and corporate governance.

Prior to joining Centro, Dimitri held senior legal roles, most recently as General Counsel, Corporate Advisory with National Australia Bank and General Counsel and Company Secretary with Mayne Pharma.

Michael Benett – Chief Investment Officer

Mr Michael Benett will be responsible for the asset management, investor relations and corporate affairs areas within Centro Retail Australia.

Michael joined Centro Properties Group in 2004 and has served in various roles, most recently as Deputy CEO and Chief Restructuring Officer of CER, during which time he has been responsible for all facets of CER's operations including developing the ongoing strategy for CER, reviewing new investment opportunities and communication with CER's stakeholders, including investors, broking analysts and the institutional market.

Prior to this, Michael served in a number of roles within Centro including General Manager, Institutional Funds Management, Group Commercial and Business Analysis Manager, Centro Fund Manager and Centro Financial Accounting Manager. Michael's previous experience includes nine years within the Assurance and Business Advisory Services division at PricewaterhouseCoopers where he specialised in the property and construction industry.

Gerard Condon – General Manager, Syndicate Funds Management

Mr Gerard Condon has 20 years experience in the property industry. Gerard oversees the syndicate, retail distribution and investor services teams and bears ultimate responsibility for all 35 Centro MCS Syndicates.

Gerard was previously manager of the Syndicate Funds Management team and commenced with Centro following five years at MCS property. Gerard has nine years experience in valuations prior to MCS.

Paul Belcher – General Manager, Finance

Mr Paul Belcher is responsible for overseeing the finance, treasury, tax and financial and management accounting functions for Centro and its managed funds.

Paul joined Centro in 2006, serving as Group Financial Accounting Manager and more recently General Manager, Accounting.

Paul's previous experience includes ten years at PricewaterhouseCoopers where he was a director in the Assurance and Business Advisory practice, specialising in the retail property, retirement village and construction sectors.

Sue Smith – Group General Manager, Human Resources

Ms Sue Smith joined Centro in July 2010 in the newly created role of Group General Manager, Human Resources.

Sue brings to Centro extensive human resources experience in multi-national and financially focused organisations. She also has significant experience in workforce planning and the management of people across different countries and cultures.

Prior to joining Centro, Sue held senior roles both in Australia and the UK with companies such as Foster's Group Limited, GE Capital Australia Limited and Colonial Limited.

Sue is responsible for coordinating the strategic management of staff across Australasia.

The Centro Retail Australia Team

The Centro Retail Australia team comprises over 600 staff with capabilities spanning property management, development, leasing, funds management and various corporate services support functions.

Approximately 300 staff are based on-site at shopping centre locations around Australia with other staff based at regional offices in Sydney, Brisbane, Perth and Adelaide or at Centro Retail Australia's corporate head office in Melbourne. Centro Retail Australia's management team will have the benefit of utilising existing integrated information systems with access to extensive historical performance data for Centro Retail Australia's owned and managed properties.

6.3. INTENTIONS

On Aggregation the Centro Retail Australia Responsible Entity (RE) will be the RE of all of the Aggregation Funds forming part of Centro Retail Australia. The Board of Centro Retail Australia RE will be changed so that it consists of the same members as the Board of CRL.

Following Aggregation, the Centro Retail Australia Board will:

- evaluate a number of value-adding development opportunities within the existing portfolio;
- consider the sale of approximately $400 million of non-core assets (as described in more detail in Section 6.4.8);
- seek new investors in the Centro MCS Syndicates business; and
- manage and source debt and equity capital so as to maximise returns for investors.

At the date of this Document CER, CAWF and DHT have no employees and services are provided to the respective REs, Centro MCS Manager Limited (in the case of each of CRT and DHT) and CPT Manager Limited (in the case of CAWF) by wholly-owned subsidiaries of CNP. Other than the provision of director services to Centro MCS Manager Limited, CRL is dormant. The director services are provided by Centro Retail Limited in line with the position taken by Centro Properties Group, as the ultimate owner of Centro MCS Manager Limited, that it would appoint the same directors to Centro MCS Manager Limited as are elected by investors to the Board of CRL. Upon Aggregation, the management and administration of Centro Retail Australia will be internalised (as a result of Centro Retail Australia acquiring the Services Business from CNP) and therefore the employees who provide these services will transition to Centro Retail Australia.

Centro Retail Australia will determine distributions per New Stapled Security in accordance with the policy described in Section 6.4.

6.4. CORPORATE GOVERNANCE

6.4.1. Overview

Centro Retail Australia will be a Stapled vehicle that combines a company, CRL and three trusts, CRT, CAWF and DHT. Each of the trusts is a managed investment scheme that is registered under the Corporations Act.

CRL (1) Limited as the Centro Retail Australia RE will be the RE of each of CRT, CAWF and DHT and will be governed by a Board which is ultimately accountable to New Stapled Securityholders. If CRL (1) Limited is unsuccessful in its application for an Australian Financial Services Licence, the Implementation Agreement provides that Wholesale Responsible Entity Limited ACN 145 213 654 will instead be appointed as the new RE.

The Boards of CRL and Centro Retail Australia RE (together, the Centro Retail Australia Board) will consist of the same members, who will stand for re-election to the Board of CRL at least once every three years.

The Centro Retail Australia Board will operate under a set of corporate governance policies that comply with the principles and requirements of the Corporations Act and ASX, including satisfying the recommendations of the ASX Corporate Governance Council (CGC). The Centro Retail Australia Board will review and, as necessary, update its corporate governance charter and policies to ensure they accord with best practice, having regard to recent developments both in Australia and overseas.

The Centro Retail Australia Board will be responsible for the overall corporate governance of Centro Retail Australia, including:

- protection of Securityholders' interests;
- developing strategic direction;
- establishing goals for management; and
- monitoring the achievement of these goals.

Centro Retail Australia will utilise a framework for its management, including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

6.4.2. Primary duties and obligations of the Board

The primary duties and obligations of the Centro Retail Australia Board will include:

- exercising due diligence and vigilance in carrying out its duties and in protecting the rights and interests of Securityholders, and in performing its functions and exercising its powers under each Constitution in the best interest of all Securityholders;
- keeping or causing to be kept proper books of account, ensuring the financial report is audited annually by an independent registered auditor and sending a financial report and a copy of the auditors' report to Securityholders each year; and
- ensuring that the affairs of CRL, CRT, CAWF and DHT are carried on and conducted in a proper and efficient manner.

Centro Retail Australia RE will be responsible for the day-to-day operations of CRT, CAWF and DHT, including:

- ongoing management, research and selection of property investments and disposals; and
- preparing all notices and reports to be issued to Securityholders.

As part of Aggregation, the Constitution of CRL will be amended and the Constitutions of CAWF and DHT will also be amended to ensure they are materially consistent across the Aggregation Funds (refer to the summary in Section 14.1).

6.4.3. Board composition and membership

On Aggregation all Directors of CRL will also be Directors of Centro Retail Australia RE. References to the Board in this Section 6 of this Document are references to the Centro Retail Australia Board.

6.4.4. Board role and responsibilities

The Board is responsible for planning and overseeing the running of the business and affairs of Centro Retail Australia for the benefit of New Stapled Securityholders. The Board will be accountable to those New Stapled Securityholders for the performance of Centro Retail Australia.

The responsibilities/functions of the Board will include:

- selecting, appointing and evaluating from time-to-time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer of Centro Retail Australia and the CEO's direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with Centro Retail Australia businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- reviewing management processes aimed at monitoring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

The Board will delegate responsibility for the day-to-day operation and administration of Centro Retail Australia to the Executive Committee, but will maintain responsibility for strategic direction and control of Centro Retail Australia. The Board will monitor the performance of Centro Retail Australia, the EC, and senior management and ensures that a formal performance review and executive resources review are conducted each year to assess such performance.

6.4.5. Syndicate governance

It is proposed that the REs of all Centro MCS Syndicates have a Board comprised of a majority of members who will not be members of the Centro Retail Australia Board.

6.4.6. Board committees

Centro Retail Australia will establish committees to assist with the implementation of its corporate governance practices. The committees will include the following:

- Audit & Risk Committee;
- Compliance Committee;
- Nomination Committee; and
- Remuneration and HR Committee.

Other committees will be established as, and if, needs arise.

The responsibilities of these committees are summarised below. Each will have a written charter which, where applicable, will satisfy the recommendations of the ASX Corporate Governance Council. The Board will review the charters and operating procedures on a regular basis.

Audit & Risk Committee

The Committee's key responsibilities and functions will be to:

- oversee Centro Retail Australia's relationship with the external auditor and the external audit function generally;
- oversee Centro Retail Australia's relationship with the internal auditor and the internal audit function generally;
- oversee Centro Retail Australia's financial controls and systems and the preparation of financial statements and reports;
- oversee the process of identification and management of financial control risk and systems; and
- oversee Centro Retail Australia's risk profile and risk policy and the establishment and maintenance of a risk management framework and supporting risk management system for Centro Retail Australia.

The Audit & Risk Committee will work in a complementary manner with other committees of the Board to ensure overall oversight of risk issues is achieved.

Compliance Committee

The role of the Committee will be to oversee and advise the Board in relation to the RE's compliance with the statutory and regulatory obligations relating to managed investment schemes to which it is subject. The Committee is responsible for monitoring the RE's compliance with the Compliance Plan adopted by the RE (which is discussed further below) for each managed investment scheme for which it is the RE.

Nomination Committee

The Committee will be responsible for considering and advising the Board on matters relating to the appointment of Directors. As part of these responsibilities, the Committee has specific functions including:

- reviewing and recommending to the Board the size and composition of the Board, including a review of Board membership, including recommendations for the appointment and re-election of Directors, and where necessary propose candidates for consideration by the Board;
- reviewing and recommending to the Board the criteria for Board membership;
- establishing a transparent and formal procedure to identify individuals who are qualified to become Board members; and
- assisting the Board as required in relation to the performance evaluation of the Board.

Remuneration and HR Committee

The role of the Committee will be to advise the Board on matters relating to:

- the remuneration of the CEO and other senior executives of Centro Retail Australia;
- the general remuneration principles and framework in use for all Centro Retail Australia employees;
- management programs in use to optimise the contributions of Centro Retail Australia's human resources, particularly related to succession and development planning, attraction and retention and performance management; and
- making recommendations to the Board regarding the remuneration framework for Directors.

6.4.7. Governance policies

The Board will put in place policies to establish and ensure the appropriate governance of Centro Retail Australia.

Some of the key policies will be:

Related Party Transactions and Conflicts of Interest Policy

Centro Retail Australia aims to achieve a high standard of corporate governance in its management of various registered schemes. It aims to ensure that all transactions that involve related parties or actual or potential conflicts of interest are determined on a fair, reasonable and consistent basis. Centro Retail Australia will therefore adopt a policy that will:

- prescribe the circumstances in which a Centro Retail Australia company or the RE of a Centro Retail Australia scheme may enter into a related party transaction; and
- where a Centro Retail Australia company or Centro Retail Australia RE proposes to enter into a transaction which may not be a related party transaction, but nevertheless gives rise to a potential conflict of interest, prescribe the manner in which the Centro Retail Australia company or Centro Retail Australia RE may deal with the potential conflict.

Dealings in Securities

It will be Centro Retail Australia policy to prohibit Directors and employees from dealing in Securities while in possession of price-sensitive information. All trading will be required to be in accordance with the procedures that will be set out in the Policy. In accordance with the provisions of the Corporations Act and the ASX Listing Rules, Directors will be required to advise ASX of any transactions conducted by them in New Stapled Securities.

Risk Management and Internal Control Framework

The Board and management will recognise that effective risk management and internal controls are an integral part of sound management practice and good corporate governance as they improve decision-making and enhance outcomes and accountability. The Board will obtain assurance from the CEO and Chief Financial Officer that the declaration provided annually in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board will be responsible for the overall Risk Management and Internal Control Framework of Centro Retail Australia, which will include the following activities:

- **Material Risks Register** – Centro Retail Australia must have a robust Risk Management Framework in which material risks are proactively identified, communicated and managed. The Material Risk Register is an effective management tool that will be used to identify and communicate material risks. It will be updated on a quarterly basis and reported to the Executive Committee and the Board via the Risk Management Committee. It will also be used to monitor material risks and risk mitigation strategies. The Material Risk Register will cover broad risk categories including business continuity, strategic objectives, financial, people and occupational health and safety, reputation, infrastructure, assets and systems, legal and regulatory. Management will report to the Boards as to the effectiveness of Centro Retail Australia's management of its material business risks.
- **Internal Audit** – The Internal Audit function provides independent objective assurance and makes recommendations to assist Centro Retail Australia in maintaining its Risk Management and Internal Control Framework. It will also test compliance with internal controls.

Continuous Disclosure Policy

It will be Centro Retail Australia policy that all New Stapled Securityholders have equal access to Centro Retail Australia's information. Comprehensive processes and procedures will be in place to ensure that all material price-sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Act and the ASX Listing Rules. All information provided to ASX will be immediately posted to Centro Retail Australia's website.

Securityholder Communication

Centro Retail Australia will adopt an Investor Communications Policy designed to ensure that Investors are fully informed about all major developments in the operations of Centro Retail Australia.

Centro Retail Australia will have a dedicated Investor Services team to manage investor enquiries on a daily basis.

The Annual General Meetings of Centro Retail Australia will provide an opportunity for investors to ask questions, express views and respond to Board proposals. Centro Retail Australia's external auditor will also attend the Annual General Meeting to answer any questions about the conduct of the audit and the content and preparation of the audit report.

Financial Reporting

Centro Retail Australia will have a comprehensive budgeting system with an annual budget approved by the Board. Monthly actual results will be reported against budget and revised forecasts for the year and will be prepared regularly. Centro Retail Australia will report to New Stapled Securityholders six monthly and operate on a financial year basis (i.e. year ending 30 June).

6.4.8. Compliance Plan

The Compliance Plan will apply to all of the registered managed investment schemes that are in Centro Retail Australia, and will provide a framework to review and monitor the investment risk for investors in those schemes.

The Compliance Plan will set out measures that the RE is to apply in operating Centro Retail Australia to ensure compliance with the Corporations Act, the RE's Australian financial services licence and Centro Retail Australia Constitution. This includes arrangements for ensuring that:

- the assets of Centro Retail Australia are properly identified and held separately from property of the RE and property of any other trust;
- the assets of Centro Retail Australia are valued at regular intervals appropriate to the nature of the assets;
- the Compliance Plan is audited as required under the Corporations Act; and
- adequate records are kept.

The RE's compliance with the Compliance Plan will be audited annually. The Compliance Plan auditor's report must be lodged with ASIC, together with the annual financial statements of Centro Retail Australia. The auditor of the Compliance Plan must notify ASIC in writing if contravention of the Corporations Act has occurred and it believes that the contravention has not been or will not be adequately dealt with. The RE may indemnify, from the assets of Centro Retail Australia, members of the Compliance Committee for the proper performance of their duties and may purchase insurance for the Committee members.

The Compliance Officer will be responsible for performing periodic reviews of Centro Retail Australia's compliance with the provisions of the Compliance Plan.

6.5. REMUNERATION AND COMPENSATION FOR SENIOR EXECUTIVES

Centro Retail Australia's executive remuneration strategy has been designed to increase Securityholder value by ensuring there are strong mechanisms to align the interests of senior executives with Securityholders. This will be achieved through a balanced remuneration mix and robust performance hurdles for at-risk remuneration that link executive pay to both individual performance and achievement of overall corporate objectives.

Remuneration of the CEO and Executive Committee members will comprise

- fixed remuneration – inclusive of base salary, superannuation and benefits;
- short-term incentive (**STI**) – opportunity to receive an annual cash-based incentive award subject to achievement of specified company financial and individual objectives and continued employment; and
- long-term incentive (**LTI**) – opportunity to receive an annual grant of performance rights subject to achievement of specified company financial and strategic objectives and continued employment, which will align a significant portion of total remuneration to longer term Securityholder value. The final detail of this plan will be determined by the Centro Retail Australia Board before or shortly after Aggregation.

6.5.1. Employment Agreements

Interim Chief Executive Officer (Mr Robert Tsenin)

As outlined above, Mr Robert Tsenin is appointed as Interim CEO and Executive Director until his planned retirement on 30 June 2012. Mr Tsenin may elect to terminate his employment earlier than this date, if the New CEO commences as the New CEO prior to 30 June 2012.

The material terms of Mr Tsenin's Employment Agreement in his capacity of Interim CEO and Executive Director are summarised as follows:

Mr Tsenin's fixed remuneration (inclusive of base salary, superannuation, non-monetary benefits and allowances) will be $1.6 million per annum. Mr Tsenin will also be eligible to participate in a short-term incentive (STI) plan. The STI will provide Mr Tsenin with an opportunity to earn an annual cash-based incentive of 75% of fixed remuneration at target, up to a maximum of 150% of fixed remuneration at stretch, subject to achieving and exceeding specified targets, which will include both company financial targets and other key strategic objectives. For the year ending 30 June 2012, the amount of STI for which Mr Tsenin will be eligible will be pro-rated to reflect the actual period of employment worked by Mr Tsenin if his employment ends before 30 June 2012. Mr Tsenin will remain entitled to any existing long-term incentive which has been determined and/or awarded, but not participate in the LTI plan for Centro Retail Australia.

The term of Mr Tsenin's Employment Agreement ends on 30 June 2012, unless terminated earlier in accordance with the Agreement. At 30 June 2012 Mr Tsenin's employment will automatically end, without the need for further notice or payment in lieu of notice.

Chief Executive Officer (New CEO) (not yet appointed)

It is anticipated that the New CEO, upon appointment will be employed for a period of years under an Executive Service Agreement.

Under the Agreement, the fixed remuneration for the New CEO (inclusive of base salary, superannuation and non-monetary benefits) will be set with reference to externally and independently sourced market benchmark data and subject to annual review. The New CEO will also be eligible to participate in a short-term and long-term incentive plan.

The STI will provide the New CEO with the opportunity to earn an annual cash-based incentive payment of a percentage of fixed remuneration at target, up to a maximum percentage of fixed remuneration, subject to achieving and exceeding specified stretch targets, which will include both company financial targets and other key strategic objectives.

The LTI will provide the New CEO with the opportunity to receive a percentage of fixed remuneration as an annual grant of performance rights. No amount will be payable by the New CEO for the grant/s. Vesting of performance rights will be subject to achievement of specified performance hurdles over a three year period. The performance hurdles will provide a direct link to the long-term growth and performance of the business.

It is anticipated that any unvested performance rights will be forfeited where the New CEO ceases employment prior to the end of the vesting period (other than in specific circumstances including retirement, genuine redundancy, death, or invalidity).

The final version of the Executive Service Agreement for the New CEO, including the detail of fixed remuneration, STI and LTI plans, will be determined by the Centro Retail Australia Board before or shortly after Aggregation, after taking external advice to ensure the competitiveness of the offer.

Other senior executives

Centro Retail Australia's most senior executives will sit on the Executive Committee and report directly to the CEO. The executives will be employed under individual Executive Service Agreements, which set out:

- details of the executive's remuneration package;
- notice and termination provisions; and
- leave entitlements and other employment-related matters.

The executives will also be eligible to participate in Centro Retail Australia's executive short-term and long-term incentive plans. Awards under these plans will be subject to achievement of specified performance hurdles. The LTI will provide the executives with the opportunity to receive annual grants of performance rights which will vest over a three-year period subject to the performance hurdles being met.

The executives' employment may be terminated at any time by:

- giving Centro Retail Australia 6 months notice; and
- Centro Retail Australia giving the executive 12 months notice.

6.5.2. Executive and Employee Incentive Plans

Centro Retail Australia will provide senior executives, and other eligible employees as determined by the Board, the opportunity to participate in the following incentive plans to assist in aligning employee and Securityholder interests, and employee retention:

- Short-Term Incentive Plan (STI)
- Long-Term Incentive Plan (LTI)

Short-Term Incentive Plan

The objective of the STI is to closely link a component of at-risk remuneration to business and individual performance targets, such that the award is only received for strong performance against specified goals and budgets. The award will be made on an annual basis, subject to financial performance of Centro Retail Australia, and will be paid in cash, after results for the financial year have been audited.

Performance conditions

Performance hurdles against which individual and company performance will be measured will include a mix of financial and non-financial hurdles, to be determined by the Board taking account of the key strategic and financial imperatives of Centro Retail Australia.

Long-Term Incentive Plan

The objective of the LTI Plan is to align an at risk component of total remuneration with the longer-term performance and goals of Centro Retail Australia, and consequent effect on Securityholder value, through an annual grant of performance rights. No amount will be payable by the participant for the grant of performance rights. The rights will vest over a three-year period, subject to achievement of specified performance conditions.

Performance conditions

Performance over the vesting period will be measured with reference to a combination of external and internal hurdles, to be determined by the Board taking account of the key strategic and financial imperatives of Centro Retail Australia. The external hurdles will be measured relative to an externally benchmarked comparator group.

The number of performance rights that may be granted to any individual will be determined by dividing the dollar value of the LTI allocation award by the fair value of each performance right at the date of grant.

Cessation of employment

The performance rights will lapse immediately where employment ceases for reasons other than retirement, genuine redundancy, death or invalidity. Where employment ceases as a result of one of the above (i.e. the employee is a "good leaver"), an accelerated vesting of pro-rata entitlements will be made to reflect the period served, subject to the discretion of the Board.

The final form of this plan will be determined by the Centro Retail Australia Board before or shortly after Aggregation.

6.6. KEY POLICIES

This Section outlines key policies which will guide Centro Retail Australia's strategy.

Investment policy

Preferred attributes for Centro Retail Australia's direct property investment portfolio include:

- Australian retail property;
- regional / sub-regional asset focus;
- metropolitan / key regional centre focus; and
- control of assets typically by way of 100% ownership of properties.

Centro Retail Australia's development pipeline is expected to be focused on expanding existing properties rather than green-field development in the early stages post Aggregation.

The Aggregation Fund REs may take into account environmental, social or ethical considerations when selecting, or making decisions about whether to retain or realise investments. Environmental factors are addressed as part of normal real property investment due diligence.

Valuation policy

All properties will be independently valued by rotation at least once every two years with Directors' valuations at intervening six-monthly intervals. Where necessary, independent valuations may also be obtained to support debt refinancing and/or compliance obligations.

Unit pricing policy

The underlying net asset value of New Stapled Securities will be calculated and published half yearly.

The price at which New Stapled Securities trade on the ASX may be higher or lower than the net asset value.

Distribution policy

The distribution policy of Centro Retail Australia will be to pay out 100% of Underlying Earnings less cash retained to fund maintenance capital expenditure and tenant and leasing incentives. This is subject to general business and financial conditions, working capital requirements, taxation considerations and any other matters that the Board considers relevant.

6.7. RELATED PARTY TRANSACTIONS

Entities within Centro Retail Australia group will be parties to a number of transactions with, or have investments in, related parties. The material transactions and investments are as follows.

- **Related party loans**

  Centro Retail Australia will be the lender under various loans to Centro MCS Syndicates. These loans are predominately being acquired from CNP as part of Aggregation. Section 9.2.3 sets out details of the loans, including the loan balance as at 30 June 2011 and the amount of any provision in respect of each loan as at 30 June 2011.

  All of these loans are interest bearing with repayment required on reasonable notice and the outstanding amounts are expected to be ultimately repaid at the post-provision amount, however there is always a risk that the relevant Centro MCS Syndicates will not be able to repay all of that amount.

- **Interest rate hedges**

  As noted in Section 9.2.3, as part of Aggregation, Centro Retail Australia will acquire interest rate swap agreements with managed funds with balances totalling $25.3 million ($19.4 million CAWF and $5.9 million Centro MCS Syndicates) as at 30 June 2011. These interest rate swap agreements assist the relevant Centro MCS Syndicates in managing interest rate risk. Centro Retail Australia will honour its obligations in relation to the interest rate swap agreements through to maturity unless termination prior to maturity is considered to be in the best interests of both the relevant Centro MCS Syndicate and Centro Retail Australia. The longest dated interest rate swap agreement matures in late 2012. Centro Retail Australia does not intend to enter into any new interest rate swap or other derivative agreements with any Centro MCS Syndicates.

- **Investments in and management of Centro MCS Syndicates**

  Entities within Centro Retail Australia group will be the RE of, and property manager to, the Centro MCS Syndicates and will also hold a number of investments in the Centro MCS Syndicates. Section 4.6.9 sets out details of these investments including their value as at 30 June 2011.

- **Flexible Exit Mechanism**

  At the date of this Document 15 of the 27 Centro MCS Syndicates that Centro Retail Australia may manage currently incorporate a liquidity feature in their constitutions known as the FEM. Investors in some Syndicates are to be asked to approve the replacement of CNP with Centro Retail Australia as the counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those which CNP has at the date of this Document under the FEM including the obligation to acquire any units that are put by Syndicate investors either for cash or New Stapled Securities or a combination of both. Sections 14.5 and 5.3.3 set out further information on the FEM including risks for Centro Retail Australia in becoming the counterparty to the FEM obligations.

- **CNP and DPF stamp duty indemnity**

  As part of Aggregation, Centro Retail Australia has agreed to indemnify CNP and DPF for existing and future stamp duty assessments in relation to certain historical transactions. The stamp duty provision held by CNP in relation to these matters totalling $88.5 million has been taken into account for the purpose of calculating the Aggregation Ratios. See Sections 5.4.8 and 7.3.10 for further information.

- **Provision of transitional services to CNP**

  Centro Retail Australia entities will provide certain transitional services (including accounting, information technology and human resources support) to CNP entities under a Transitional Services Agreement for which Centro Retail Australia will receive compensation on a cost reimbursement basis. See Section 14.6 for more information.

Related Party Transactions and Conflicts of Interest Policy

Please see Section 6.4 for Centro Retail Australia's governance policies about related party transactions and conflicts of interest.

7. Financial Information

7.1. INTRODUCTION

This Section contains certain historical and forecast financial information (together "Financial Information"). The Financial Information has been prepared to reflect the Aggregation as described in Section 3.

The **Historical and Pro Forma Historical Financial Information** (Section 7.3) comprises the:

- Pro Forma historical earnings before interest and tax (**EBIT**) excluding fair value adjustments for Centro Retail Australia for the years ended 30 June 2010 and 30 June 2011;
- Historical balance sheets of CER, CAWF and DPF as at 30 June 2011; and
- Pro Forma historical balance sheets of DHT and Centro Retail Australia as at 30 June 2011.

In considering the historical information in this Section, you should note that past performance is not a reliable indication of future performance.

The **Forecast Financial Information** (Section 7.4) comprises the:

- Pro Forma forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 assuming Aggregation occured on 30 June 2011, referred to as "Pro Forma"; and
- Forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 assuming Aggregation occurred on 1 December 2011 in accordance with the planned Aggregation timetable, referred to as "statutory".

In considering the forecast financial information in this Section, you should note that where forward-looking information is used, the information may be affected by known or unknown risks and uncertainties. This may mean that the forecast earnings and distributions differ materially from results ultimately achieved. Please refer to the Important Notices at the front of this Document in respect of forward-looking statements.

Also summarised in this Section are:

- the basis of preparation of the Financial Information (Section 7.2);
- a reconciliation between the DPF historical balance sheet and DHT Pro Forma historical balance sheet as at 30 June 2011 (Section 7.3.5);
- details of Centro Retail Australia's debt facilities (Section 7.3.6);
- a reconciliation of the Pro Forma forecast earnings and distribution information to the forecast earnings and distribution information for Centro Retail Australia assuming Aggregation occurs on 1 December 2011 (Section 7.4.3);
- the Directors of each of the Issuers key best estimate assumptions underpinning the Forecast Financial Information (Section 7.5);
- sensitivity analysis on the Pro Forma forecast earnings for Centro Retail Australia (Section 7.6);
- key accounting policies adopted in preparing the Financial Information (Section 7.7);
- a description of the alternative basis of presentation, which has been prepared and presented in a manner consistent with the Directors of each of the Issuers view on how the segment information would be presented in the statutory financial statements of Centro Retail Australia should Aggregation proceed (Section 7.8);
- Pro Forma earnings information for Centro Retail Australia for the year ending 30 June 2011 prepared on an alternative basis of presentation (Section 7.8.1);
- Pro Forma forecast earnings information for Centro Retail Australia for the year ending 30 June 2012 prepared on the alternative basis of presentation (Section 7.8.1);
- Pro Forma historical balance sheet of Centro Retail Australia as at 30 June 2011 prepared on the alternative basis of presentation (Section 7.8.4); and
- material financial position changes since last balance sheet date (Section 7.9).

The information contained in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained within this Document.

The Financial Information has been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Investigating Accountant's Report is contained in Section 12. Investors should note the scope and limitations of the Investigating Accountant's Report. Ernst & Young Transaction Advisory Services Limited cannot and does not guarantee that the financial forecasts will be achieved.

7.2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Financial Information included in this Section has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except where otherwise disclosed.

Investors should be aware that certain financial information included within this Document has been presented on a basis other than in accordance with recognition, measurement, presentation and disclosure requirements of Australian Accounting Standards (considered "non-conforming financial information" by ASIC) such as EBITDA, EBIT and Underlying Earnings. Further, this Section also includes earnings information and a balance sheet presented on an alternative basis of preparation as explained in Section 7.8. The Directors of each of the Issuers believe that these alternative presentations provide useful information for investors, but should not be considered an indication of, or alternative to, net profit as an indicator of operating performance, or statement of financial position determined in accordance with the recognition, measurement, presentation and disclosure requirements of Australian Accounting Standards.

The key accounting policies adopted in preparing the Financial Information are disclosed in Section 7.7. Consistent accounting policies have been applied by the Aggregation Funds historically and in the forecast period, and consistent methodologies are applied between Aggregation Funds.

The expected impact of Australian Accounting Standards issued but not yet effective as at the date of this Document have been considered. There are no Australian Accounting Standards issued but not yet effective that are expected to have a material impact on the Forecast Financial Information. Included within Section 7.2.1 is a discussion of an Australian Accounting Standard (AASB 10) that has been issued, but is not yet effective that may significantly affect the presentation of the financial information by Centro Retail Australia outside the forecast period.

7.2.1. Preparation of Historical and Pro Forma Historical Financial Information

The Historical Financial Information that is set out in Sections 7.3.3 and 7.3.5, comprising the historical balance sheets of CER, CAWF and DPF as at 30 June 2011, has been extracted from the audited statutory financial statements of CER, CAWF and DPF (of which DHT is a subsidiary) for the year ended 30 June 2011.

The 2011 Annual Report for CER is available from www.cerinvestor.com.au and includes the statutory financial statements of CER. These financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, noting the inherent uncertainty regarding the continuation of CER as a going concern, due to the net current asset deficiency of $553.6 million at 30 June 2011 as a result of certain loan facilities expiring within 12 months. As a result, CER remains reliant on the continued support of its lenders, through the extension or refinancing of certain loan facilities beyond existing expiry dates.

The statutory financial statements of CAWF have been lodged with ASIC and are available from www.centro.com.au. These financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, noting the inherent uncertainty regarding CAWF's ability to continue as a going concern, due to the net current asset deficiency of $611.4 million at 30 June 2011 as a result of certain loan facilities expiring within 12 months.

The statutory financial statements of DPF have also been lodged with ASIC and are available from www.centro.com.au. These financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, with an emphasis of matter regarding the liquidation basis of preparation of the financial statements. DPF adopted the liquidation basis of accounting for the year ended 30 June 2011 as a result of the RE's intention to wind up the fund to provide liquidity to its investors.

The Pro Forma historical EBIT information for Centro Retail Australia Fund that is set out in Section 7.3.1 has been prepared as if the Aggregation occurred on 1 July 2009 and is derived from the audited statutory financial statements of the Aggregation Funds.

The Pro Forma historical balance sheet for Centro Retail Australia that is set out in Section 7.3.3 has been prepared as if the Aggregation occurred at midnight on 30 June 2011 and is compiled from the audited statutory financial statements of the Aggregation Funds and the Pro Forma adjustments outlined in Section 7.3.4 and is based on the following assumptions:

- The Aggregation will be accounted for as either a business combination or a common control transaction. In the event that Aggregation is a business combination it has been assumed that the Services Business as a collective would be the acquirer. Should the transaction be a common control transaction, the assets and liabilities of the Aggregation Funds will be consolidated at existing book values. Under either scenario it is anticipated that no material adjustments are required to the existing carrying values of the assets and liabilities of the Aggregation Funds or the historical financial information; and
- Centro Retail Australia will control the following Centro MCS Syndicates: Centro MCS 12, 25, 26, 27, 30 and 37 due to its controlled voting interest exceeding 50% in each of these Syndicates. As a result, Centro Retail Australia's balance sheet includes the gross assets and liabilities of these Centro MCS Syndicates and recognises the external ownership interests in these Centro MCS Syndicates as "puttable interests in consolidated finite life trusts".

  AASB 10 *Consolidated Financial Statements* is an Australian Accounting Standard that has been issued but is not yet effective, which may impact Centro Retail Australia in future financial years outside the forecast period.

  AASB 10 is applicable to annual reporting periods beginning on or after 1 January 2013 and it replaces AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*.

  The new control model of AASB 10 broadens the situations when an entity is considered to be controlled by another entity. It includes new guidance for applying the model to specific situations, including when acting as a manager, and when holding less than a majority of voting rights. As a result, Centro Retail Australia may control additional Centro MCS Syndicates under the AASB 10 control model and therefore be required to consolidate those Syndicates in the future.

  The impact of AASB 10 has not been considered in compiling the Pro Forma historical balance sheet of Centro Retail Australia as the standard was issued in August 2011 and will not be mandatory until annual reporting periods beginning on or after 1 January 2013. The Directors of each of the Issuers are still considering application guidance and assessing the impact of this standard.

  Centro Retail Australia will need to consider the application of AASB 10 to the total Centro MCS Syndicate portfolio funds under management of $2.6 billion of which approximately $550 million is already consolidated through the control of Centro MCS 12, 25, 26, 27, 30 and 37.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all of the disclosures required in statutory financial statements prepared in accordance with the Corporations Act.

7.2.2. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared based on the best estimate assumptions of the Directors of each of the Issuers. Those Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Document.

The key best estimate assumptions of the Directors of each of the Issuers are set out in Section 7.5. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring; it is not intended to be a representation that the assumptions will occur.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a materially positive or negative effect on Centro Retail Australia's actual financial performance or position. Investors should note that the best estimate assumptions are subject to significant uncertainties and contingencies often outside the control of Directors of each of the Issuers. This may mean that the forecast earnings and distributions may differ materially from results ultimately achieved.

Investors are advised to review the key best estimate assumptions, in conjunction with the sensitivity analysis set out in Section 7.6, the risk factors set out in Section 5 and other relevant information set out within this Document.

7.3. HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

7.3.1. Pro Forma historical earnings information

Set out below is the Pro Forma historical earning before interest and taxation (EBIT) information for Centro Retail Australia assuming the Aggregation occurred on 1 July 2009.

The Pro Forma historical EBIT for Centro Retail Australia has been prepared to show the historical performance of Centro Retail Australia had it been operating from 1 July 2009 and to provide comparability with the Centro Retail Australia Forecast Financial Information set out in Section 7.4.

The Pro Forma historical EBIT information of Centro Retail Australia has been presented to an EBIT level only and therefore excludes fair value adjustments such as the impact of the movement on mark-to-market of derivatives and the impact of property revaluations for the years ended 30 June 2010 and 30 June 2011.

The Directors of each of the Issuers believe Pro Forma historical financial information on interest expense would not be comparable to the Centro Retail Australia equivalent forecast information due to the significant differences between gearing levels and financier margins amongst the Aggregation Funds over the historical period and the forecast assumptions adopted for Centro Retail Australia.

Movement in the mark-to-market of derivatives, property revaluations and restructuring related advisor fees have been excluded from the Pro Forma historical EBIT information as there are no equivalent items in the Forecast Financial Information for Centro Retail Australia, and consequently inclusion of these items would not be comparable with the Forecast Financial Information and would be potentially misleading to investors.

The revenue and expenses of directly owned properties sold during the period have been removed from the Pro Forma historical financial information, no adjustment has been made for asset dispositions by Centro MCS Syndicates. These assets do not have a material impact on the Pro Forma historical financial information.

TABLE 7.1 PRO FORMA HISTORICAL EBIT EXCLUDING FAIR VALUE ADJUSTMENTS

	Pro forma Year Ended 30 June 2010 **$m**	**Pro forma** Year Ended 30 June 2011 **$m**
Property ownership revenue	462.1	474.8
Services revenue	34.8	35.0
Distribution revenue	12.8	11.9
Total revenue	**509.7**	**521.7**
Other income	1.3	2.1
Share of net profits of associates and joint ventures accounted for by equity method	50.4	53.3
Direct property expenses	(123.2)	(127.5)
Employee benefit expenses	(57.7)	(61.4)
Adviser fees	(9.0)	(10.3)
Other expenses[1]	(7.8)	(8.7)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(17.0)	(16.3)
EBITDA excluding fair value adjustments	**346.7**	**352.9**
Depreciation and amortisation expense	(1.6)	(1.1)
EBIT excluding fair value adjustments	**345.1**	**351.8**

Note

1 Other expenses includes Board costs and office expenses net of recoveries.

Details of the Pro Forma historical EBIT information for each Aggregation Fund together with the Pro Forma adjustments required to prepare the Pro Forma historical EBIT for Centro Retail Australia for the years ended 30 June 2010 (FY10) and 30 June 2011 (FY11) are included in Appendix A.

CER and CAWF derive the majority of their earnings from joint venture entities and associates and therefore use equity accounting to recognise these earnings. Under this method of accounting, the earnings of these investments are recognised as a single line within the income statement. On Aggregation, the majority of these investments will be controlled by the Centro Retail Australia and will consequently be consolidated rather than equity accounted. Consolidating these investments results in the individual income statement items for these investments being recognised in the income statement of Centro Retail Australia.

7.3.2. Management discussion and analysis of the Pro Forma historical EBIT excluding fair value adjustments

Revenue

- Property ownership revenue increased by 2.7% or $12.7 million from $462.1million in FY10 to $474.8 million in FY11, due to annual increases in rental income in line with inflationary adjustments built into the majority of leases.
- Distribution revenue decreased by 7.0% or $0.9 million from $12.8 million in FY10 to $11.9 million in FY11, due to decreases in distributions from underlying investments resulting primarily from higher financing costs and retentions for capital expenditure and debt repayments within those investments.

Pro Forma EBIT excluding fair value adjustments

Pro Forma EBIT excluding fair value adjustments increased by 1.9% or $6.7 million from $345.1 million in FY10 to $351.8 million in FY11. The main drivers of this increase were:

- Revenue increased by $12.0 million from $509.7 million in FY10 to $521.7 million in FY11 as noted above; and
- Share of net profits of associates and joint ventures accounted for by equity method increased by 5.8% or $2.9 million from $50.4 million in FY10 to $53.3 million in FY11 due to underlying performance improvements in equity accounted properties.

These increases were partially offset by:

- Increase in direct property expenses of 3.5% or $4.3 million from $123.2 million in FY10 to $127.5 million in FY11 due to inflation and increased statutory costs; and
- Increase in employee benefit expenses of 6.4% or $3.7 million from $57.7 million in FY10 to $61.4 million in FY11 due to increased property management headcount and annual salary review increases.

7.3.3. Historical and Pro Forma balance sheets

Set out below are the historical balance sheets of CER and CAWF, and the Pro Forma historical balance sheet of DHT together with the Pro Forma adjustments required to compile the Centro Retail Australia Pro Forma balance sheet as at 30 June 2011, assuming the Aggregation occurred on that date.

The historical balance sheets of CER and CAWF have been extracted from their audited statutory financial statements for the year ended 30 June 2011 and the Pro Forma historical balance sheet of DHT has been derived from the audited statutory financial statements of DPF for the year ended 30 June 2011.

The Pro Forma adjustments are set out in Section 7.3.4.

The Centro Retail Australia Pro Forma adjustments are based on the following assumptions:

- Aggregation occurred on 30 June 2011;
- All US assets were realised and the cash was received by CER on 30 June 2011, including cash in respect of CER's investments in international Centro MCS Syndicates 38, 39 and 40;
- CER had utilised all of its US investment sale proceeds to pay down borrowings on 30 June 2011; and
- Centro Retail Australia entered into the new debt facilities as detailed below in Section 7.3.6 on 30 June 2011.

TABLE 7.2 HISTORICAL AND PRO FORMA HISTORICAL BALANCE SHEETS

	Aggregation Funds				
As at 30 June 2011	**CER Historial**	**CAWF Historial**	**DHT Pro Forma Section 7.3.5**	**Pro Forma adjustments Section 7.3.4**	**Centro Retail Australia Pro Forma**
	$m	**$m**	**$m**	**$m**	**$m**
Current assets					
Cash	167.6	12.7	-	(126.2)	54.1
Other current assets[1]	55.9	16.8	-	101.9	174.6
Total current assets	**223.5**	**29.5**	**-**	**(24.3)**	**228.7**
Non-current assets					
Investment property[2]	111.8	-	-	4,155.0	4,266.8
Equity accounted investments[3]	1,403.9	1,987.6	-	(2,877.6)	513.9
Managed fund investments[4]	-	-	419.4	(121.5)	297.9
Intangible assets[5]	-	-	-	199.7	199.7
Other non-current assets	50.4	7.0	8.0	(47.6)	17.8
Total non-current assets	**1,566.1**	**1,994.6**	**427.4**	**1,308.1**	**5,296.1**
Total assets	**1,789.6**	**2,024.1**	**427.3**	**1,283.8**	**5,524.8**
Current liabilities					
Borrowings[6]	734.3	610.6	-	(1,096.2)	248.7
Other current liabilities[7]	42.8	30.3	-	17.5	90.6
Total current liabilities	**777.1**	**640.9**	**-**	**(1,078.7)**	**339.3**
Non-current liabilities					
Borrowings[6]	-	-	-	1,645.0	1,645.0
Puttable interests in consolidated finite life trusts[8]	-	-	-	93.6	93.6
Other non-current liabilities[9]	-	19.4	-	75.7	95.1
Total non-current liabilities	**-**	**19.4**	**-**	**1,814.3**	**1,833.7**
Total liabilities	**777.1**	**660.3**	**-**	**735.6**	**2,173.0**
Net assets	**1,012.5**	**1,363.8**	**427.4**	**548.2**	**3,351.8**
Total equity	**1,012.5**	**1,363.8**	**427.4**	**548.2**	**3,351.8**
Stapled securities on issue (number)					1,340,727,759
Net asset value per security ($)					$2.50
Net tangible asset backing per security ($)					$2.35
Gearing (borrowings / investment property and equity accounted investments)					39.6%
Book gearing (total liabilities excluding puttable interests / total assets)					37.6%
Full look through gearing[10]					43.4%

Notes

1 Other current assets includes related party loans with Centro MCS Syndicates that will transfer to Centro Retail Australia on Aggregation, $40.0 million rollover, performance, wind-up and deferred RE fees and trade and other receivables within the Services Business which will transfer to Centro Retail Australia on Aggregation.

2 The Aggregation will result in Centro Retail Australia obtaining 100% ownership of many of the properties that are, at the date of this Document, jointly owned by CER and CAWF. Consequently, the properties are shown as "Investment property" and the associated debt is shown in "Borrowings", where previously they have been shown in 'Equity accounted investments'.

3 Centro Retail Australia will jointly own seven trusts (two joint ventures and five associates) that own investment properties. Centro Retail Australia will recognise its 50% share of the net assets of these trusts as "Equity accounted investments".

4 Centro Retail Australia will have a significant strategic investment in various Centro MCS Syndicates for which it acts as the property manager and RE. Where Centro Retail Australia does not have a controlling interest it will record the investment value based on the number of units owned by Centro Retail Australia multiplied by the net asset value per unit of the Syndicate.

5 Intangible assets represent part of the consideration paid for the Services Business as part of Aggregation.

6 The Pro Forma historical balance sheet of Centro Retail Australia has been prepared on the basis that it has entered into the new debt facilities as set out in Section 7.3.6 on 30 June 2011. The Centro Retail Australia debt facilities include a new $1,280 million facility with maturity dates ranging from three to four years from the date of Aggregation and retention of an existing $300 million facility of CER and CAWF with a revised maturity date of 4 December 2013. Borrowings classified as current are solely in respect of the Centro MCS Syndicates that Centro Retail Australia controls. Recourse for syndicate borrowings is to each individual syndicate's property assets only and, not to Centro Retail Australia.

7 Other current liabilities include trade creditors, accrued interest, accrued expenses and current employee entitlements.

8 Puttable interests in consolidated finite life trusts represents the portion of the Centro MCS Syndicates that are not owned by the Centro Retail Australia. It is represented as a liability as it is repayable to Centro MCS Syndicate investors at the end of the Syndicate term.

9 Other non-current liabilities include an provision for stamp duty in respect of assessments that have been raised by various state authorities but at the date of this Document are being disputed by either CNP or the Aggregation Funds and non-current employee entitlements.

10 Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates divided by Centro Retail Australia's proportionate share of all property investments.

11 No account has been taken of trading by any of the Aggregating Funds since 30 June 2011.

7.3.4. Pro Forma adjustments

Set out below are the Pro Forma adjustments made to the historical and Pro Forma historical balance sheets of the Aggregation Funds to compile the Pro Forma historical balance sheet of Centro Retail Australia as at 30 June 2011.

TABLE 7.3 PRO FORMA ADJUSTMENTS TO THE HISTORICAL AND PRO FORMA HISTORICAL BALANCE SHEETS OF THE AGGREGATION FUNDS

As at 30 June 2011	CPT Assets Note 1 $m	Services Business Note 2 $m	CSIF-A Note 3 $m	Payment to CSIF-Holders Note 4 $m	CER US proceeds Note 5 $m
Current assets					
Cash	-	2.5	8.1	(22.7)	(120.6)
Other current assets	253.8	71.4	4.6	-	(34.8)
Total current assets	**253.8**	**73.9**	**12.7**	**(22.7)**	**(155.4)**
Non-current assets					
Investment property	47.3	-	95.6	-	-
Equity accounted investments	-	-	149.9	-	-
Managed fund investments	78.7	-	-	-	-
Intangible assets	-	199.7	-	-	-
Other non-current assets	-	2.9	30.6	-	-
Total non-current assets	**126.0**	**202.6**	**276.1**	**-**	**-**
Total assets	**379.8**	**276.6**	**288.8**	**(22.7)**	**(155.4)**
Current liabilities					
Borrowings	-	-	205.5	-	(155.4)
Other current liabilities	-	21.1	5.1	-	-
Total current liabilities	**-**	**21.1**	**210.6**	**-**	**(155.4)**
Non-current liabilities					
Borrowings	-	-	-	-	-
Puttable interests in consolidated finite life trusts	-	-	-	-	-
Other non-current liabilities	88.5	3.9	-	-	-
Total non-current liabilities	**88.5**	**3.9**	**-**	**-**	**-**
Total liabilities	**88.5**	**25.0**	**210.6**	**-**	**(155.4)**
Net assets	**291.3**	**251.5**	**78.2**	**(22.7)**	**-**
Total equity	**291.3**	**251.5**	**78.2**	**(22.7)**	**-**

Estimated costs	Gross-up investments	Consolidate CMCS Syndicates	Eliminations	Acquisition of Centro Arndale	New Debt Facilities	Other	Pro Forma adjustments
Note 6 $m	Note 7 $m	Note 8 $m	Note 9 $m	Note 10 $m	Note 11 $m	Note 12 $m	$m
(27.2)	22.7	34.6	-	-	(19.1)	(4.5)	(126.2)
-	7.3	37.2	(237.6)	-	-	-	101.9
(27.2)	**30.0**	**71.8**	**(237.6)**	**-**	**(19.1)**	**(4.5)**	**(24.3)**
-	3,308.7	497.0	109.4	97.0	-	-	4,155.0
-	(2,840.7)	84.2	(134.3)	(48.5)	(88.2)	-	(2,877.6)
-	-	-	(200.1)	-	-	-	(121.5)
-	-	-	-	-	-	-	199.7
-	(48.6)	8.6	(39.5)	-	-	(1.7)	(47.6)
-	**419.4**	**589.8**	**(264.5)**	**48.5**	**(88.2)**	**(1.7)**	**1,308.1**
(27.2)	**449.4**	**661.6**	**(502.1)**	**48.5**	**(107.3)**	**(6.2)**	**1,283.8**
-	39.1	260.5	(156.9)	-	(1,290.9)	1.8	(1,096.2)
(8.2)	26.6	39.5	(48.5)	-	-	(18.2)	17.5
(8.2)	**65.7**	**300.0**	**(205.4)**	**-**	**(1,290.9)**	**(16.4)**	**(1,078.7)**
60.0	300.0	59.3	(6.4)	48.5	1,183.6	-	1,645.0
-	-	93.6	-	-	-	-	93.6
-	62.2	208.7	(287.6)	-	-	-	75.7
60.0	**362.2**	**361.6**	**(294.0)**	**48.5**	**1,183.6**	**-**	**1,814.3**
51.8	**427.9**	**661.6**	**(499.4)**	**48.5**	**(107.3)**	**(16.4)**	**735.6**
(79.0)	**21.5**	**-**	**(2.7)**	**-**	**-**	**10.2**	**548.2**
(79.0)	**21.5**	**-**	**2.7**	**-**	**-**	**10.2**	**548.2**

Notes on the following page.

7.
FINANCIAL INFORMATION

Notes

1 Acquisition of related party loans of $203.4 million, other working capital related receivables of $25.1 million and derivative balances of $25.3 million (all included within 'other current assets'), Centro Somerville for $38.5 million and the land adjoining Centro Keilor for $8.8 million ('investment property'), investments in managed funds totalling $78.7 million and a stamp duty provision of $88.5 million (included within 'other non-current liabilities').

2 Acquisition of Services Business including accrued roll-over, performance, wind-up and deferred RE fees of $40.0 million and other working capital related receivables of $31.4 million (included with 'other current assets'), intangible assets of $199.7 million and working capital liabilities, including employee entitlement liabilities of $24.9 million (current and non-current).

3 Consolidation of 100% of CSIF-A assets, currently owned by CNP and three Centro MCS Syndicates (CMCS 4, CMCS 14 and CMCS 25).

4 Payment to acquire the 28.73% of CSIF-A that the three Centro MCS Syndicates currently own of $22.7 million with the remaining CSIF-A interest being acquired as part of the CNP assets (refer note 3).

5 Receipt of final distribution from US Centro MCS Syndicates (Centro MCS Syndicates 38, 39 and 40) of $34.8 million and utilisation of remaining US sale proceeds on hand at 30 June 2011 to repay borrowings of $155.4 million.

6 Estimated joint transaction costs to be borne by the Aggregation Funds of $27.2 million, $8.2 million of which had been provided for at 30 June 2011. Also includes estimated stamp duty on Aggregation of $60.0 million which is to be debt funded and immediately written off.

7 CER, CAWF and CSIF-A currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of these properties on to the balance sheet of Centro Retail Australia.

8 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates that is not owned by Centro Retail Australia will be presented as "Puttable interests in consolidated finite life trusts"

9 Elimination of intergroup balances within Centro Retail Australia on consolidation. This includes the elimination of related party loans (acquired from CNP) with the Aggregating Parties and the elimination of investments in the Centro MCS Syndicates that are consolidated through Pro Forma adjustments 1 and 7.

10 Debt-funded acquisition of the 50% interest in Centro Arndale currently owned by Centro MCS Syndicate 33 on Aggregation.

11 Adjustment to reflect Centro Retail Australia entering into the new debt facilities, as outlined in Section 7.3.6.

12 Primarily reflect the payment by CAWF of its 30 June 2011 distribution and the reinvestment of the 30 June 2011 special distribution. Both distributions were provided in CAWF's 30 June 2011 statutory financial statements.

7.3.5. Reconciliation between DPF historical balance sheet and the DHT Pro Forma historical balance sheet

Presented above in Section 7.3.3 is the DHT Pro Forma balance sheet. DHT is a subsidiary of DPF and does not produce statutory financial statements in its own right. Accordingly, this information has been extracted from the audited financial statements of DPF for the year ended 30 June 2011 as set out below.

TABLE 7.4 RECONCILIATION BETWEEN DPF HISTORICAL BALANCE SHEET AND DHT PRO FORMA HISTORICAL BALANCE SHEET

		Pro Forma adjustments			
As at 30 June 2011	**DPF Historial**	**Eliminate assets not owned by DHT Note 1**	**Acquisition of investments by DHT Note 2**	**Reclassify managed fund investments to non-current Note 3**	**DHT Pro Forma**
	$m	**$m**	**$m**	**$m**	**$m**
Current assets					
Cash	3.8	(3.8)	-	-	-
Other current	21.7	(21.7)	8.0	(8.0)	-
Managed fund investments	1,400.1	(1,225.9)	245.1	(419.4)	-
Total current assets	**1,425.6**	**(1,251.4)**	**253.1**	**(427.4)**	**-**
Non-current assets					
Investment property	-	-	-	-	-
Equity accounted investments	-	-	-	-	-
Managed fund investments	-	-	-	419.4	419.4
Intangible assets	-	-	-	-	-
Other non-current	-	-	-	8.0	8.0
Total non-current assets	**-**	**-**	**-**	**427.4**	**427.4**
Total assets	**1,425.6**	**(1,251.4)**	**253.1**	**-**	**427.4**
Current liabilities					
Borrowings	-	-	-	-	-
Other current liabilities	9.1	(9.1)	-	-	-
Total current liabilities	**9.1**	**(9.1)**	**-**	**-**	**-**
Non-current liabilities					
Borrowings	-	-	-	-	-
Puttable interests in consolidated finite life trusts	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total non-current liabilities	**-**	**-**	**-**	**-**	**-**
Total liabilities	**9.1**	**(9.1)**	**-**	**-**	**-**
Net assets	**1,416.5**	**(1,242.3)**	**253.1**	**-**	**427.4**
Total equity	**1,416.5**	**(1,242.3)**	**253.1**	**-**	**427.4**

Notes

1 This Pro Forma adjustment separates DHT from DPF and eliminates the DPF investments which are not owned by DHT. DPF investments in other Aggregation Funds are eliminated as these will be converted to New Stapled Securities in their own right as part of the Aggregation.

2 In accordance with the proposed Aggregation transaction steps, DHT will acquire the remaining Centro MCS Syndicate investments of $245.1 million from other DPF Group entities and the investment in MPG Bulky Goods Trust and MAB Diversified Fund totalling $8.0 million.

3 The statutory financial statements of DPF were prepared on a liquidation basis at 30 June 2011 therefore all assets and liabilities were presented as current. This adjustment reverses that liquidation basis presentation, as this is not applicable to Centro Retail Australia.

7.3.6. CENTRO RETAIL AUSTRALIA FUND DEBT FACILITIES

A new debt financing package for Centro Retail Australia is intended to be put in place upon Aggregation implementation. In preparation for Aggregation, the Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that, if established and funding remains available, collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks particularly if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions.

Set out in Table 7.5 below is a summary of Centro Retail Australia's Pro Forma borrowings as at 30 June 2011 based on either existing facilities extending beyond Aggregation or on facilities the subject of those negotiations.
The facilities include:

- $248.7 million of current borrowings and $55.0 million of non-current borrowings of Centro MCS Syndicates that Centro Retail Australia will consolidate of which all are existing facilities. These borrowings are shown as current as the relevant Centro MCS Syndicates (not the Aggregation Funds) are currently negotiating to refinance or extend their facilities as required. If the Centro MCS Syndicates successfully negotiate to refinance or extend their facilities, and Aggregation proceeds, then some or all of these borrowings would be expected to be reclassified as non-current;
- $1,590.0 million of non-current consolidated borrowings (net of capitalised establishment costs) associated with properties in which Centro Retail Australia will hold a direct interest of which $300.0 million are existing facilities; and
- $234.9 million of borrowings in equity accounted vehicles that will not be separately identified on Centro Retail Australia's balance sheet of which $146.8 million are existing facilities.

Centro Retail Australia will also have indirect exposure to other borrowings (which are not included in Table 7.5) via investments in Centro MCS Syndicates that are neither consolidated nor equity accounted and the relevant Centro MCS Syndicates (not the Aggregation Funds) are currently negotiating to refinance or extend those facilities as required (refer to Table 8.12 for further details).

TABLE 7.5 CENTRO RETAIL AUSTRALIA PRO FORMA BORROWINGS AS AT 30 JUNE 2011

	Drawn Down $m	Facility Limit $m	Notes	Maturity	Existing Debt Facilities
Current borrowings					
Centro MCS 12, 25, 26, 30 and 37	248.7	248.7	1	Various in FY12	Yes
Total current borrowings	**248.7**	**248.7**			
Non-current borrowings					
Centro MCS 27	55.0	55.0	1	13-Dec-13	Yes
Core Facility	1,130.0	1,280.0	2	See Table 7.6	
Existing syndicated facility	300.0	300.0	3	4-Dec-13	Yes
Karratha (50% interest)	24.8	24.8	4	31-Dec-13	
Bankstown (50% interest)	157.5	157.5	5	31-Dec-13	
Capitalised establishment costs	(22.3)	(22.3)	6	n/a	
Total non-current borrowings	**1,645.0**	**1,795.0**			
Total consolidated borrowings	**1,893.70**	**2,043.70**			
Borrowings in equity accounted vehicles					
Lutwyche (50% interest)	14.5	14.5	4	1-Jul-13	
Roselands (50% interest)	73.6	73.6	5	31-Dec-13	
Tuggeranong Hyperdome (50% interest)	113.8	113.8	7	15-Feb-14	Yes
Victoria Gardens (50% interest)	33.0	33.0	8	31-Mar-15	Yes
Total borrowings in equity accounted vehicles	**234.9**	**234.9**			
Total borrowings	**2,128.60**	**2,278.60**			

Notes

1 Recourse is solely to each individual Syndicate's property assets and not to any assets of Centro Retail Australia.

2 Refer to further detail in following Sections below.

3 Existing syndicated facility of CER and CAWF with a maturity date of 4 December 2012 is intended to be extended to 4 December 2013 subject to final approval and Aggregation proceeding. The loan is secured over Cranbourne, Karingal, Warriewood and Mandurah. Recourse is solely to those four properties and not to any other assets of Centro Retail Australia.

4 Recourse will be solely to each individual property interest and not to any other assets of Centro Retail Australia.

5 Centro Retail Australia's loans secured by its 50% interests in Bankstown and Roselands are expected to be cross-collateralised (as it is intended they be provided by the same lender).

6 Reflects capitalised costs on existing facilities and the anticipated costs of establishing new facilities.

7 Existing facility expires on 15 December 2011. In addition to having recourse to Centro Retail Australia's 50% interest in Tuggeranong Hyperdome, the lender is expected to have recourse to up to $45 million in the form of a bank guarantee from Centro Retail Australia.

8 Existing facility expires on 15 December 2011. Recourse will be solely to the individual property interest.

Centro Retail Australia's largest debt facility is intended to be a new Core Facility of $1,280 million (including $100 million for development purposes and a $50 million working capital facility which are not expected to be drawn down on Aggregation). Security for the Core Facility is expected to include all of Centro Retail Australia's direct and indirect property interests that are not otherwise used to secure the other debt facilities outlined above.

The Core Facility is being negotiated with a syndicate of domestic and international banks led jointly by lead arrangers and book-runners. The banks forming the syndicate are at various stages of due diligence and seeking approvals to participate. A term sheet is being negotiated and indicative terms therein have formed the basis of Pro Forma forecast financing costs for Centro Retail Australia for the year ending 30 June 2012 in Sections 7.4 and 7.8. However, credit approvals have not been obtained as at the date of this document and there is no guarantee that approval will be obtained or that margins will be consistent with forecast assumptions.

Although not Centro Retail Australia's preferred solution, if sufficient approvals cannot be obtained for the Core Facility, an option that may be considered is separately offering one or more of the properties the subject of the Core Facility security as security for bi-lateral facilities with other financiers that express an interest in providing that form of finance.

The key terms of the proposed Core Facility are as set out in Table 7.6:

TABLE 7.6 CORE FACILITY

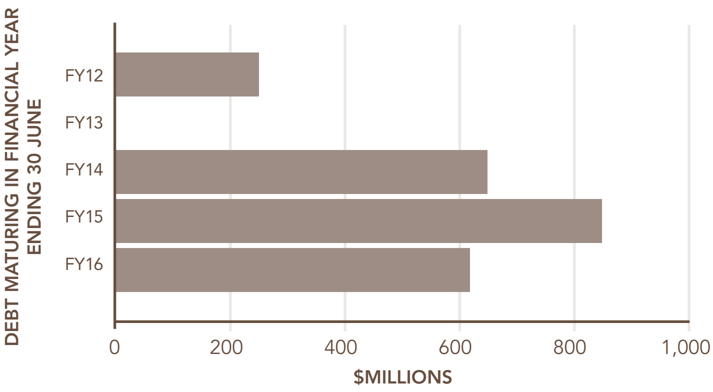
Tranches	Maturity Date
$665 million	3 years from date of facility agreement
$615 million	4 years from date of facility agreement
Interest rates	BBSY plus a Margin based on Centro Retail Australia's loan to value ratio.
Conditions precedent to initial draw down	The detailed terms sheet currently being negotiated contains market standard conditions precedent to initial drawdown for a facility of this nature. Additional conditions include: • the Aggregation becoming effective; • provision of evidence that the other non-core debt facilities shown in Table 7.5 can be refinanced or extended; • provision of a mitigation plan acceptable to the financiers setting out how Centro Retail Australia would fund any adverse decision in relation to the CER Class Action Litigation; • provision of evidence that debt facilities of the Centro MCS Syndicates can be refinanced or extended; and • no material adverse effect impacting the ability of Centro Retail Australia to perform its obligations under the facility. Accordingly, there can be no guarantee that conditions will be satisfied by the Aggregation Implementation Date to enable drawdown on the Core facility to occur.
Security	The obligations of Centro Retail Australia under the terms of the Core Facility will be guaranteed on a joint and several basis by Centro Retail Australia and each of its relevant wholly-owned subsidiaries as well as by provision of a first mortgage over the assets to which the facility relates and charges over the assets of Centro Retail Australia and of its wholly owned subsidiaries
Covenants	The Core Facility includes typical financial covenants, including: • Interest cover ratios; and • Gearing and loan to value ratios.

The Aggregation Funds intend to seek financier credit committee approvals, satisfy financier due diligence requirements and enter into formal agreements (which are likely to include normal conditions precedent to draw down) with each financier so as to ensure that all of the facilities that they are negotiating are available to be drawn down upon Aggregation.

Successful refinancing is a critical condition precedent to Aggregation. Whilst this condition precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the condition precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. The Directors of each of the Issuers consider that the new and existing facilities detailed in Table 7.5, combined with the cash flow expected to be generated from Centro Retail Australia, will be sufficient to allow Centro Retail Australia to carry out its business and stated objectives immediately following Aggregation, having regard to the financial and investment profile of Centro Retail Australia following Aggregation. Risks relating to funding requirements and liquidity are outlined in Sections 5.3.3, 5.4.2 and 5.4.3.

Table 7.7 below outlines Centro Retail Australia's Pro Forma borrowings maturity profile based on facility limits and maturity dates of total borrowings in Table 7.5.

TABLE 7.7 CENTRO RETAIL AUSTRALIA PRO FORMA TOTAL BORROWINGS MATURITY PROFILE



Over time, Centro Retail Australia's finance facilities may include secured and/or unsecured facilities (either syndicated or bilateral) with a number of lenders as well as bonds and hybrid instruments with staggered maturities to assist in managing credit risk and refinancing risk. Centro Retail Australia intends to seek an investment grade credit rating in due course to support its capital management strategies.

Centro Retail Australia intends to maintain gearing within a target range that will be established having regard to a number of factors such as the stage of the property value cycle and capital markets. Centro Retail Australia does not intend to materially increase its gearing following Aggregation.

7.3.7. Disclosure about financing and treasury risks

Centro Retail Australia's activities will be exposed to changes in interest rates. Policies and limits will be implemented in respect of the use of derivative and other financial instruments to hedge cash flows and economic exposures subject to interest rate risks. Centro Retail Australia's hedging policies will be approved and monitored by the Centro Retail Australia Board. Centro Retail Australia policy will not permit derivatives to be entered into for speculative purposes. Whilst Centro Retail Australia intends to use derivative instruments to manage its interest rate risk, its financial and operating results may be adversely affected if its hedges are not effective in managing that risk, if Centro Retail Australia is under-hedged, or over-hedged, or if a hedge counter-party defaults on its obligations under the hedging instruments. Consequently there can be no assurance that Centro Retail Australia's hedging arrangements or changes in interest rates will not have a material adverse effect on its business, operational performance or financial results.

Centro Retail Australia may also experience volatility in its reported earnings due to movements in the mark-to-market valuations of interest rate derivative financial instruments. Under Australian Accounting Standards, hedge accounting could be utilised to recognise these changes through equity, rather than through earnings which may reduce the earnings impact from these movements. However, due to the documentation, designation and effectiveness requirements under Australian Accounting Standards applying at the date of this Document, Centro Retail Australia does not anticipate applying hedge accounting.

7.3.8. Other financing arrangements

Centro Retail Australia has prepared the Pro Forma historical balance sheet presented in Section 7.3.3 in accordance with Australian Accounting Standards, whereby investments held in joint ventures and associates are equity accounted, with assets and liabilities disclosed on a net basis, based on Centro Retail Australia's ownership interest in the entity. Debt facilities of equity accounted investments are included in Section 7.3.6.

Centro Retail Australia will also have an indirect exposure to borrowings via its investments in non consolidated Centro MCS Syndicates which collectively have approximately $1.0 billion of external/senior debt facilities. Refer to Section 8.4.4 for further information. There is no recourse to Centro Retail Australia under any of these facilities.

Centro MCS 16 is the only syndicate that at the date of this Document is in breach of a debt facility covenant. Centro MCS 16's financier has effectively reserved its rights by not calling an event of default or waiving the breach. Centro Retail Australia's exposure to Centro MCS 16 includes a $1.9 million co-investment and a $15.2 million related party loan which has been fully provided for.

7.3.9. Capital expenditure commitments

Detailed below are capital expenditure commitments of the Aggregation Funds that are contracted at 30 June 2011 but are not recognised as liabilities in the Pro Forma historical balance sheet. If Aggregation were to proceed, these commitments would become commitments of Centro Retail Australia.

In addition, a development opportunity exists at Centro Arndale. This capital expenditure commitment is included below as a Pro Forma adjustment because the 50% interest in Centro Arndale not owned by the Aggregation parties is being acquired as part of the Aggregation; the development will only be committed should Aggregation proceed. These commitments, (and if committed, Centro Arndale), are fully funded through the borrowing facilities referred to in Section 7.3.6.

TABLE 7.8 CAPITAL EXPENDITURE COMMITMENTS[50]

30 June 2011	CER $m	CAWF $m	DHT $m	Pro Forma adjustments $m	Centro Retail Australia $m
Capital expenditure:					
Board approved capital expenditure projects:					
Centro Toombul	2.7	2.7	-	-	5.5
Centro Tweed	2.0	2.0	-	-	4.0
Centro Warwick	0.7	0.7	-	-	1.5
Centro Bankstown	-	1.2	-	-	1.2
Centro Arndale	-	-	-	41.0	41.0
	5.5	**6.7**	**-**	**41.0**	**53.1**

50 Capital expenditure commitments at Centro Arndale reflect development costs only rather than the cost of acquisition of a 50% interest on Aggregation.

7.3.10. Contingent liabilities

The statutory financial statements of CER, CAWF and DPF for the year ended 30 June 2011 include disclosure of contingent liabilities as at 30 June 2011, which are set out below. If Aggregation was to proceed, these would become contingent liabilities of Centro Retail Australia.

Stamp duty exposures

Set out below are potential stamp duty exposures that are noted as contingent liabilities in each of CER, CAWF and DPF (as relevant). It is noted that the exposure numbers take into account recent reductions in assessed amounts.

CER holds an investment in the B Class units of the Centro MCS Syndicate Investment Fund (CSIF). The Victorian State Revenue Office (SRO) has assessed CSIF in relation to its acquisition of Victorian property interests on the establishment of the fund. The assessed amount (including penalties and interest) is approximately $8.6 million. The SRO has also assessed CSIF in relation to CER's acquisition of the B class units on the basis that it considers that CSIF was not an eligible wholesale trust at the time of acquisition. The assessed amount (including penalties and interest) is approximately $2.6 million.

CAWF has been assessed by the SRO in relation to its acquisition of Victorian property interests on the establishment of the fund and is subject to investigation in relation to its interest in the Centro Karingal/Starzone centre. The assessed amount (including penalties and interest) is approximately $32.6 million. SA Revenue is also currently investigating CAWF in relation to its acquisition of South Australian property interests on establishment of CAWF.

DPF and CAWF have been jointly assessed by the SRO in relation to DPF's acquisition of units in CAWF on the basis that CAWF was not an eligible wholesale trust at the time of acquisition. The assessed amount (including penalties and interest) is approximately $15.1 million.

Where assessments have been raised in relation to these transactions, objections have been lodged (some of which have been allowed in part) and arrangements have been made to stay payment of the duty (subject to certain conditions) until such time as the matters are ultimately determined.

The stamp duty provision held by CNP in relation to these matters (and a further matter specific to CNP for which an assessment of approximately $13.1 million has been raised) totalling $88.5 million has been taken into account for the purpose of calculating the Aggregation Ratios. This amount has been recorded as a non-current provision on the pro forma balance sheet of Centro Retail Australia set out in Section 7.3.3. In connection with this, and as part of the acquisition by Centro Retail Australia of assets and liabilities from CNP as part of Aggregation, Centro Retail Australia has agreed to indemnify DPF and CNP and their related entities against existing and future stamp duty assessments in respect of certain historical transactions.

Other contingent liabilities

CER Class Action Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against CRL and Centro MCS Manager Limited (as the RE of CRT) (together, CER).

One proceeding is being conducted by Maurice Blackburn and the other by Slater & Gordon. The statements of claim in each proceeding allege that CER engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations, in relation to:

- the classification of certain liabilities as non-current liabilities in CER's consolidated financial statements, which were published in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007, and in the explanatory memorandum for the proposed merger of Centro Shopping America Trust (CSF) and CRT, lodged with ASIC on 14 September 2007;
- CER's operating distributable profit per security (DPS) forecasts for the 2008 financial year;
- the refinancing of United States Joint venture debt due in December 2007; and
- the treatment of Super LLC's debts and the issue of consolidation of Super LLC financial statements in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007 and in the explanatory memorandum for the proposed merger of CSF and CRT, lodged with ASIC on 14 September 2007.

Similar proceedings were commenced against CPL and CPT Manager Limited.

The claims have been made on behalf of persons or entities who acquired CER Stapled Securities, in the instance of the Maurice Blackburn conducted proceeding, between 7 August 2007 to 15 February 2008 and, in the instance of the Slater & Gordon conducted proceeding, between 17 July 2007 to 28 February 2008.

In late 2010 PricewaterhouseCoopers (**PwC**), CER's former auditor, was added as a respondent to the proceeding conducted by Maurice Blackburn. The claimant group represented by Slater & Gordon also commenced a new representative proceeding against PwC.

In November 2010 a further representative proceeding was commenced by Maurice Blackburn on behalf of CSF securityholders against PricewaterhouseCoopers Securities Limited (**PwCS**). This proceeding relates to alleged misleading and deceptive statements in the "Investigating Accountants Report on Financial Forecasts" prepared by PwCS in connection with the proposed merger between CSF and CRT. CER has been joined by PwCS to this further proceeding.

In all claims the applicants seek unspecified damages, declarations, interests and costs.

In each of the representative proceedings to which it is a party, CER has cross claimed against PwC and PwC has cross claimed against CER and also against persons who were directors and/or officers of CER at the relevant time. These directors and/or officers have sought indemnity from CER pursuant to deeds of indemnity that had been entered into with them, as is common practice for publicly listed companies.

The proceedings are being vigorously defended (with defences filed). The parties are completing various interlocutory steps ordered by the court with a view to a trial commencing in March 2012. No amount has been provided for in the Pro Forma historical balance sheet as at 30 June 2011, set out in Section 7.3.3 and no amount is assumed to be settled or is to be paid under any judgment in the forecast period to 30 June 2012. However, the financial effect of this contingent liability may be material if it becomes an actual liability.

7.4. FORECAST FINANCIAL INFORMATION

Set out below is the Pro Forma and Statutory forecast earnings and distribution information for Centro Retail Australia.

The Forecast Financial Information does not include the impact of any future fair value adjustments. Any profit or loss arising from the revaluation of investment properties, interest rate derivatives and any potential accounting impact on the fair value measurement of the CATS (which will be classified as debt for financial reporting purpose refer to Section 10 for further information regarding CATS), will be dependent upon a number of external market conditions which cannot be reliably forecast with any degree of certainty. Whilst impacting net profit, unrealised profits or losses from such fair value adjustments does not impact distributable earnings.

7.4.1. Forecast earnings and distribution information

The forecast earnings and distribution information has been prepared and presented based on two scenarios:

- assuming Aggregation occurred on 30 June 2011 (a Pro Forma forecast for full year year ending 30 June 2012); and
- assuming Aggregation occurred on 1 December 2011 (a statutory forecast for the year ending 30 June 2012 assuming that Aggregation occurs in accordance with the planned timetable).

Under Australian Accounting Standards, an accounting parent must be identified for the purposes of determining which entity presents the results of the consolidated group. CRL is anticipated to be the accounting parent of Centro Retail Australia as the Centro Retail Australia Board and management will be employed by CRL and its controlled entities. CRL is currently stapled to CRT, trading together as CER. CRL's only current activity is the employment and payment of the CER Directors, for which it is reimbursed.

Accordingly, the Statutory earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 will present the results of the accounting parent (CRL) for the period up to Aggregation (assumed to be from 1 July 2011 to 30 November 2011) and the results of Centro Retail Australia for the period from Aggregation to 30 June 2012 (assumed to be 1 December 2011 to 30 June 2012). Section 7.4.3 includes a reconciliation of the information presented under these two scenarios. If, however, as part of the Aggregation accounting described in Section 7.7, an entity or group of entities other than CRL is determined to be the parent of Centro Retail Australia their results will be reflected in the statutory earnings up to Aggregation rather than CRL's. Management has considered alternatives for the parent of Centro Retail Australia, such as the Services Business as a collective and Centro MCS Manager Limited, and does not consider this would materially alter the net profit excluding fair value adjustments as reflected in the statutory column of Table 7.9, although use of such entities as the parent of Centro Retail Australia would result in the gross up of certain line items such as services revenue, employee benefits expense and interest expense.

TABLE 7.9 CENTRO RETAIL AUSTRALIA PRO FORMA AND STATUTORY EARNINGS AND DISTRIBUTION INFORMATION

	Pro Forma Year Ended 30 June 2011 $m	Pro Forma Year Ending 30 June 2012 $m	Statutory[1] Year Ending 30 June 2012 $m
Property ownership revenue	474.8	490.9	288.7
Property services revenue	35.0	28.6	14.9
Distribution revenue	11.9	14.3	11.3
Total revenue	**521.7**	**533.8**	**314.9**
Other income	2.1	0.2	0.6
Share of net profits of associates and joint ventures accounted for by equity method	53.3	53.0	31.0
Direct property expenses	(127.5)	(131.9)	(76.8)
Employee benefit expenses	(61.4)	(61.9)	(35.2)
Adviser fees	(10.3)	(9.6)	(7.7)
Other expenses	(8.7)	(7.9)	(64.6)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(16.3)	(15.1)	(8.8)
EBITDA excluding fair value adjustments	**352.9**	**360.6**	**153.4**
Depreciation and amortisation expense	(1.1)	(1.2)	(0.7)
EBIT excluding fair value adjustments	**351.8**	**359.4**	**152.7**
Financing costs		(149.3)	(88.4)
Financing costs – share of net profits of associates and joint ventures acounted for by equity investments		(17.7)	(9.8)
Financing costs – attributable to puttable interests in consolidated finite life trusts		7.9	4.6
Interest revenue		7.2	4.9
Net profit excluding fair value adjustments		**207.5**	**64.0**
Adjusted for non-distributable items:			
– estimated transaction costs on Aggregation[2]		-	60.0
– other non-distributable income/(expenses)		(2.7)	(1.5)
Underlying earnings		**204.8**	**122.5**
Cash retained to fund operational capital expenditure requirements		(38.0)	(19.7)
Undistributed earnings		-	(17.0)
Cash distribution		**166.8**	**85.8**
Underlying earnings per unit (cents)		15.3	9.1
Distribution payout ratio (%)		81.4%	70.1%
Units on issue (number)		1,340,727,759	1,340,727,759
Cash distribution per unit (cents)		12.4	6.4
Interest cover ratio (times)		2.4	1.7
Earnings yield (%)[3]		6.1%	6.3%
Cash distribution yield (%)[4]		5.0%	5.1%

Note

1 Includes only seven months of Centro Retail Australia and five months of CRL, comprising $0.5m of other income and $0.5m of expenses.

2 Refer to Adjustment 2 in Table 7.10.

3 Earnings yield is Underlying Earnings as a proportion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

4 Cash distribution yield is distributable cash as a portion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

Given the expected timing of the Aggregation, management expects that Centro Retail Australia will only pay a distribution for the second half of FY12.

7.4.2. Management discussion and analysis of the Pro Forma forecast earnings and distribution information – assuming aggregation occurred on 30 June 2011

Revenue

- Property ownership revenue is forecast to increase by 3.4% or $16.1 million from $474.8 million in FY11 to $490.9 million in FY12, driven by increases in rental income from annual reviews.
- Services revenue, which reflects only revenue generated from non-consolidated properties and Centro MCS Syndicates, is forecast to decrease by 18.4% or $6.4 million from $35.0 million in FY11 to $28.6 million in FY12 due to a full year impact of property sales on both funds management and property management fee income as well as decrease in rollover/performance fees forecast in FY12.
- Distribution revenue is forecast to increase by 20.1% or $2.4 million from $11.9 million in FY11 to $14.3 million in FY12, due to forecast increased ownership in underlying investments as a result of participating in Syndicate rollovers and acquiring interests from unit holders who elect to exit during the forecast period. Additionally, distribution yields are forecast to increase due to improved property performance and the Syndicates' ability to meet required capital expenditure with cash on hand.

EBIT excluding fair value adjustments

EBIT excluding fair value adjustments is forecast to increase by 2.2% or $7.6 million from $351.8 million in FY11 to $359.4 million in FY12. The main drivers of this increase are forecast to be:

- total revenue is forecast to increase by 2.3% or $12.1 million from $521.7 million in FY11 to $533.8 million in FY12 as noted above, partially offset by:
- forecast increase in direct property expenses of 3.5% or $4.4 million from $127.5 million in FY11 to $131.9 million in FY12 in line with revenue growth and inflation.

7.4.3. Reconciliation of Pro Forma and Statutory forecast earnings information

Set out below is a reconciliation of the Pro Forma and Statutory forecast earnings information of Centro Retail Australia for the year ending 30 June 2012, should Aggregation proceed occur on 1 December 2011.

As described in Section 7.4.1, the Statutory forecast includes only seven months of Centro Retail Australia (based on forecast results by month) and reflects the expected results of Centro Retail Australia at 30 June 2012 as will be disclosed in Centro Retail Australia's Statutory financial statements for the year ending 30 June 2012.

TABLE 7.10 RECONCILIATION OF PRO FORMA AND STATUTORY FORECAST EARNINGS INFORMATION

	Pro Forma Year Ended 30 June 2012 $m	Adjustment 1 $m	Adjustment 2 $m	Statutory Year Ended 30 June 2012 $m
Property ownership revenue	490.5	(202.2)	-	288.7
Property services revenue	28.6	(13.7)	-	14.9
Distribution revenue	14.3	(3.0)	-	11.3
Total revenue	**533.8**	**(218.9)**	**-**	**314.9**
Other income	0.2	0.4	-	0.6
Share of net profits of associates and joint ventures accounted for by equity method	53.0	(22.0)	-	31.0
Direct property expenses	(131.9)	55.1	-	(76.8)
Employee benefit expenses	(61.9)	26.7	-	(35.2)
Adviser fees	(9.6)	1.9	-	(7.7)
Other expenses	(7.9)	3.3	(60.0)	(64.6)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(15.1)	6.3	-	(8.8)
EBITDA excluding fair value adjustments	**360.6**	**(147.2)**	**(60.0)**	**153.4**
Depreciation and amortisation expense	(1.2)	0.5	-	(0.7)
EBIT excluding fair value adjustments	**359.4**	**(146.7)**	**(60.0)**	**152.7**
Financing costs	(149.3)	60.9	-	(88.4)
Financing costs – equity accounted investments	(17.7)	7.8	-	(9.8)
Financing costs – attributable to puttable interests in consolidated finite life trusts	7.9	(3.3)	-	4.6
Interest revenue	7.2	(2.3)	-	4.9
Net profit excluding fair value adjustments	**207.5**	**(83.6)**	**(60.0)**	**64.0**

Adjustments

1 Removal of the Pro Forma forecast earnings for the period from 1 July to 30 November 2011 (assuming Aggregation occurs on 1 December) and replace with the forecast earnings of the accounting parent, CRL for that period, comprising $0.5 million of income and $0.5 million of expense.

2 Inclusion of the estimated transaction costs on Aggregation representing stamp duty payable. This amount has not been included in the Pro Forma earnings as it is assumed to occur immediately prior to 1 July 2011 for Pro Forma purposes.

7.5. KEY BEST ESTIMATE ASSUMPTIONS

The Forecast Financial Information is based on the following key best estimate assumptions, which should be read in conjunction with the risk factors, set out in Section 5 and the Investigating Accountant's Report in Section 12.

The Directors of each of the Issuers believe that they have prepared the forecasts with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Document.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that assumptions will occur.

General assumptions

The following key general assumptions are relevant to the Forecast Financial Information:

- no material changes in the macroeconomic, industry, or competitive operating environment from those in place as at the date of this Document;
- no significant amendment to any material agreement or arrangement relating to the business. The parties to those agreements and arrangements are assumed to continue to comply with the terms of all material agreements and arrangements and maintain all relevant licences and approvals;
- no significant change in the legislative regimes and regulatory environments in which Centro Retail Australia or its key customers operate that will materially affect the Forecast Financial Information (including in the areas of taxation or carbon pollution reduction and various state retail tenancy legislation);
- no changes in capital structure during the forecast period, other than those set out in, or contemplated by, this Document;
- no material contract disputes or new litigation;
- no acquisitions or disposals of interests in direct property investments during the forecast period;
- no changes in Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the Forecast Financial Information;
- consumer price index increase of 3.1%; and
- consistency of application of accounting policies over the forecast period.

Specific assumptions

The specific assumptions adopted in preparing the Pro Forma forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 include:

- Centro Retail Australia controls Centro MCS 12, 25, 26, 27, 30 and 37 during the forecast period;
- no development projects are undertaken other than those set out in Section 7.3.9 in respect of Centro Toombul, Centro Tweed, Centro Warwick, Centro Bankstown and Centro Arndale;
- there are no significant changes to the terms of the underlying rental agreements during the forecast period affecting property ownership income including existing annual reviews;
- no material movement from the 30 June 2011 99.4% occupancy rate across the portfolio during the forecast period;
- forecasts for rent relief and other tenant related allowances have been estimated based on the assessment of prevailing trading conditions;
- no change in property valuations during the forecast period;
- employee remuneration expense in respect of the equity based long-term incentive is not materially different to the expense recognised on an equivalent cash based incentive plan;
- 4% reduction in corporate overheads as a result of simplified ownership structure;
- financing costs assume a base interest rate of 4.29% throughout the forecast period plus relevant margins and line fees reflecting non-credit approved term sheets or management estimates where term sheets have not been received;
- wind up of four Centro MCS Syndicates through the on-market sale at book value of nine properties[51] (book value of $246.3 million at 30 June 2011) which will reduce funds under management and services business income;

51 Includes two properties co-owned by CMCS 19NZ (30%) and CMCS 19UT (70%). CMCS 19UT is assumed to rollover in the forecast period, with CMCS 19 NZ winding up. Book value quoted is at ownership percentage.

- roll over of eight Centro MCS syndicates for an additional term with the sale of eight properties[51] (book value of $242 million at 30 June 2011), which will reduce funds under management and services business income, to allow for the redemption of Investors and/or de-leverage for the new term requiring $82.8 million of capital injection by Centro Retail Australia to facilitate rollover, fully funded by capital returns from Syndicates winding up, related party loan repayment, and various transaction fees payable by Syndicates;
- no income tax is payable during the forecast period;
- Existing litigation, including the CER Class Action litigation, is either successfully defended, or otherwise resolved in a manner that does not require payment of any material amounts, or remains unresolved at the end of the forecast period, and no expense has been recognised in the forecast period. An amount of $5 million has been included as an expense within the forecast period for the cost of defending the CER Class Action litigation. In the event that a payment is made to settle the CER Class Action litigation, the settlement expense and corresponding reduction in Centro Retail Australia's NTA will be shared by all investors in Centro Retail Australia. The CATS (as outlined in Section 10) will then serve to compensate non CER investors (subject to the Caps described in Section 10) for the reduction in Centro Retail Australia's NTA. This is achieved by effectively reallocating the cost of any settlement to ensure it is to be borne up to the Caps by the CER investors at the date of Aggregation via the holders of CATS receiving either cash or a number of New Stapled Securities when a CER Class Action Litigation liability is crystallised; and
- While the CATS are assumed to have nil value on Aggregation implementation, they will be carried at either fair value, which would have regard to their trading price, or amortised cost based on any anticipated settlement amount and timing thereof. This will result in a separate expense within Centro Retail Australia's income statement and the recognition of a liability on Centro Retail Australia's balance sheet, reflecting the estimated amount which the holders of the CATS (being, on Aggregation, CAWF Unitholders, DHT Unitholders, DPF and CNP (whose CATS will then be transferred to the Senior Lenders under the Senior Debt Scheme)) would receive to partially neutralise (subject to the Caps) the impact of any anticipated settlement on their holding on Centro Retail Australia. No value for CATS has been recognised in the forecast period.

7.6. SENSITIVITY ANALYSIS

The Forecast Financial Information in Section 7.4 is based on certain economic and business assumptions about future events that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Directors of each of the Issuers and management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of the Pro Forma forecast net profit, excluding fair value adjustments, for changes in three key variables. The changes in key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

TABLE 7.11 SENSITIVITY ANALYSIS

	Impact on Net Profit excluding FV adjustments ($m)	% Movement	Distribution per unit impact (cents)	% Movement
Direct property net operating income growth (+/- 100bps)	4.4	2.1%	0.33	2.6%
Interest rate (+/- 25 bps) pre hedging	4.9	2.4%	0.36	2.9%
Interest rate (+/- 25 bps) post hedging	0.4	0.2%	0.03	0.2%
Syndicate funds under management (+/- 5%)	1.7	0.8%	0.13	1.0%

Sensitivity to capitalisation rates are discussed below.

In accordance with Australian Accounting Standards, Centro Retail Australia's properties will be required to be revalued every reporting period, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result Centro Retail Australia could have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold. If a substantial decrease occurs in the fair market value of its properties, Centro Retail Australia's financial results could be adversely

51 Includes two properties co-owned by CMCS 19NZ (30%) and CMCS 19UT (70%). CMCS 19UT is assumed to rollover in the forecast period, with CMCS 19 NZ winding up. Book value quoted is at ownership percentage.

affected and, as a result, it may have difficulty in maintaining its desired gearing ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements.

The Forecast Financial Information does not include the impact of any future fair value adjustments. Any profit or loss arising from the revaluation of investment properties, interest rate derivatives and any potential impact on the fair value measurement of the CATS will all be dependent upon a number of external market conditions be at the time these items are measured. Whilst impacting net profit, unrealised profits or losses from such fair value adjustments are non-cash items. Should Centro Retail Australia's directly owned property portfolio grow in line with underlying net operating income and capitalisation rates compress by 0.25%, net profit would increase by approximately $257 million at 30 June 2012. Should Centro Retail Australia's directly owned property portfolio grow in line with underlying net operating income but capitalisation rates expand by 0.25%, net profit would decrease by approximately $56 million at 30 June 2012.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on the Pro Forma forecast net profit excluding fair value adjustments and the distribution per Stapled Security. In practice, changes in variables may offset each other or be cumulative.

7.7. KEY ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

Key accounting policies are those polices that require management to make estimates or judgements that may significantly affect the reported amounts of assets, liabilities, revenues or expenses or the disclosure of contingent assets or liabilities. Such estimates are based on judgements and assumptions that could potentially result in materially different results under different assumptions and conditions.

The following disclosure discusses the estimates and judgements that management is required to make in the application of those critical accounting policies, having regard to trends, known events or assumptions that it believes to be reasonable at that time.

The key accounting policies outlined below are consistent with those applied by CER, CAWF and DPF in their statutory financial statements for the year ended 30 June 2011, except to the extent that, at the date of this Document, those policies are not applicable to the Aggregation Funds, for example services revenue. Such accounting policies are included below to assist users in understanding the accounting treatment proposed in Centro Retail Australia.

Principles of consolidation

Controlled entities are those entities over which Centro Retail Australia has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The acquisition method of accounting is used to account for the acquisition of subsidiaries by Centro Retail Australia. Acquisition-related costs are expensed as incurred.

The effects of all transactions between entities controlled by Centro Retail Australia are eliminated in full.

Aggregation accounting

The Aggregation will be accounted for as either a business combination or a common control transaction. In the event that Aggregation is a business combination it has been assumed that the Services Business as a collective would be the acquirer. Should the transaction be a common control transaction, the acquisition method will not be applied. Rather, the assets and liabilities contributed by entities under common control are transferred to the receiving entity at their carrying value at the date of transfer (although adjustments are recorded to achieve uniform accounting policies).

Specifically, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquirer in accordance with applicable Australian Accounting Standards. Aggregation expenses are written off immediately in the income statement. Comparative amounts are not restated.

Under a business combination the assets and liabilities of the acquired entities are fair valued and any cumulative difference to the consideration paid is recognised as goodwill or a discount on acquisition.

Under either scenario it is anticipated that no material adjustments are required to the existing carrying values of the assets and liabilities of the Aggregating Funds.

Investment properties

Investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Centro Retail Australia.

Subsequent to initial recognition as assets, investment properties are revalued to fair value. Directors assess fair value of property investments at each reporting date and obtain independent valuations on a regular basis to assist in assessing fair value.

Changes in fair values are recorded in the income statement in the period in which they arise.

Managed fund investments

Centro Retail Australia classifies its investments in Centro MCS Syndicates as "managed fund investments".

Managed fund investments are measured initially at fair value excluding any transaction costs. Transaction costs are expensed immediately in the income statement. Managed fund investments are subsequently measured at fair value each reporting period with realised and unrealised gains and losses arising from changes in the fair value included in the income statement in the period in which they arise.

The fair value of managed fund investments is determined by reference to the Net Asset Backing of the managed funds, as advised by the relevant RE.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Centro Retail Australia has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Centro Retail Australia recognises revenue when: the amount of revenue can be reliably measured; it is probable that the future economic benefits will flow to the entity; and specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. Revenue is recognised for the following activities:

(i) Property ownership revenue

As the owner of shopping centres, Centro Retail Australia will derive rental revenue from the leasing of these properties. Lease income is recognised on a straight-line basis over the lease term. Contingent rental revenue is recognised on an accruals basis as earned.

(ii) Services revenue

Property, leasing and development management

Property management and leasing fees are generated from properties and development fees are derived in respect of new developments and redevelopments. Fees are in accordance with generally accepted commercial terms and conditions.

Fee revenue is recognised on an accruals basis as earned.

Funds management

Centro Retail Australia derives fees from the establishment and ongoing management of managed funds. Funds management revenue is recognised on an accruals basis as earned.

(iii) Distribution revenue

Distribution revenue is recognised as revenue when the right to receive payment is established.

(iv) Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

CER Class Action Litigation and CATS

As noted in Section 7.5, no amount has been provided for in respect of the CER Class Action Litigation or the CATS in the Pro Forma historical balance sheet as at 30 June 2011 and no amount is assumed to be settled or paid under any judgement during the forecast period to 30 June 2012.

7.8. ALTERNATIVE PRO FORMA EARNINGS AND HISTORICAL BALANCE SHEET AND EARNINGS INFORMATION

As noted in Section 7.2, the primary basis of presentation of the Financial Information is in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards whereby:

- property investments held in joint ventures and associates are equity accounted (with revenues and expenses, and assets and liabilities disclosed on a net basis);
- all investments controlled by Centro Retail Australia, including the Centro MCS Syndicates outlined in Section 7.2.1, are consolidated (with revenues and expenses, and assets and liabilities disclosed on a gross basis); and

- revenues and expenses, and assets and liabilities between controlled entities are eliminated in full.

While this method of presentation will be used for statutory reporting purposes, this does not fully reflect the financial information that will be used by management and the Directors in considering the financial performance and position of Centro Retail Australia. Therefore, an alternative basis of presenting earnings information and a Pro Forma historical balance sheet is set out in this Section.

This alternative basis is consistent with the format that will be used for internal reporting purposes and will be the basis on which the chief operating decision maker(s) of Centro Retail Australia assess its performance and determine the allocation of resources. Furthermore, should Aggregation proceed, this alternative basis will ultimately be the format used in the preparation and presentation of the segment information within the statutory financial statements of Centro Retail Australia.

The Directors of each of the Issuers also believe the information is helpful to investors and analysts when comparing relative performance to Centro Retail Australia's peers who may not be internally managed.

The following items are presented differently under the alternative basis of presentation when compared to the Statutory reporting:

- Direct property investment income – reflects net operating income (**NOI**) from property investments, both 50% and 100% interests, after deducting related expenses, including property management fees payable to Centro Retail Australia's Services Business, which is now internalised and on a statutory basis would be eliminated on consolidation;
- Managed fund investment income – investment income from Centro MCS Syndicates is recognised based on forecast cash distributions from the Syndicates compared to the statutory treatment of which involves a mix of consolidation, equity accounting and fair value adjustments through profit and loss. The difference between the two methods represents undistributed profits from consolidated Syndicates, which is included in non-distributable items;
- Services income – Services income is partly eliminated on consolidation under the statutory basis of preparation. The alternative basis of preparation recognises property management income derived from all properties managed by Centro Retail Australia and funds management income from all the Centro MCS Syndicates under management;
- Expenses – represents expenses incurred directly by Centro Retail Australia net of recoveries. The statutory basis includes property related expenses and expenses incurred by consolidated Centro MCS Syndicates;
- Financing costs/borrowings – borrowings and interest rate swap derivatives held in joint ventures and associates are disclosed on a gross basis (that is a "look-through" basis) rather than netted within investment in associates under the statutory basis. Under the alternative basis of preparation financing costs/borrowings exclude the debt and interest expense of consolidated Centro MCS Syndicates; and
- Managed fund investments – investments in Centro MCS Syndicates are valued based on the number of units held by Centro Retail Australia multiplied by the net assets per unit for each Syndicate rather than consolidated, equity accounted or carried at fair value through the profit and loss under the statutory basis.

7.8.1. Pro Forma forecast earnings information – alternative basis of presentation

Set out below is the forecast Pro Forma earnings information for Centro Retail Australia for the year ended 30 June 2011 and the year ending 30 June 2012 prepared on the alternative basis of presentation.

TABLE 7.12 PRO FORMA FORECAST EARNINGS INFORMATION – ALTERNATIVE BASIS OF PREPARATION

	Pro Forma Year Ended 30 June 2011 $m	Pro Forma Year Ended 30 June 2012 $m
Direct property investment income	317.3	327.9
Managed fund investment income	18.0	23.7
Investment income	**335.3**	**351.6**
Property management, development and leasing	33.7	34.4
Funds management	25.9	20.7
Services income	**59.6**	**55.1**
Total income	394.9	406.7
Expenses	**(61.9)**	**(59.2)**
EBITDA excluding fair value adjustments	333.0	347.5
Depreciation and amortisation expense	**(1.2)**	**(1.2)**
EBIT excluding fair value adjustments	331.8	346.3
Financing costs		**(141.5)**
Non-distributable items		2.7
Net profit excluding fair value adjustments		**207.5**

The line items presented above are not prepared and presented in the format as required by Australian Accounting Standards.

7.8.2. Management discussion and analysis of the Pro Forma forecast earnings information – alternative basis of presentation

Income

- Direct property investment income is forecast to increase by 3.4% or $10.6 million from $317.3 million to $327.9 million in line with existing lease terms, continued high occupancy levels and management's assessment of prevailing trading conditions.
- Managed funds investment income is forecast to increase by 31.6% or $5.7 million as a result of having more Syndicates in a position to pay distributions (or increase distributions) as a result of asset sales and / or refinancing; and
- Services income is forecast to fall by 7.4% or $4.5 million largely as a result of property sales within the Centro MCS Syndicates business impacting the fees earned.

EBIT excluding fair value adjustments

EBIT excluding fair value adjustments is forecast to increase by 4.4% or $14.5 million from $331.8 million in FY11 to $346.3 million in FY12. The main drivers of this increase are forecast to be:

- total income increase of 3.0% or $11.8 million as explained above; and
- forecast overhead savings following headcount reductions as a result of Aggregation.

Non distributable items include $7.7 million of undistributed profits in consolidated Syndicates, offset by $5 million of litigation defence costs.

7.8.3. Reconciliation between Pro Forma forecast earnings information and Pro Forma forecast earnings information on an alternative basis

Set out below is a reconciliation of the Pro Forma forecast earnings information set out in Section 7.4.1 and that presented using the alternative basis of presentation in Section 7.8.1.

TABLE 7.13 RECONCILIATION BETWEEN PRO FORMA FORECAST EARNINGS INFORMATION IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS (TABLE 7.9) AND THE ALTERNATIVE BASIS OF PREPARATION (TABLE 7.12)

	Year Ending 30 June 2011 $m	Year Ending 30 June 2012 $m
EBIT excluding fair value adjustments as set out in Table 7.9	**351.8**	**359.4**
Less:		
Share of interest expense of consolidated syndicates[1]	(13.2)	(10.4)
Other non distributable items	(6.8)	(2.7)
EBIT excluding fair value adjustments as set out in Table 7.12	**331.8**	**346.3**

Notes

1 Shown below the EBIT line in Table 7.9.

7.8.4. Historical and Pro Forma historical balance sheets – alternative basis of presentation

Set out below is the Pro Forma historical balance sheet of Centro Retail Australia prepared in accordance with Australian Accounting Standards as set out in Section 7.3.3 together with the adjustments required to prepare the Pro Forma historical balance sheet on the alternative basis of presentation, as set out in Section 7.8.1.

TABLE 7.14 PRO FORMA HISTORICAL BALANCE SHEETS – ALTERNATIVE BASIS OF PRESENTATION

As at 30 June 2011	Centro Retail Australia Section 7.3.3 Pro Forma $m	Reverse consolidation of CMCS Syndicates Section 7.3.4 $m	Reverse eliminations of CMCS Syndicate $m	Recognise Equity Accounted Investments at Gross Values $m	Centro Retail Australia Alternative basis $m
Current assets					
Cash	54.1	(34.6)	-	-	19.5
Other current assets	174.6	(37.2)	37.9	-	175.3
Total current assets	**228.7**	**(71.8)**	**37.9**	**-**	**194.8**
Non-current assets					
Investment property	4,266.8	(497.0)	(109.4)	-	3,660.4
Equity accounted investments	513.9	(84.2)	118.6	238.5	786.8
Managed fund investments	297.9	-	177.0	-	474.9
Intangible assets	199.7	-	-	-	199.7
Other non-current assets	17.8	(8.6)	8.6	-	17.8
Total non-current assets	**5,296.1**	**(589.8)**	**194.8**	**238.5**	**5,139.6**
Total assets	**5,524.8**	**(661.6)**	**232.7**	**238.5**	**5,334.4**
Current liabilities					
Borrowings	248.7	(260.5)	11.8	-	-
Other current liabilities	90.6	(39.5)	8.6	-	59.7
Total current liabilities	**339.3**	**(300.0)**	**20.4**	**-**	**59.7**
Non-current liabilities					
Borrowings	1,645.0	(59.3)	5.0	235.0	1,825.7
Puttable interests in consolidated finite life trusts	93.6	(93.6)	-	-	-
Other non-current liabilities	95.1	(208.7)	207.3	3.6	97.3
Total non-current liabilities	**1,833.7**	**(361.6)**	**212.3**	**238.5**	**1,923.0**
Total liabilities	**2,173.0**	**(661.6)**	**232.7**	**238.5**	**1,982.7**
Net assets	**3,351.8**	**-**	**-**	**-**	**3,351.8**
Total equity	**3,351.8**	**-**	**-**	**-**	**3,351.8**
Stapled securities on issue (number)					1,340,727,759
Net asset value per security					$2.50
Net tangible asset backing per security					$2.35
Gearing (borrowings / investment property and equity accounted investments)					41.1%
Book gearing (total liabilities / total assets)					37.2%
Full Look-through gearing ratio[1]					43.4%

Note

1 Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments including investments in Centro MCS Syndicates divided by Centro Retail Australia's proportionate share of all property investments.

The differences between the two presentation bases are described below.

Ownership interests in Centro MCS Syndicates

In the Pro Forma historical balance sheet, Centro Retail Australia controls and therefore consolidates certain Centro MCS Syndicates due to its ownership interest in those Syndicates exceeding 50%. The impact of having to consolidate these Syndicates is a "grossing-up" of the balance sheet. Centro Retail Australia must recognise 100% of each consolidated Syndicates assets and liabilities and must recognise a liability for the portion of the net assets of each that are not owned by Centro Retail Australia, described as "puttable interests" rather than "non-controlling interests", because the syndicates have finite life investment periods at the end of which the equity of the Syndicate must be returned to investors.

In the alternative presentation basis, Centro MCS Syndicate investments are recognised as "Managed fund investments" regardless of the level of ownership held by Centro Retail Australia. The investment value is calculated based on the ownership interest attributable to Centro Retail Australia multiplied by the net asset value per unit of the Syndicate. No liabilities are therefore recorded for these investments on Centro Retail Australia's balance sheet.

Equity accounted investments

In the Pro Forma historical balance sheet, investments held in joint ventures and associates are equity accounted, with assets and liabilities disclosed on a net basis as a single line item.

In the alternative presentation basis, investments held in joint ventures and associates are reported on a "look-through" or gross basis, to reflect the gross property value of the underlying investment property. Any borrowings and interest rate swap derivatives of the equity accounted investments are also grossed up and separately recorded on the balance sheet of Centro Retail Australia.

7.9. MATERIAL FINANCIAL POSITION CHANGES SINCE LAST BALANCE DATE

The last financial statements of each of CER, CAWF and DPF are the financial statements for the year ended 30 June 2011 that were, in the case of CER, released to ASX on 29 August 2011 and in the case of each of CAWF and DPF filed with ASIC on 29 August 2011. As DHT was not a registered managed investment scheme until September 2011, its 30 June 2011 accounts were not lodged with ASIC.

To the knowledge of the Directors of CRL and CRT RE, there has not been a material change in the financial position of CER since 30 June 2011, except as disclosed in this Document, the CER Explanatory Memorandum or CER's announcements to ASX.

To the knowledge of the Directors of CAWF RE there has not been a material change in the financial position of CAWF since 30 June 2011, except as disclosed in this Document or the CAWF Explanatory Memorandum.

To the knowledge of the Directors of DHT RE there has not been a material change in the financial position of DHT since 30 June 2011, except as disclosed in this Document or the DHT Explanatory Memorandum.

CRL, CRT RE, CAWF RE, DHT RE and Centro Retail Australia RE will provide, free of charge, copies of the annual financial statements for the year ended 30 June 2011 to anyone who requests them before the CRL Members' Scheme and the Senior Debt Scheme are approved by the Court. Alternatively, a copy can be downloaded from www.centro.com.au.

8. Profile of Aggregation Funds

8.1. INTRODUCTION

This Section provides further information on each of the Aggregation Funds given that if Aggregation proceeds, Securityholders will have a direct ownership interest in each of the Aggregation Funds.

The information in this Section shows each Aggregation Fund's position prior to Aggregation. Aggregation will mitigate some of the risks described in this Section (including exposures as a result of each Aggregation Fund's existing relationship with CNP). As such, some of this information is historical and will not apply to Centro Retail Australia from the Aggregation Implementation Date.

8.2. PROFILE OF CER

8.2.1. Overview

CER is an A-REIT offering investors direct property investment in Australian shopping centres. An investment in CER is a listed Stapled Security trading on ASX, and comprises one CRL Share stapled to one Unit in CRT.

At the date of this Document, CPT holds in aggregate a 29.0% interest in CER, and DPF holds a further 21.7% interest, meaning, in total, entities associated with CNP control 50.7% of CER Stapled Securities on issue.

8.2.2. Responsible Entity and CER Board

The RE of CRT is, at the date of this Document, Centro MCS Manager Limited, a subsidiary of CPL and the Board of CRL and Centro MCS Manager Limited (the **CER Board**) is as follows:

- Peter Day – Chairman, Non-executive independent director;
- Bill Bowness – Non-executive independent director;
- Anna Buduls – Non-executive independent director;
- Paul Cooper – Non-executive independent director;
- Michael Humphris – Non-executive independent director; and
- Fraser MacKenzie – Non-executive independent director.

8.2.3. Investment portfolio

Portfolio overview

CER's investment portfolio at 30 June 2011 (excluding Birralee which was sold on 25 July 2011) included investments in 28 Australian shopping centres valued at $1.7 billion. Twenty-five of CER's 28 assets are co-owned with other CNP-managed funds. If Aggregation occurs, all of these properties will be 100% owned by Centro Retail Australia. The table below outlines CER's direct property investments:

TABLE 8.1 CER DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011

Property Name	Ownership	Portfolio Weighting	Jun 11 Value[1] $m	State	Centre Type	Cap Rate 30 Jun 11
Centro Galleria	50.0%	17.93%	307.5	WA	Regional	6.00%
Centro The Glen	50.0%	12.00%	205.8	VIC	Regional	6.25%
Centro Colonnades	50.0%	8.67%	148.7	SA	Regional	7.25%
Centro Mandurah[2]	50.0%	6.88%	118.1	WA	Sub Regional	7.25%
Centro Toombul	50.0%	5.78%	99.2	QLD	Sub Regional	8.00%
Centro Karingal	50.0%	5.25%	90.0	VIC	Sub Regional	7.25%
Centro Warriewood	50.0%	3.92%	67.3	NSW	Sub Regional	7.25%
Centro Warwick	50.0%	3.72%	63.8	WA	Sub Regional	7.75%
Centro Cranbourne	50.0%	3.50%	60.0	VIC	Sub Regional	7.50%
Centro Box Hill (South)	50.0%	3.16%	54.3	VIC	Sub Regional	7.75%
Centro Warnbro	100%	2.77%	47.5	WA	Convenience	7.75%
Centro Mildura	50.0%	2.61%	44.9	VIC	Sub Regional	8.00%
Centro Taigum	50.0%	2.25%	38.6	QLD	Sub Regional	7.50%
Centro Mount Gambier	100%	2.19%	37.5	SA	Sub Regional	9.50%
Centro Tweed	50.0%	2.13%	36.5	NSW	Sub Regional	8.25%
Centro Box Hill (North)	50.0%	1.78%	30.5	VIC	Sub Regional	8.00%
Centro Lavington	50.0%	1.78%	30.5	NSW	Sub Regional	7.75%
Centro Mornington	50.0%	1.57%	27.0	VIC	Sub Regional	7.50%
Centro Albany (WA)	100%	1.56%	26.8	WA	Convenience	8.50%
Centro Springwood	50.0%	1.52%	26.0	QLD	Sub Regional	8.00%
Centro Whitsunday	50.0%	1.45%	24.9	QLD	Sub Regional	8.25%
Centro Goulburn	50.0%	1.40%	24.0	NSW	Sub Regional	8.75%
Centro Wodonga	50.0%	1.21%	20.8	VIC	Sub Regional	9.00%
Centro Armidale	50.0%	1.14%	19.5	NSW	Sub Regional	8.50%
Centro Westside	50.0%	1.01%	17.3	NSW	Sub Regional	9.50%
Centro Buranda	50.0%	0.99%	17.0	QLD	Sub Regional	7.75%
Centro Lansell	50.0%	0.99%	17.0	VIC	Sub Regional	9.00%
Centro Halls Head	50.0%	0.84%	14.4	WA	Convenience	8.00%
Total			**1,715.2**			**7.28%**

Notes

1 Value by Ownership percentage

2 Current interest held via a leasehold interest with an entity wholly owned by CPL expiring 31 March 2305.

GLA sqm	Occupancy	MAT $m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (Incl. GST)
73,122	100%	482.3	6,596	10,160	16.4%
59,161	100.0%	331.1	5,597	8,407	16.3%
65,578	99.1%	286.8	4,373	5,989	17.2%
39,735	100%	354.3	8,917	9,632	12.9%
33,731	100%	205.8	6,101	6,975	15.6%
41,582	100%	229.9	5,528	7,048	12.5%
22,153	100%	166.9	7,533	9,357	15.1%
29,983	100%	190.3	6,346	7,536	12.6%
33,892	100%	192.5	5,679	8,121	11.7%
23,470	100%	122.4	5,215	7,170	14.6%
11,331	100%	99.3	8,765	7,953	11.3%
20,157	99.5%	143.7	7,127	6,472	10.0%
22,798	100%	122.2	5,359	5,989	12.9%
12,648	98.0%	61.7	4,876	9,372	9.4%
18,549	98.3%	102.6	5,531	5,632	15.6%
14,232	100%	70.7	4,965	4,999	15.7%
20,052	99.3%	119.1	5,938	7,168	11.9%
11,670	99.1%	93.6	8,019	9,482	14.0%
12,309	99.8%	50.6	4,110	4,351	9.4%
15,431	100%	78.0	5,057	7,195	11.6%
22,337	95.7%	99.5	4,454	7,629	9.2%
13,802	97.2%	98.4	7,127	7,686	11.3%
17,587	99.7%	95.0	5,401	6,191	11.3%
14,627	100%	96.5	6,597	5,039	12.8%
16,682	100%	108.0	6,474	8,598	7.5%
11,585	100%	75.4	6,508	7,563	12.0%
18,227	98.1%	85.7	4,701	5,473	10.0%
5,978	100%	36.6	6,114	5,039	12.7%
702,410	**99.5%**	**4,198.6**			

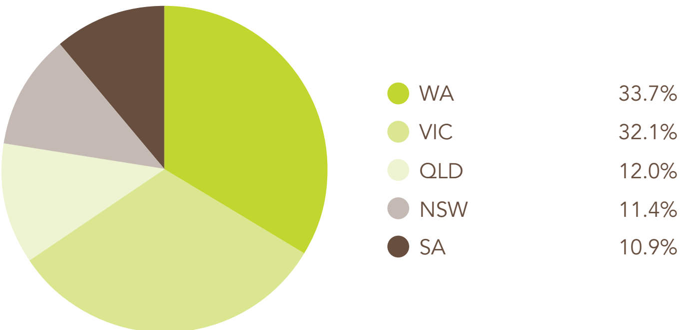
8.
PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to CER's direct property portfolio include:

- the portfolio is geographically diverse spanning five Australian States, with Western Australia and Victoria accounting for 66% of the portfolio exposure by value as detailed in the chart below;
- the portfolio is predominately exposed to sub-regional and regional shopping centres;
- the portfolio has over 2,800 retail tenants;
- portfolio occupancy was 99.5% at 30 June 2011; and
- the largest asset in CER is Centro Galleria, a regional shopping centre in Western Australia, representing 17.9% of CER's portfolio by value as at 30 June 2011.

TABLE 8.2 CER DIRECT PROPERTY INVESTMENTS – GEOGRAPHIC DIVERSIFICATION AS AT 30 JUNE 2011



CER's portfolio is predominately anchored by Australia's largest retailers, being Coles and Woolworths. The table below outlines the top 10 tenants in CER's property investment portfolio at 30 June 2011:

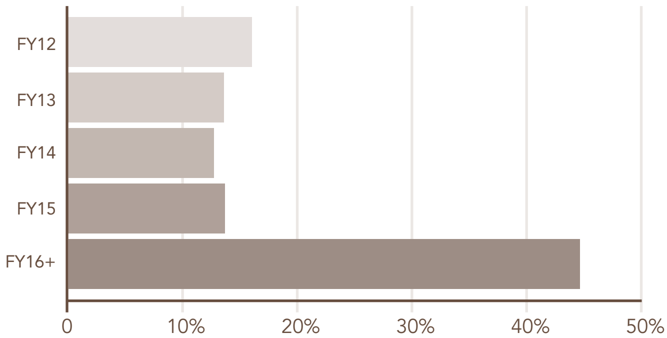
TABLE 8.3 CER DIRECT PROPERTY INVESTMENTS – TOP 10 TENANTS AS AT 30 JUNE 2011

Tenant	No of Leases	GLA %
Woolworths	23	11.8%
Kmart	10	10.4%
Big W	9	8.8%
Coles	15	7.9%
Target	8	7.0%
Myer	3	3.3%
David Jones	1	2.1%
Best & Less	13	1.4%
The Reject Shop	12	1.1%
Village Cinemas	1	1.0%
Total top 10	**95**	**54.8%**

Note: Gross lettable area based on percentage of ownership

CER has a stable income profile with 58% of total income secured by leases that expire in FY15 and beyond. The majority of specialty tenant leases in the portfolio have contracted annual rent reviews that typically reflect fixed increases of between 4.0% and 5.0%. The average term to maturity of CER's leases, weighted by income, is 4.5 years with an expiry profile as shown in the chart below.

TABLE 8.4 CER DIRECT PROPERTY INVESTMENTS – LEASE EXPIRY PROFILE AS AT 30 JUNE 2011



Development potential

Within CER's property portfolio, there are opportunities to enhance value through selective reinvestment and expansion of some of CER's centres, but in most cases these will be subject to agreement with the relevant co-owner. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain a competitive advantage. Since 2007 there has been modest development activity in the portfolio. A key rationale for the Aggregation is that through combining CER's interests with other CNP Group co-owners, the ability to pursue further development opportunities will be better facilitated.

Existing opportunities for CER's direct property portfolio total $141 million across the nine properties shown in the table below. Of those, only Centro Toombul, Centro Tweed and Centro Warwick are CER Board approved and underway ($5.5 million in total). These developments are expected to be completed by December 2011, with further stages of development at Toombul being considered. In line with CER's normal investment policies, all development proposals involving expenditure of more than $10 million require CER RE Board approval. The CER RE Board will review a number of criteria when assessing any development opportunity to assess the likely the returns to Securityholders from undertaking the developments and the inherent risk involved, and as such there can be no guarantee that the current development pipeline noted below will proceed.

TABLE 8.5 CER DIRECT PROPERTY INVESTMENTS – DEVELOPMENT PIPELINE AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place	Board approval required
Centro Tweed	NSW	✓	
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)
Centro Mount Gambier	SA		✓
Centro Box Hill North	VIC		✓
Centro Warwick	WA	✓	
Centro Albany (WA)	WA		✓
Centro Galleria	WA		✓
Centro Halls Head	WA		✓
Centro Warnbro	WA		✓

8.2.4. Debt and Hedging

As at 30 June 2011, CER had $624.5 million of secured debt which is due to expire between 30 November 2011 and 15 December 2011, and a further $111.3 million of related party loans owing to members of the CNP group. CER has since repaid $161.1 million of this debt leaving $463.3 million of secured debt expiring by 15 December 2011.

In order to mitigate the risk of the debt falling due by 15 December 2011, CER is currently negotiating with its financiers for short term extensions of these maturing debt facilities, but there can be no certainty that extensions will be successfully negotiated on acceptable terms.

In addition to its secured debt, CER has two related party loans owing to members of the CNP Group, in the amounts of $101 million and $10 million respectively. If Aggregation proceeds, the $101 million loan will be settled for New Stapled Securities as part of Aggregation for an amount equivalent to the book value of the Karingal asset (50% interest), which, at the date of this Document, is $89.8 million. If Aggregation does not proceed, this amount will become due and payable. The second loan of $10 million is payable on reasonable notice and would be transferred to Centro Retail Australia for New Stapled Securities as part of the proposed Aggregation, should it proceed.

As at 30 June 2011, and following completion of the sale of its US assets, CER had terminated all of its foreign exchange hedges. Interest rate hedging remains in place, which matches the duration of the existing debt profile.

8.2.5. Risks inherent in an investment in CER

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As CER is primarily exposed to the same property, business and market risks, the CER Board is of the view all of these risks would apply to an investment in CER today, with the exception of those referred to in Sections 5.2.14, 5.3.1 to 5.3.4, 5.4.8 to 5.4.10 and 5.5.3.

8.3. PROFILE OF CAWF

8.3.1. Overview

Centro Australia Wholesale Fund (CAWF) was established around December 2006, offering investors direct property investment in Australian shopping centres.

At the date of this Document, CNP holds a 49.98% interest in CAWF, DPF holds a further 49.90% interest and CER holds the remaining 0.12% interest, meaning, in total, entities managed by CNP control 100% of CAWF Units on issue.

8.3.2. Responsible Entity and Board

At the date of this Document the RE of CAWF is CPT Manager Limited, a subsidiary of CPL and the Board of CPT Manager Limited (**CAWF RE Board**) is as follows:

- Paul Cooper – Chairman, Non-executive independent director;
- Robert Tsenin – Chief Executive Officer;
- Anna Buduls – Non-executive independent director;
- Jim Hall – Non-executive independent director;
- Susan Oliver – Non-executive independent director; and
- Rob Wylie – Non-executive independent director.


2 49

8.3.3. Investment Portfolio

Portfolio overview

CAWF's investment portfolio at 30 June 2011 included investments in 26 Australian shopping centres valued at $2.3 billion of which 20 are co-owned with CER. If Aggregation occurs, 21 of these properties will be 100% owned by Centro Retail Australia with the other 5 being co-owned with Centro MCS Syndicates and external joint ventures.

The table below outlines CAWF's direct property investments.

TABLE 8.6 CAWF DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011

Property Name	Ownership	Portfolio Weighting	Jun 11 Value[1] $m	State	Centre Type	Cap Rate 30 Jun 11
Centro Galleria	50.0%	13.44%	307.5	WA	Regional	6.00%
Centro Bankstown	50.0%	12.12%	277.5	NSW	Regional	6.75%
Centro The Glen	50.0%	8.99%	205.8	VIC	Regional	6.25%
Centro Roselands	50.0%	7.12%	162.9	NSW	Regional	7.00%
Tuggeranong Hyperdome	50.0%	6.88%	157.5	ACT	Regional	7.50%
Centro Colonnades	50.0%	6.50%	148.7	SA	Regional	7.25%
Centro Mandurah[2]	50.0%	5.16%	118.1	WA	Sub Regional	7.25%
Centro Toombul	50.0%	4.33%	99.2	QLD	Sub Regional	8.00%
Centro Karingal	50.0%	3.93%	90.0	VIC	Sub Regional	7.25%
Victoria Gardens	50.0%	3.65%	83.5	VIC	Sub Regional	7.00%
Centro Warriewood	50.0%	2.94%	67.3	NSW	Sub Regional	7.25%
Centro Warwick	50.0%	2.79%	63.8	WA	Sub Regional	7.75%
Centro Cranbourne	50.0%	2.62%	60.0	VIC	Sub Regional	7.50%
Centro Box Hill (South)	50.0%	2.37%	54.3	VIC	Sub Regional	7.75%
Centro Arndale	50.0%	2.12%	48.5	SA	Sub Regional	8.50%
Centro Karratha	50.0%	2.05%	47.0	WA	Sub Regional	7.75%
Centro Mildura	50.0%	1.96%	44.9	VIC	Sub Regional	8.00%
Centro Taigum	50.0%	1.69%	38.6	QLD	Sub Regional	7.50%
Centro Tweed	50.0%	1.59%	36.5	NSW	Sub Regional	8.25%
Centro Lavington	50.0%	1.33%	30.5	NSW	Sub Regional	7.75%
Centro Box Hill (North)	50.0%	1.33%	30.5	VIC	Sub Regional	8.00%
Centro Mornington	50.0%	1.18%	27.0	VIC	Sub Regional	7.50%
Centro Springwood	50.0%	1.14%	26.0	QLD	Sub Regional	8.00%
Centro Whitsunday	50.0%	1.09%	24.9	QLD	Sub Regional	8.25%
Centro Goulburn	50.0%	1.05%	24.0	NSW	Sub Regional	8.75%
Centro Halls Head	50.0%	0.63%	14.4	WA	Convenience	8.00%
Total			**2,288.8**			**7.12%**

Notes

1 Value by Ownership percentage

2 Current interest held via a leasehold interest with an entity wholly owned by CPL expiring 31 March 2305.

GLA sqm	Occupancy	MAT $m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (Incl. GST)
73,122	100%	482.3	6,596	10,160	16.4%
85,689	99.6%	416.4	4,862	7,726	18.1%
59,161	100%	331.1	5,597	8,407	16.3%
61,439	100%	296.0	4,817	8,115	17.3%
76,847	97.9%	268.9	3,499	6,636	13.4%
65,578	99.1%	286.8	4,373	5,989	17.2%
39,735	100%	354.3	8,917	9,632	12.9%
33,731	100%	205.8	6,101	6,975	15.6%
41,582	100%	229.8	5,528	7,048	12.5%
31,108	99.6%	161.8	5,200	8,421	12.9%
22,153	100%	166.9	7,533	9,357	15.1%
29,983	100%	190.3	6,346	7,536	12.6%
33,892	100%	192.5	5,679	8,121	11.7%
23,470	100%	122.4	5,215	7,170	14.6%
40,529	99.7%	162.0	3,997	6,484	14.9%
23,852	99.4%	246.4	10,332	9,625	8.7%
20,157	99.5%	143.7	7,127	6,472	10.0%
22,798	100%	122.2	5,359	5,989	12.9%
18,549	98.3%	102.6	5,531	5,632	15.6%
20,052	99.3%	119.1	5,938	7,168	11.9%
14,232	100%	70.7	4,965	4,999	15.7%
11,670	99.1%	93.6	8,019	9,482	14.0%
15,431	100%	78.0	5,057	7,195	11.6%
22,337	95.7%	99.5	4,454	7,629	9.2%
13,802	97.2%	98.4	7,127	7,686	11.3%
5,978	100%	36.6	6,114	5,039	12.7%
906,878	**99.4%**	**5,079.1**			

8.
PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to CAWF's direct property investment portfolio include:

- the portfolio is geographically diverse spanning five Australian States and the ACT as detailed in the chart below;
- the portfolio includes regional, sub-regional centres and a convenience shopping centre;
- the portfolio has a diverse base of over 3,400 retail tenants;
- portfolio occupancy stood at 99.4% at 30 June 2011; and
- Centro Galleria in Western Australia is CAWF's largest asset, representing 13.4% of the portfolio.

TABLE 8.7 GEOGRAPHIC DIVERSIFICATION OF CAWF DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011

CAWF's portfolio is predominately anchored by Australia's largest retailers, being Coles and Woolworths. The table below outlines the top 10 tenants in CAWF's property investment portfolio at 30 June 2011.

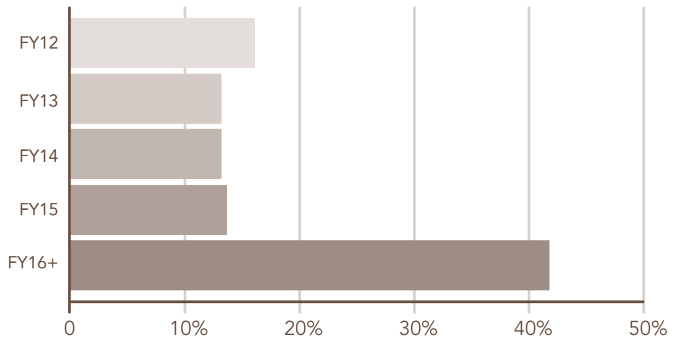
TABLE 8.8 CAWF DIRECT PROPERTY INVESTMENTS – TOP 10 TENANTS AS AT 30 JUNE 2011

Tenant	No of Leases	GLA %
Kmart	11	9.5%
Big W	8	8.1%
Woolworths	18	7.9%
Coles	16	7.5%
Myer	5	7.2%
Target	8	6.8%
David Jones	1	1.9%
Best & Less	19	1.6%
Harris Scarfe	3	1.6%
The Reject Shop	11	1.0%
Total Top 10	**100**	**53.1%**

Note: Gross lettable area based on percentage of ownership.

CAWF has a stable income profile with 56% of total income secured by leases that expire in FY15 and beyond. The majority of specialty tenant leases in the portfolio have contracted annual rent reviews that typically reflect fixed increases of between 4.0% and 5.0%. The average term to maturity of CAWF's leases, weighted by income is 4.4 years with an expiry profile as shown in the chart below.

TABLE 8.9 CAWF DIRECT PROPERTY INVESTMENTS – LEASE EXPIRY PROFILE AS AT 30 JUNE 2011



Development potential

Within CAWF's property portfolio, there are opportunities to enhance value through selective reinvestment and expansion of some of CAWF's centres, but in most cases this will be subject to agreement with the relevant co-owner. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain a competitive advantage. Since 2007 there has been modest development activity in the portfolio. A key rationale for the Aggregation is through combining CAWF's interests with other CNP Group co-owners, the ability to pursue such development opportunities will be better facilitated.

Existing opportunities for CAWF's direct property portfolio total $240 million across the 10 properties shown in the table below. Of those, only Centro Toombul (first of two stages), Centro Warwick and Centro Tweed have been approved by the CAWF RE Board and are underway ($5 million in total). In addition, some minor works are under way at Centro Bankstown ($1.2 million), which are unrelated to a more substantial proposed development noted in table 8.10. These developments are expected to be completed by December 2011, respectively, with further stages of development at Toombul being considered. In line with CAWF's normal investment policies, all development proposals involving expenditure of more than $10 million will require CAWF RE Board approval. The CAWF RE Board will review a number of criteria when assessing any development opportunity to assess the likely returns to Unitholders from undertaking the developments and the inherent risk involved, and as such there can be no guarantee that the current development pipeline noted below will proceed. Further, the existing co-owners of Centro Arndale, Centro Bankstown, Centro Roselands and Centro Karratha have notified CAWF that at the current time they are unlikely to be able to pursue development opportunities. This would adversely impact CAWF's ability to pursue development at those centres.

TABLE 8.10 CAWF DIRECT PROPERTY INVESTMENTS – DEVELOPMENT PIPELINE AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place	Board approval required	Co-owner interest may need to be acquired to facilitate development
Centro Bankstown	NSW	✓ (minor works)	✓ (major works)	✓ (major works)
Centro Roselands	NSW		✓	✓
Centro Tweed	NSW	✓		
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)	
Centro Arndale	SA	✓	✓	✓
Centro Box Hill North	VIC		✓	
Centro Warwick	WA	✓		
Centro Galleria	WA		✓	
Centro Halls Head	WA		✓	
Centro Karratha	WA		✓	✓

8.3.4. Debt and hedging

As at 30 June 2011, CAWF held total external borrowings of $907.2 million, comprising balance sheet debt of $610.6 million (including unamortised borrowing costs) maturing on 15 December 2011 and debt held within the net assets of investments accounted for using the equity method of $296.6 million (of which $146.6 million matures on December 2011 and $150.0 million matures on 4 December 2012).

Whilst these debt facilities are proposed to be refinanced as part of Aggregation, in the event Aggregation does not proceed the Directors have concluded that there are reasonable grounds to believe the debt can be refinanced or extended as and when it becomes due and payable.

As at 30 June 2011, CAWF had interest rate hedging arrangements in place with CNP and external counterparties.

8.3.5. Risks inherent in an investment in CAWF

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As CAWF is primarily exposed to the same property, business and market risks, the CAWF RE Board are of the view all of these risks would apply to an investment in CAWF today, with the exception of those referred to in Sections 5.3, 5.4.7, 5.4.9, 5.4.10 and 5.5.

8.4. PROFILE OF DHT

8.4.1. Overview

DHT is an unlisted investment trust, which invests predominantly in other CNP managed funds.

DHT holds investments in a range of Centro MCS Syndicates, more fully described in Section 8.4.3 below. Should Aggregation proceed, the majority of DPF's assets, excluding its unitholding in DHT and DPF's direct and indirect interests in CER and CAWF will be transferred from DPF to DHT for market value consideration of $253 million, to be satisfied by the issue of DHT Units. As such, when Aggregation is completed all of DPF's interests in Centro MCS Syndicates will be held by DHT as one of the Aggregation Funds in Centro Retail Australia. On that basis, this Section presents information on DHT immediately prior to Aggregation but on the assumption that the transfer of DPF assets to DHT has occurred.

8.4.2. Responsible Entity and Board

The RE of DHT is Centro MCS Manager Limited, a subsidiary of CPL. At the date of this Document, the Board of Centro MCS Manager Limited is currently as follows:

- Peter Day – Chairman, Non-executive independent director;
- Bill Bowness – Non-executive independent director;
- Anna Buduls – Non-executive independent director;
- Paul Cooper – Non-executive independent director;
- Michael Humphris – Non-executive independent director; and
- Fraser MacKenzie – Non-executive independent director.

8.4.3. Investment portfolio

DHT's investment portfolio (after the transfer referred to above) comprises interests in 27 Centro MCS Syndicates, which were collectively valued at $389.3 million at 30 June 2011 as set out in the table below.

TABLE 8.11 DHT'S INVESTMENT PORTFOLIO – AS AT 30 JUNE 2011

	Maturity	Look Through Interest	Valuation $m	Portfolio Weight
CMCS 04	Aug-14	35%	10.7	2.7%
CMCS 05	Oct-10	23%	15.2	3.9%
CMCS 06	Aug-11	16%	9.6	2.5%
CMCS 08	May-10	8%	3.0	0.8%
CMCS 09	Nov-11	10%	7.3	1.9%
CMCS 10	Jun-13	24%	7.2	1.8%
CMCS 11	Mar-10	6%	6.8	1.7%
CMCS 12	Jun-17	23%	5.7	1.5%
CMCS 14	Aug-14	31%	11.4	2.9%
CMCS 15	Apr-12	24%	7.5	1.9%
CMCS 16	May-11	28%	1.9	0.5%
CMCS 17	Oct-11	10%	6.2	1.6%
CMCS 18	Mar-12	23%	8.1	2.1%
CMCS 19NZ	Nov-11	33%	3.7	0.9%
CMCS 19UT	Jun-11	12%	7.7	2.0%
CMCS 20	May-13	15%	3.2	0.8%
CMCS 21	Jun-11	56%	43.8	11.3%
CMCS 22	Mar-12	32%	7.2	1.9%
CMCS 23	Apr-11	39%	5.8	1.5%
CMCS 25	Jun-14	50%	30.8	7.9%
CMCS 26	Mar-15	32%	25.4	6.5%
CMCS 27	Apr-13	58%	18.9	4.8%
CMCS 28	Jun-12	49%	65.2	16.7%
CMCS 30	Aug-14	17%	1.1	0.3%
CMCS 33	Sep-12	44%	32.0	8.2%
CMCS 34	Dec-11	47%	20.2	5.2%
CMCS 37	May-13	51%	23.4	6.0%
Total			**389.3**	**100%**

Notes

1 Excludes investments in MPG Bulky Goods Trust and MAB Diversified Fund (both unlisted managed investment schemes) which will transfer to Centro Retail Australia on Aggregation, with a collective value of $8 million.

2 Excludes investment in CMCS 3 as this property is included in the schedule of direct property investments shown in Section 4.4 and referred to in Section 9.5.

8. PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to the Centro MCS Syndicates that DHT invests in include:

- they are unlisted investment trusts with fixed investment terms (generally between 5 and 7 years);
- with a few notable exceptions, they generally own sub-regional and convenience neighbourhood shopping centres;
- they typically pay quarterly distributions to investors;
- at the end of each Syndicate's fixed investment term, the RE determines whether the Syndicate should "roll over" for a further fixed term or be wound up (i.e. an investor meeting is convened to consider the recommendation of the RE);
- in certain cases an investor meeting may also be convened (either during or at the end of a Syndicate term) to consider a recommendation of the RE to restructure the Syndicate or to make other required Constitution changes; and
- the portfolio includes 50% interests in the following properties which are co-owned with either CAWF or CSIF A:
  - Centro Bankstown (Centro MCS 28's interest was valued at $277.5 million at June 2011);
  - Centro Roselands (Centro MCS 21's interest was valued at $162.9 million at June 2011);
  - Centro Karratha (Centro MCS 25's interest was valued at $47.0 million at June 2011);
  - City Central (Centro MCS 28's interest was valued at $28.4 million at June 2011); and
  - Centro Lutwyche (Centro MCS 33's interest was valued at $30.0 million at June 2011).

8.4.4. Debt and hedging

DHT has no debt facilities or interest rate hedges. DHT does, however, have an indirect exposure to debt via its investments in the Centro MCS Syndicates, which collectively have $1.3 billion of debt as set out in the table below.

TABLE 8.12 DHT'S LOOK-THROUGH INDEBTEDNESS – AS AT 30 JUNE 2011

	CMCS Syndicate Debt $m[1]	Interest	Look through debt $m
CMCS 04	39.8	34.5%	13.7
CMCS 05	49.2	23.3%	11.5
CMCS 06	44.3	15.7%	7.0
CMCS 08	43.1	8.4%	3.6
CMCS 09	100.0	10.2%	10.2
CMCS 10	32.5	24.3%	7.9
CMCS 11	68.2	6.3%	4.3
CMCS 12	29.9	23.0%	6.9
CMCS 14	17.2	30.7%	5.3
CMCS 15	4.7	24.1%	1.1
CMCS 16	43.1	28.2%	12.2
CMCS 17	16.0	9.7%	1.6
CMCS 18	7.9	22.9%	1.8
CMCS 19NZ	0.3	33.1%	0.1
CMCS 19UT	31.2	12.4%	3.9
CMCS 20	20.5	15.4%	3.2
CMCS 21	73.6	55.9%	41.1
CMCS 22	16.2	32.8%	5.3
CMCS 23	21.7	38.8%	8.4
CMCS 25	62.4	49.8%	31.1
CMCS 26	54.4	32.4%	17.6
CMCS 27	55.0	57.9%	31.8
CMCS 28	171.9	48.5%	83.4
CMCS 30	9.5	16.9%	1.6
CMCS 33	117.9	44.0%	51.9
CMCS 34	72.5	47.1%	34.1
CMCS 37	92.7	50.9%	47.2
Total	**1,295.3**		**447.8**

Note

1 Excludes related party loans.

8.4.5. Risks inherent in an investment in DHT

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As DHT is primarily exposed to the same property, business and market risks, the Directors of DHT RE are of the view all of these risks would apply to an investment in DHT today, with the exception of those referred to in Sections 5.3.1, 5.3.3, 5.4.9, 5.4.10 and 5.5.


DAVID JONES
DAVID JONES

9. Profile of Assets to be Acquired in Aggregation

9.1. INTRODUCTION

This Section provides an overview of all assets that Centro Retail Australia will acquire as part of Aggregation that are not assets of the Aggregation Funds at the date of this Document and are therefore not outlined in Section 8. The assets that will be acquired comprise:

- direct freehold property investments and co-investments in Centro MCS Syndicates (to be acquired from CNP);
- related party loans, working capital balances, and interest rate swap agreements and provisions (to be acquired from CNP)[52];
- entities and assets comprising the Services Business (to be acquired from CNP);
- interests in the Centro Syndicate Investment Fund CSIF-A portfolio (to be acquired from CNP and certain Centro MCS Syndicates);
- Centro Nepean (effectively acquired as the result of the acquisition of certain investments in CNP managed funds and Syndicates referred to above); and
- 50% interest in Centro Arndale (to be acquired from Centro MCS 33).

In general terms, following Aggregation (including the acquisition of the assets described in this Section), substantially all of the Australian property and related assets in which each of CNP, CER, CAWF and DPF had a direct ownership interest prior to Aggregation, will be owned within Centro Retail Australia, together with all assets owned by CNP which are required to operate the Services Business in the manner described in Section 4.

9.2. INVESTMENTS TO BE ACQUIRED FROM CNP

9.2.1. Direct Property investments

Should Aggregation proceed, Centro Retail Australia will acquire certain direct property investments valued at approximately $47.3 million (as at 30 June 2011) from CNP including:

- **Centro Somerville** (100% interest valued at $38.5 million at 30 June 2011) – sub-regional shopping centre located on the Mornington Peninsula, approximately 60 km south from Melbourne's CBD, anchored by Coles and Target with four mini majors, 28 specialty shops and one freestanding shop. Developed in 2008, occupancy stood at 99.3% and weighted average lease expiry at 8.5 years at June 2011; and
- **Vacant land adjoining Centro Keilor** (valued at $8.8 million at 30 June 2011), which could facilitate a future development.

In addition, as part of Aggregation, Centro Retail Australia will acquire:

- the reversionary freehold interest in Centro Mandurah, subject to existing leases in place (for no additional consideration); and
- a reversionary 50% interest in Centro Bankstown, subject to existing leases in place (for no additional consideration).

52 The provisions are effectively transferred to Centro Retail Australia through being taken into account in determining the Aggregation Ratios.

9.2.2. Investments in Centro MCS Syndicates

Should Aggregation proceed, Centro Retail Australia will acquire CNP's co-investments in the Centro MCS Syndicates valued at $78.7 million as at 30 June 2011, as shown in the table below.

TABLE 9.1 CPT'S DIRECT AND INDIRECT INTERESTS IN CENTRO MCS SYNDICATES BEING ACQUIRED BY CENTRO RETAIL AUSTRALIA

Managed Fund	Investment Value Jun-11 ($m)
CMCS 03	0.4
CMCS 04	0.5
CMCS 05	0.8
CMCS 06	0.5
CMCS 08	0.1
CMCS 09	0.4
CMCS 10	0.4
CMCS 11	0.3
CMCS 12	4.1
CMCS 14	0.6
CMCS 15	0.4
CMCS 16	0.1
CMCS 17	0.3
CMCS 18	0.4
CMCS 19UT	0.4
CMCS 19NZ	0.2
CMCS 20	0.2
CMCS 21	1.9
CMCS 22	0.4
CMCS 23	0.3
CMCS 25	11.6
CMCS 26	42.2
CMCS 27	1.3
CMCS 28	3.4
CMCS 30	2.6
CMCS 33	1.7
CMCS 34	0.7
CMCS 37	2.3
Total	**78.7**

The most significant investments in the table above are:

- Centro MCS 25 – which owns interests in five properties collectively valued at $115.75 million, including a 50% interest in Centro Karratha, a sub-regional centre in WA, which is co-owned with CAWF; and
- Centro MCS 26 – which owns interests in three properties collectively valued at $128.2 million, including a 76.43% interest in Centro Maddington, a sub-regional centre in WA.

9.2.3. Related party loans and other items

As at 30 June 2011, there were loan balances outstanding under a number of documented loans provided by CNP to either Centro MCS Syndicates or other entities which will form part of Centro Retail Australia following Aggregation. These loan balances will be transferred to Centro Retail Australia on Aggregation. Loan balances totalling $137.6 million which relate to entities which will be part of Centro Retail Australia following Aggregation will be settled between the resepective parties (which will both be part of Centro Retail Australia and therefore settled internally). Loan balances totalling $94.8 million which relate to Centro MCS Syndicates will be held by Centro Retail Australia until repayment. Provisions in relation to the loan balances to be transferred to Centro Retail Australia (totalling $26.5 million as at 30 June 2011) are to be taken into account in determining the Aggregation Ratios. The loan balances as at 30 June 2011 are set out in the table below and will be transferred at the 30 June 2011 values.

TABLE 9.2 RELATED PARTY LOANS TRANSFERRING TO CENTRO RETAIL AUSTRALIA

Managed Fund	Loan Balance as at 30 June 2011	Provisions held at CPT	Balance transferred to Centro Retail Australia
CMCS 03	3.9	-	3.9
CMCS 04	29.7	-	29.7
CMCS 05	2.1	-	2.1
CMCS 06	2.1	-	2.1
CMCS 08[1]	1.8	-	1.8
CMCS 09	14.3	-	14.3
CMCS 11	1.9	-	1.9
CMCS 12[1]	8.2	-	8.2
CMCS 14	0.4	-	0.4
CMCS 16	15.2	(15.2)	-
CMCS 19UT	1.8	-	1.8
CMCS 21	2.5	-	2.5
CMCS 26	2.5	-	2.5
CMCS 27	0.9	-	0.9
CMCS 34	7.7	-	7.7
Bankstown Sub-Trust No.1	0.9	-	0.9
Centro Shopping America Trust[2]	101.1	(11.3)	89.8
CSIF-A	25.4	-	25.4
CSIF-B	10.3	-	10.3
Total	**232.4**	**(26.5)**	**205.9**

Notes

1 Related party loan balance reduced by $2.5 million subsequent to 30 June 2011, through the full repayment CMCS 8 loan balance and partial repayment of CMCS 12 loan balance.

2 Wholly owned by CER.

The most significant of the loans transferring that will remain as balances owed to Centro Retail Australia are those to:

- Centro MCS 4 – which owns 100% of Centro Seven Hills, a sub-regional centre in NSW, valued at $91.5 million;
- Centro MCS 9 – which owns 100% interests in three sub-regional centres properties collectively valued at $197.0 million being Centro Hollywood in SA, Centro Gympie in QLD and Centro Dianella in WA; and
- Centro MCS 16 – which owns 100% of Centro Toormina, a sub-regional centre in NSW, valued at $63.5 million. Given the high loan to value ratio (LVR) position in Centro MCS 16 this related party loan is fully provided for in the accounts of CPT and so is transferred to Centro Retail Australia at nil balance. The gross amount before provision was $15.2 million as at 30 June 2011.

9. PROFILE OF ASSETS TO BE ACQUIRED IN AGGREGATION

All of the loans acquired by Centro Retail Australia are interest bearing and repayable on reasonable notice and are expected to be ultimately repaid at the net amount shown in Table 9.2.

In addition, there are other CNP assets and liabilities that are due to be transferred to Centro Retail Australia as part of Aggregation, with the value to reflect the 30 June 2011 balance or balance on date of Aggregation (depending on the nature of the asset or liability). In summary these relate to:

- working capital related receivables relating to interest, normal trade debtors and other payables to CNP which had a book value of $25.1 million as at 30 June 2011; and
- interest rate swap agreements with balances totalling $25.3 million (assets) as at 30 June 2011.

CNP's existing provisions in respect of stamp duty assessments of $88.5 million as at 30 June 2011 will effectively be transferred to Centro Retail Australia through being taken into account in determining the Aggregation Ratios.

9.3. SERVICES BUSINESS TO BE ACQUIRED FROM CNP

Centro Retail Australia will acquire a number of entities and assets that together comprise the Services Business (valued at approximately $200 million), which provides property management, development, leasing and funds management services to various CNP managed funds (including the Aggregation Funds).

The $200 million purchase price reflects:

- a component that relates to the "internalisation" of management of the Aggregation Funds (i.e. CER, CAWF and DHT will no longer be paying fees to an external manager); and
- a component that relates to the acquisition of the rights to provide "external" property management, development and leasing services to 27 Centro MCS Syndicates, which collectively owned $2.6 billion of Australian shopping centres at 30 June 2011.

The $200 million purchase price reflects a discounted cash flow forecast based valuation as at 31 December 2010 (assuming Centro Retail Australia acquires the management rights to all 27 Centro MCS Syndicates on Aggregation). In the event that Aggregation proceeds in circumstances where a CNP Junior Stakeholders Approval has not been obtained, the purchase price to be paid by Centro Retail Australia for the Services Business on Aggregation will be reduced by an amount equal to 4.4% of the estimated funds under management of any Centro MCS Syndicates for which Centro Retail Australia does not acquire the management rights. If the management rights of any such Syndicate are subsequently delivered to Centro Retail Australia within 6 months after Aggregation, Centro Retail Australia will issue additional New Stapled Securities and CATS as payment of the deferred consideration for these management rights[53].

In addition to entities and assets valued at approximately $200 million, Centro Retail Australia will acquire accrued roll-over, performance, wind-up and deferred RE fees which are expected to total a further amount of approximately $40 million as at 30 June 2011.

53 As outlined in Section 5.3.2, a process has been put in place to replace CPT Manager Limited with CMCS Manager Limited as the RE of certain Centro MCS Syndicates and, as at the date of this Document, the replacement has been implemented for all but two of these Syndicates, which collectively represent approximately 17% of estimated funds under management for all Centro MCS Syndicates. If the management rights for these two Syndicates are not delivered on Aggregation, this would result in the initial consideration for the Services Business being reduced by approximately $19 million. If the management rights were subsequently delivered within 6 months following Aggregation, this would result in the issue of up to 8 million New Stapled Securities and 8 million CATS at the time of delivery.

In addition to the management rights outlined above, other principal assets and liabilities of the Services Business include:

- an experienced management team comprising over 600 staff with capabilities spanning property management, development, leasing, funds management and various support functions including accounting, legal, human resources and information technology;
- office equipment, information technology infrastructure and integrated information systems with extensive historical performance data for all properties managed by the CNP Group;
- all necessary licenses and/or regulatory approvals relevant to the operations of the Services Business (e.g. Australian financial services licences, real estate agents licences);
- the Centro brand (including goodwill, trademarks, business names and domain names);
- the leases on head office premises in Victoria at Centro The Glen and CNP's Melbourne city office; and
- working capital (including accounts receivable, accounts payable and employee entitlement liabilities).

Section 4.5 provides additional information in relation to the Services Business.

9.4. CSIF-A PORTFOLIO

As part of Aggregation, Centro Retail Australia will acquire 100% of a class of units in the CSIF with beneficial ownership of the "A" class portfolio of properties. At the date of this Document these units are currently owned by CPT and the CSIF Holder Syndicates, being three of the Centro MCS Syndicates. CPT will receive New Stapled Securities in connection with Centro Retail Australia's acquisition of its interest of 71.3% ($55.5 million). The balance held by the three Syndicates (28.7% interest valued at $22.7 million) will be settled in cash.

The class "A" investment portfolio at 30 June 2011 had net assets of $78.2 million and comprises 50% and 100% interests in 12 Australian shopping centres valued at $246 million including several properties that are co-owned with other CNP managed funds, a 50% interest in CMCS 3 (which owns Centro Nepean as referred to in Section 9.5) and a minor interest in Centro DPF International (1.1% of CSIF A's net assets at 30 June 2011). The table below outlines the key property metrics of class 'A' $246 million portfolio direct property portfolio being acquired by Centro Retail Australia.

9.
PROFILE OF ASSETS TO BE ACQUIRED IN AGGREGATION

TABLE 9.3 CSIF-A DIRECT PROPERTY PORTFOLIO – AS AT 30 JUNE 2011.

Property Name	Ownership	Portfolio Weighting	Jun 11 Value[1] $m	State	Centre Type	Cap Rate 30 Jun 11
Centro Lutwyche	50.0%	12.22%	30.0	QLD	Convenience	7.75%
City Central Perth	50.0%	11.55%	28.4	WA	CBD Retail	8.50%
Katherine Oasis Shopping Centre	100%	10.02%	24.6	NT	Convenience	9.00%
Centro Victoria Park	100%	9.27%	22.8	WA	Convenience	8.00%
Centro Wodonga	50.0%	8.45%	20.8	VIC	Sub Regional	9.00%
Centro Armidale	50.0%	7.94%	19.5	NSW	Sub Regional	8.50%
Goldfields Plaza Shopping Centre	100%	7.84%	19.3	QLD	Convenience	9.25%
Centro North Shore	100%	7.13%	17.5	QLD	Convenience	7.75%
Centro Westside	50.0%	7.05%	17.3	NSW	Sub Regional	9.50%
Centro Lansell	50.0%	6.92%	17.0	VIC	Sub Regional	9.00%
Centro Buranda	50.0%	6.92%	17.0	QLD	Sub Regional	7.75%
Centro Warrnambool	100%	4.68%	11.5	VIC	Convenience	8.75%
Total			**245.5**			**8.52%**

Notes

1 Value by Ownership percentage.

Key points to note in relation to the CSIF class A direct property investment portfolio include:

- The portfolio is geographically diverse spanning five Australian States and the Northern Territory;
- The portfolio includes sub-regional, convenience shopping centres and one CBD Retail shopping centre;
- The portfolio has a base of over 500 retail tenants; and
- Portfolio occupancy stood at 99.5% at 30 June 2011.

Obligations that Centro Retail Australia will assume as part of its acquisition of units having beneficial interest in the class 'A' portfolio include $205.4 million of borrowings (including a $25.4 million loan from CNP), of which $142.5 million is hedged with an external counterparty until October 2011.

GLA sqm	Occupancy	MAT $m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (incl. GST)
19,518	100%	73.8	3,779	4,579	11.5%
13,067	100%	57.0	4,361	7,872	17.1%
7,157	99.4%	76.5	10,695	8,525	8.3%
5,480	100%	59.5	10,863	5,412	12.0%
17,587	99.7%	95.0	5,401	6,191	11.3%
14,627	100%	96.5	6,597	5,039	12.8%
8,285	97.6%	47.3	5,715	9,269	7.2%
4,046	100%	43.3	10,711	5,070	13.0%
16,682	100%	108.0	6,474	8,598	7.5%
18,227	98.1%	85.7	4,701	5,473	10.0%
11,585	100%	75.4	6,508	7,563	12.0%
4,491	100%	37.3	8,316	6,645	6.9%
140,752	**99.5%**	**855.4**			

9.5 CENTRO NEPEAN AND 50% INTEREST IN CENTRO ARNDALE

Should Aggregation proceed, Centro Retail Australia will acquire two other direct property investments together valued at $150.5 million (as at 30 June 2011) as follows:

- **Centro Nepean** (100% interest valued at $102.0 million at June 2011) – sub-regional shopping centre located in Penrith, approximately 54km west from Sydney's CBD, anchored by Coles and Kmart with three mini majors, 59 specialty shops and one freestanding shop. Most recently developed in 1999, occupancy stood at 97.0% as at 30 June 2011 and weighted average lease expiry at 5.6 years at 30 June 2011. Centro Nepean enhances the geographic diversification of Centro Retail Australia's portfolio by increasing the NSW weighting. The 100% interest is to be effectively acquired by Centro Retail Australia as a result of Centro Retail Australia acquiring DPF's, CNP's and certain Centro MCS Syndicate's interests in CSIF and CMCS 3, which result in Centro Retail Australia holding (in aggregate) 100% of CMCS 3, which owns the Centro Nepean property.
- **Centro Arndale** (50% interest valued at $48.5 million at June 2011) – sub-regional shopping centre located 8 km north west from Adelaide's CBD, anchored by Big W, Coles, Greater Union, Harris Scarfe and Woolworths, with three mini majors, 94 specialty shops and four freestanding shops. Most recently developed in 1999, occupancy stood at 99.7% as at 30 June 2011 and weighted average lease expiry at 3.4 years at 30 June 2011. At the date of this Document, a development opportunity currently exists involving expansions of Big W and Woolworths. The acquisition of Centro MCS 33's 50% interest in Centro Arndale will result in Centro Retail Australia owning a 100% because, at the date of this Document, CAWF owns the other 50% interest.

The Centro Retail Australia debt facility outlined in Table 7.6 is intended to be used to find the acquisition of the two property interests outlined above.


Market
EXIT
TOILETS

10. CATS

10.1. ISSUE OF CATS

CATS are Class Action True-up Securities (**CATS**) that are issued to CNP and DPF (in respect of certain asset transfers) and to CAWF Unitholders and DHT Unitholders that are issued New Stapled Securities by each of the Aggregation Funds on Aggregation. CNP, DPF, CAWF Unitholders and DHT Unitholders will be issued with 1 CATS for every 1 New Stapled Security that they are issued on Aggregation. Accordingly, it is expected that there will be approximately 947 million CATS on issue at Aggregation. After that issue has been made, it is not anticipated that further CATS are to be issued (other than in connection with the deferred consideration for the Services Business, referred to in Section 9.3). However, as noted in Section 10.4 below, CATS may be transferred.

CER is subject to class action litigation (referred to in this Document as the "**CER Class Action Litigation**") alleging that in the period 17 July 2007 to 28 February 2008, CER engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations in relation to certain matters as outlined in Section 7.3.10. There are 4 separate proceedings that have been commenced in the Federal Court of Australia to which CER is a party, being: Kirby v Centro Retail Limited & another, proceeding VID 327 of 2008; Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010; Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008; and Vlachos & others v PricewaterhouseCoopers, proceeding VID 1041 of 2010. The potential liability arising from the CER Class Action Litigation is not known.

Through Aggregation, CNP will transfer assets including the Services Business to Centro Retail Australia and will receive New Stapled Securities in connection with such transfer. DPF will also receive New Stapled Securities in respect of certain asset transfers as part of Aggregation. In addition, the Unitholders in each of CAWF and DHT immediately prior to Aggregation, by also becoming Securityholders in CER when Aggregation occurs, will become exposed to the effect of the CER Class Action Litigation. However, that exposure is not quantified and unless all of the legal actions have been finalised in advance, neither the purchase price for the assets transferred to Centro Retail Australia as part of Aggregation nor the Aggregation Ratios (referred to in Section 3.3) which are used to calculate the issues of New Stapled Securities on Aggregation reflect that exposure.

The CATS are therefore issued to provide to their holders some compensation in the event that CER becomes liable to pay specified amounts in relation to the CER Class Action Litigation (including costs of CER and other parties). There is no assurance that the compensation will cover all or any particular amount of liability.

CATS holders are entitled to receive further issues of New Stapled Securities or cash payments after any of the CER Class Action Litigation is resolved, settled, or a final judgement is given. Any such event will be a 'Crystallisation Event' for the CATS and will trigger such issue or payment. The number of New Stapled Securities to be issued, or cash to be paid to CATS holders is subject to the Cap described in Section 10.6 below. Whether an issue of New Stapled Securities or cash payment is selected is a matter for determination by a majority of the Aggregation Funds in accordance with the Issuers' duties (please refer to the different calculations in the examples in Section 10.6 below). As there are 4 separate proceedings, it is possible that there could be more than one Crystallisation Event for the CATS and therefore more than one issue or payment under the CATS. Examples are set out in Section 10.6 below.

DPF'S UNITHOLDERS

DPF is not an Aggregation Fund. This means that its Unitholders do not receive an issue of CATS. However, DPF will receive CATS because it is a Unitholder in CAWF and DHT and in respect of certain asset transfers.

Once Aggregation has occurred, DPF RE intends to permit DPF Unitholders to redeem their DPF Units for either cash or, at the DPF Unitholder's election, a pro rata portion of the New Stapled Securities and CATS that DPF holds.

DPF Unitholders should refer to the Brochure about such opportunities that they receive from the DPF RE with this Document. DPF Unitholders should also consider the information about the New Stapled Securities, CATS and Centro Retail Australia in this Document before deciding whether to request redemption of their DPF Units and, if they decide to request redemption, whether to request a cash redemption or instead a transfer of New Stapled Securities and CATS. DPF Unitholders do not have an interest in or right to any particular assets of DPF so have no right to a pro rata portion of any particular DPF assets such as New Stapled Securities or CATS. Whilst the cash redemption amount for DPF units will reflect the net asset value of all of the DPF assets, if for instance, the value of the CATS is nil the redemption amount will reflect that. CATS and New Stapled Securities could still remain an asset of DPF and even if at a later time those securities have a value, then DPF Unitholders whose DPF units have been redeemed will not receive consideration for them.

10.2. NO PAYMENT BY HOLDERS OF CATS

No separate amount is to be paid by a holder of CATS for the issue of the CATS to them or for any New Stapled Security issued by the Aggregation Funds pursuant to the terms of the CATS. This does not mean that the CATS do not come at a cost to those to whom they are issued. For instance, had the CER Class Action Litigation been a quantified liability on Aggregation then the Aggregation Ratios referred to in Section 3.3 would have reflected that liability with an issue of more New Stapled Securities to the CAWF and DHT Unitholders and CNP at Aggregation.

10.3. ENTITLEMENTS AND DISTRIBUTIONS

All New Stapled Securities issued pursuant to the terms of the CATS will be ordinary securities of their issuers on the same terms as the other New Stapled Securities with entitlement to receive any dividend or distribution the record date for which is on or after those New Stapled Securities were issued.

CATS do not give their holders any entitlement to participate in new issues of New Stapled Securities.

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the equity of Centro Retail Australia, the rights of the holders in respect of any CATS will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

10.4. TRADING AND TRANSFER

10.4.1. CATS are not listed

It is not intended that the CATS will be quoted on ASX or any other exchange. However, if any New Stapled Securities are issued pursuant to the terms of the CATS, application will be made to quote those New Stapled Securities on ASX.

10.4.2. Transfers

The CATS may be transferred subject to the transfer meeting applicable legal requirements. However, there is no assurance that there will be a market for the CATS or what, if any, value will be attributed to them and they may have no value, particularly prior to any liability crystallising under any CER Class Action Litigation and there is no certainty that any such liability will crystallise or when the position might become clearer. CER is subject to continuous disclosure obligations and you should refer to any material that Centro Retail Australia may disclose from time to time.

Any stamp duty or other costs associated with transferring the CATS must be borne by the holder.

In addition, any Ineligible Holder (referred to in Section 10.4.3 below) of CATS will not receive any New Stapled Securities when an issue is made pursuant to the terms of the CATS. The issues relating to Ineligible Holders are to be made to a nominee appointed by Centro Retail Australia who is to sell the New Stapled Securities and the Ineligible Holders are to be paid their pro rata portion of the net proceeds of sale.

10.4.3. Ineligible Holders

An Ineligible Holder under the CATS is:

- any holder with a registered address outside Australia and New Zealand. These holders will not be entitled to receive an issue of New Stapled Securities if the Issuers decide that it would be unreasonable to make the issue having regard to the number of holders in the relevant foreign place, the number and value of New Stapled Securities that would be issued to holders in that place and the cost of complying with the regulatory requirements in that place; or
- any holder to whom an issue of the New Stapled Securities would fail to comply with the F*oreign Acquisitions and Takeovers Act* 1975 and takeovers requirements under the Corporations Act or the ASX Listing Rules.

Where an issue of New Stapled Securities would otherwise be made to Ineligible Holders then they are to be made instead to a nominee for sale as referred to in Section 10.4.2 above. This means that the nominee will receive the securities that would otherwise have been issued to those Ineligible Holders of CATS, sell them and the net proceeds will be paid to the Ineligible Holders pro rata to the number of CATS of the Ineligible Holder.

10.5. EXPIRY

The CATS will continue until the earlier of 6 months after the last of all 4 proceedings have been finally determined or settled and the date that the aggregate issues of New Stapled Securities or cash payments for the purpose of the CATS has reached the Cap described in Section 10.6.3 below and the New Stapled Securities have been issued or the payment made.

There is no certainty when this may occur and whether that will occur at one time or on different occasions for the different actions.

10.6. DELIVERABLES UNDER CATS

10.6.1. Who is the recipient

A holder must be noted in the Aggregation Funds' register in order to be recognised for any payment or issue as a holder of CATS and provide any information about themselves that the Aggregation Funds are required by law to collect. Otherwise the holder does not need to do anything to receive any amount of cash or any New Stapled Security that is deliverable under their CATS or to ensure that they continue to be a CATS holder after any one amount is provided under the CATS should any of the proceedings then remain on foot.

10.6.2. When provided

Amounts deliverable to holders of the CATS are to be provided as any of the 4 CER Class Action Litigation actions are finally determined or settled. This could be on one or more occasions. You should note that an action is not finally determined until all avenues of appeal have been exhausted.

Amounts are to be provided to holders by the earlier of:

- 30 business days of the action being settled or finalised; or
- the record date for a pro rata issue conducted by the Aggregation Funds for the purpose of raising funds to pay all or part of any liability from that litigation, including to repay any indebtedness incurred to fund the litigation liability.

Subject to the applicable law, within 10 Business Days of their issue, a holding statement for New Stapled Securities that are issued pursuant to the CATS will be sent to the CATS holders.

10.6.3. What is provided

CATS holders are entitled to receive further issues of New Stapled Securities or cash payments after any of the CER Class Action Litigation is resolved, settled, or a final judgement is given. Whether an issue of New Stapled Securities or cash payment is selected is a matter for determination by a majority of the Aggregation Funds. Any such decision would be determined in accordance with the Issuers' duties and, as a result, in the best interests of the investors as a whole and so that it is fair between classes of investors.

The issue of New Stapled Securities and cash payment is subject to the Share Cap and the Cash Cap, respectively. The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cash Cap determines the maximum amount of cash which can be paid to CATS holders, having regard to the Share Cap and the theoretical Pro Forma NAV per New Stapled Security implied by the Share Cap.

As there is more than one class action, issues of New Stapled Securities or cash payments made pursuant to CATS may occur more than once. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities issued and payments have been made to the extent of the Cap.

The potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

Any further issues of New Stapled Securities or cash payments to the holders of CATS will dilute NAV per New Stapled Security and/or the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities or the making of cash payments is not currently known but is limited by the Cap.

A. New Stapled Securities

If the Aggregation Funds elect to issue New Stapled Securities, the number of New Stapled Securities that a CATS holder will receive for each CATS that they hold is, subject to the Share Cap described below, determined by reference to the amount of the litigation liability, the latest published NAV per New Stapled Security and the number of Reference Securities on issue (see below). Specifically, the number of New Stapled Securities that a CATS holder will receive for each CATS that they hold is, subject to the Share Cap described below, the number equal to the proportion that the last published NAV per New Stapled Security (**Last Published NAV**) bears to a "Pro Forma NAV" per New Stapled Security (as adjusted to exclude any provision for liability relating to the CER Class Action Litigation), less 1. The deduction of 1 means that the proportion is the increase above the existing level rather than including it – for instance, 102% becomes 2%.

> Number of New Stapled Securities to be issued for each CATS = (Last Published NAV / Pro Forma NAV) – 1.

If more than one of the 4 CER Class Action Litigation actions are determined or settled, when the calculation is performed for any event after the first, the above number will be multiplied by an "Adjustment Factor" which is the sum of the previous number of New Stapled Securities calculated under the above formula, plus one.

The Pro Forma NAV is in part determined by reference to:

- the New Stapled Securities that are held by CER Securityholders on Aggregation immediately after consolidation of the securities in the Aggregation Funds to ensure that their securities have the same net asset backing; and
- any new equity offering and bonus issues since Aggregation up to the time that the litigation liability crystallised, (such securities being referred to as "**Reference Securities**"). The Pro Forma NAV is a Pro Forma NAV per New Stapled Security as if the entire litigation liability had been allocated to the Reference Securities.

The Pro Forma NAV is determined as follows:

$$\text{Pro Forma NAV} = \frac{(\text{Last Published NAV x Reference Securities}) - \text{Litigation Liability}}{\text{Reference Securities}}$$

Share Cap

The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)).

If at any time New Stapled Securities are to be issued pursuant to the CATS, and the number of New Stapled Securities to be issued (together with any previous issues pursuant to the CATS) would exceed the Share Cap, then the terms of the CATS provide that the number of New Stapled Securities to be issued on that occasion will be reduced on a pro rata basis to such number as will not result in the Share Cap being exceeded.

B. Cash

If the Aggregation Funds elect to make a cash payment, the cash amount that a CATS holder will receive for each CATS that they hold is, subject to the Cash Cap described below, equal to the number of New Stapled Securities that would be issued for a CATS as a result of that litigation liability multiplied by the Pro Forma NAV. However, any Adjustment Factor is always 1.

Cash Cap

The Cash Cap determines the maximum amount of cash which can be paid to CATS holders, having regard to the Share Cap and the "theoretical Pro Forma NAV" (described below) per New Stapled Security implied by the Share Cap.

> Aggregate Cash Cap = Share Cap x theoretical Pro Forma NAV

The Theoretical Pro Forma NAV is, in effect, the theoretical NAV per New Stapled Security immediately following an assumed crystallisation of the maximum litigation liability implied by the Share Cap and the issuance of New Stapled Securities equal to the Share Cap (in accordance with the formula). It is determined with reference to the Last Published NAV, the Share Cap and the number of CATS on issue.

> Theoretical Pro Forma NAV = Last Published NAV / ((Share Cap / number of CATS on issue) + 1)

If at any time a cash payment is to be made pursuant to the CATS, that cash payment (together with any previous cash payments pursuant to the CATS) would exceed the Cash Cap, the cash amount to be paid on that occasion will be reduced on a pro rata basis to such amount as will not result in the Cash Cap being exceeded.

Other

In the event that the litigation liability exceeds the combined value of the NAV attributable to the Reference Securities, the aggregate of the New Stapled Securities or the aggregate of the cash amounts to be issued or paid to the holders of CATS collectively in relation to a Crystallisation Event will be equal to the amount of the Cash Cap or the Share Cap (as the case may be), after deducting the aggregate of all New Stapled Securities or cash amounts previously issued or paid to holders of CATS.

C. Examples

Set out below are examples of how the number of New Stapled Securities or cash amount is determined. They are illustrations to show how the calculations work and are not actual, expected or forecast issues or payments. Any issues or payments may be higher or lower and there may be no issue or payment at all.

Example when a single CER Class Action Litigation is finally determined or settled:

Assume a $20 million settlement

Assumptions and calculations

Notation in Formula	Relevant Information	
	New Stapled Securities on issue on Aggregation implementation	1,341 million
A	Last Published NAV Per New Stapled Security	$2.50
B	Reference Securities	394 million
C	Litigation Liability	$20 million
PF NAV	Pro Forma NAV Per New Stapled Security *((A x B) – C) / B*	$2.45
Adjustment Factor	Adjustment Factor	1.0

Application for an issue of New Stapled Securities

Notation in Formula	Relevant Information	Number
N	Number of New Stapled Securities to be issued for each CATS held by the Holder *(A / PF NAV – 1) x Adjustment Factor*	0.0207*
Example Holding	Number of CATS held	10,000
	Total number of New Stapled Securities issued to the CATS holder	207*

* The aggregate number of New Stapled Securities to be issued to a Holder will be rounded

Application for cash payment

Notation in Formula	Relevant Information	Amount
Cash Amount	Cash amount paid per CATS *N* x PF NAV*	$0.0507
Example Holding	Number of CATS held	10,000
	Total cash amount paid to the CATS holder	$507

* As described above, the Adjustment Factor for cash is always 1.

10. CATS

Example when two separate CER Class Action matters are finally determined or settled:

Assume a first settlement of $10 million, followed by second settlement of $10 million

Assumptions and calculations

Notation in Formula	Relevant Information	Value Settlement 1	Value Settlement 2
	New Stapled Securities on issue on Aggregation implementation	1,341 million	1,314 million
A	Last Published NAV Per New Stapled Security	$2.50	$2.47
B	Reference Securities	394 million	394 million
C	Litigation Liability	$10 million	$10 million
PF NAV	Pro Forma NAV Per New Stapled Security *((A x B) – C) / B*	$2.47	$2.45
Adjustment Factor	Adjustment Factor	1.0	1.0103

Application for an issue of New Stapled Securities

Notation in Formula	Relevant Information	Number – Settlement 1	Number – Settlement 2
N	Number of New Stapled Securities to be issued for each CATS held by the Holder *(A / PF NAV – 1) x Adjustment Factor*	0.0103*	0.0105*
Example Holding	Number of CATS held	10,000	
	Total number of New Stapled Securities issued to the CATS holder	**103***	**105***
	Total number of securities for each CATS held for both settlement/ determination events	0.0207*	
	Total number of New Stapled Securities issued to the CATS holder	**207***	

Application for a cash payment

Notation in Formula	Relevant Information	Amount – Settlement 1	Amount – Settlement 2
Cash Amount	Cash amount paid per CATS *N* x PF NAV*	$0.0254	$0.0254
Example Holding	Number of CATS held	**10,000 before and after the event**	
	Total cash amount paid to the CATS holder for each event	**$254**	**$254**
	Total cash amount paid to the CATS holder for each CATS held for both settlement/determination events	$0.0507	
	Total cash amount paid to the CATS holder for both settlement/ determination events	**$507**	

* As described above, the Adjustment Factor for cash is always 1.

- The following table sets out examples of the number of New Stapled Securities issued or cash paid to a holder of 10,000 CATS

New Stapled Securities Issued								
		Single Settlement (A$m)						
		0	50	100	150	200	250	300
NAV per Security Immediately Prior to Crystallisation Event	$1.75	0	782	1,696	2,779	2,833	2,833	2,833
	$2.00	0	677	1,453	2,350	2,833	2,833	2,833
	$2.25	0	598	1,271	2,036	2,833	2,833	2,833
	$2.50	0	535	1,130	1,796	2,547	2,833	2,833
	$2.75	0	484	1,016	1,606	2,263	2,833	2,833
	$3.00	0	442	924	1,453	2,036	2,681	2,833
	$3.25	0	406	847	1,326	1,850	2,425	2,833

Total Cash Amount Paid to CATS Holders (A$m)								
		Single Settlement (A$m)						
		0	50	100	150	200	250	300
NAV per Security Immediately Prior to Crystallisation Event	$1.75	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$2.00	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$2.25	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$2.50	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$2.75	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$3.00	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519
	$3.25	$0	$1,269	$2,537	$3,806	$5,075	$5,519	$5,519

Assumptions:

- Total New Stapled Securities on issue on Aggregation implementation is 1,341 million
- The number of Reference Securities is 394 million
- Note that the number of New Stapled Securities issued is capped in accordance with the CATS terms.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11. FEES AND OTHER COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100 000 to $80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

When you read the information included in Sections 11.1, 11.2 and 11.3, please note that Centro Retail Australia will be internally managed, which means that the fund and property management business owned by Centro Retail Australia is to provide services for the Aggregation Funds and associated costs are incurred directly.

11. FEES AND OTHER COSTS

11.1. FEES AND OTHER COSTS

Table 11.1 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

General information regarding taxes is set out in Sections 3.5 and 13 of this Document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

TABLE 11.1 FEES AND OTHER COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment[1]	The RE of each Trust which comprises Centro Retail Australia will not charge any management fees[2]. However, the RE of each Trust will recover its costs and expenses in managing and administering the Trust. These costs and expenses are estimated to be 0.04% p.a. of the net assets of the Trusts which comprise Centro Retail Australia[3]. Actual costs and expenses may be higher than the estimate.	Paid from assets of each Trust which comprises Centro Retail Australia when the amount is incurred.
Costs of Aggregation[4]	The costs of the Aggregation to Centro Retail Australia are estimated at $107.2 million. Actual costs may be higher than the estimate.	Paid from assets of each Trust which comprises Centro Retail Australia at or about the time of Aggregation.
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable

Notes

1 For an additional explanation, see "Additional explanation of fees and costs" in Section 11.2.

2 Centro Retail Australia RE will not charge any management fees because Centro Retail Australia will be an internally managed fund, which means that fund and property management specialists are employed directly and associated costs are incurred directly.

3 This assumes that the total net asset value of the Trusts which comprise Centro Retail Australia during the year ended 30 June 2012 is $3.1 billion.

4 For additional information on the costs of Aggregation, see Section 15.7.

11.2. ADDITIONAL EXPLANATION OF FEES AND COSTS

(a) Management Costs

Centro Retail Australia will not charge any management fees but will instead incur costs and expenses in managing Centro Retail Australia. These management costs and expenses, when incurred by the Trust are deducted from the assets of the Trusts which comprise Centro Retail Australia. The management costs for Centro Retail Australia is an estimate and is expressed as a percentage of the net asset value of the Trusts which comprise Centro Retail Australia. An estimate of the aggregate of such costs and expenses is set out in Table 11.1 above.

Whilst Centro Retail Australia RE is entitled under each Trust's Constitution to a management fee and in some instances, performance fee for its services in managing the relevant Trusts, Centro Retail Australia RE intends to waive each of the management fee and performance fee in full.

(b) Reimbursement of other expenses

Under the Constitution of each Trust which comprises Centro Retail Australia, Centro Retail Australia RE is entitled to pay from, or be reimbursed out of, the assets of the relevant Trust for all costs and expenses incurred in the proper performance of its duties in respect of the relevant Trust.

(c) Adviser remuneration

No commission will be paid to any adviser in respect of the issue of New Stapled Securities or CATS.

(d) No specific fees and costs relating to CATS

Centro Retail Australia will not charge any specific fees or costs relating to CATS.

(e) Costs of Aggregation

Assuming that Aggregation occurs, the expenses of Aggregation to be incurred by Centro Retail Australia are estimated at $107.2 million. Further information is available in Section 15.7.

11.3. EXAMPLE OF ANNUAL FEES AND COSTS

Tables 11.2 and 11.3 give examples of how the fees and costs of Centro Retail Australia can affect your investment over a one year period. You should use these tables to compare Centro Retail Australia with other managed investment products.

All amounts are GST inclusive net of any reduced input tax credits.

TABLE 11.2 FIRST YEAR AFTER THE ISSUE OF NEW STAPLED SECURITIES

Type of fee or cost		BALANCE OF $50,000 DURING YEAR
Contribution Fee	Nil	Nil
PLUS Management Costs	0.04%	**And**, for every $50,000 you have in the fund you will be charged $20 each year.
Aggregation costs	3.51%	$1,755
EQUALS Cost of fund		If you had an investment of $50,000 at the beginning of the year, you would be charged $1,755

TABLE 11.3 SECOND YEAR AFTER THE ISSUE OF NEW STAPLED SECURITIES

Type of fee or cost		BALANCE OF $50,000 DURING YEAR
Contribution Fee	Nil	Nil
PLUS Management Costs	0.04%	**And**, for every $50,000 you have in the fund you will be charged $20 each year.
EQUALS Cost of fund		If you had an investment of $50,000 at the beginning of the year, you would be charged $20

The above examples are based on the "Fees and Other Costs" table in Section 13.1 and assumes that the total net asset value of the Trusts which comprise Centro Retail Australia during each of 2012 and 2013 is $3.1 billion.


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5 October 2011

The Directors
Centro Retail Group
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The Directors
CPT Manager Limited as Responsible Entity for Centro Australia Wholesale Fund
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The Directors
Centro MCS Manager Limited as Responsible Entity for Centro Direct Property Fund and Centro Direct Property Fund Holding Trust
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The Directors
CRL (1) Limited ACN 149 781 322 as Responsible Entity for Centro Retail Australia
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Dear Directors

Investigating Accountant's Report on the Financial Information and Financial Information – Alternative Basis of Preparation

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on certain financial information (defined below) of Centro Retail Limited and Centro MCS Manager Limited as responsible entity for the Centro Retail Trust (together Central Retail Group "CER"), CPT Manager Limited as responsible entity for the Centro Australia Wholesale Fund ("CAWF"), Centro MCS Manager Limited as trustee of the Centro Direct Property Fund ("DPF") and the Centro DPF Holding Trust ("DHT") and CRL (1) Limited ACN 149 781 322 ("Centro Retail Australia RE") as responsible entity for Centro Retail Australia for inclusion in the Disclosure Document to be dated

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Australian Financial Services License No. 240585

on or about 5 October 2011, and to be issued by CER, CAWF, DPF and DHT (the Centro Parties), in respect of the potential amalgamation of CER's Australian portfolio with the Australian portfolio of CAWF and DHT by way of the issue and stapling of securities in each of CER, CAWF, and DHT. The financial metrics of the merger will be based on the respective value of the assets being contributed by each of the Centro Parties. Certain other property investments and other assets owned by parties in the Centro Group will also be vended in (the "Aggregation").

Expressions defined in the Disclosure Document have the same meaning in this report.

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an Australian Financial Services Licence (AFS Licence Number 240585). Stephen Lomas is a Director and Representative of Ernst & Young Transaction Advisory Services Limited. We have included the Financial Services Guide as Part 2 of this Report.

2. Scope

Ernst & Young Transaction Advisory Services has been requested to prepare this Report to cover the following financial information:

Historical Financial Information

The Historical Financial Information comprises:

- the historical balance sheets of CER, CAWF and DPF as at 30 June 2011, as set out in section 7.3 of the Disclosure Document.

(Hereafter the 'Historical Financial Information').

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information comprises:

- the pro forma historical earnings before interest and tax ("EBIT") for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
- the pro forma historical balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

(Hereafter the 'Pro Forma Historical Financial Information').

Forecast Financial Information

The Forecast Financial Information comprises:

- the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and
- the pro forma statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document.

(Hereafter 'the Forecast Financial Information').

(Collectively, the Historical Financial Information, the Pro Forma Financial Information and the Forecast Financial Information comprise the 'Financial Information').

The Pro Forma Historical and Forecast Financial Information assumes completion of the proposed transactions outlined in section 7.3 of the Disclosure Document.

The Forecast Financial Information is based on the assumptions outlined in section 7.5 of the Disclosure Document.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

Pro Forma Historical Financial Information – Alternative Basis of Preparation

The Pro Forma Historical Financial Information – Alternative Basis of Preparation comprises:

- the pro forma historical earnings information under the alternative basis of presentation of Centro Retail Australia for the year ended 30 June 2011 as set out in section 7.8 of the Disclosure Document; and
- the pro forma historical balance sheet under the alternative basis of presentation of Centro Retail Australia as at 30 June 2011.

(Hereafter the 'Pro Forma Historical Financial Information – Alternative Basis of Preparation').

Pro Forma Forecast Financial Information – Alternative Basis of Preparation

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation comprises:

- the pro forma forecast earnings information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.8 of the Disclosure Document.

(Hereafter 'the Pro Forma Forecast Financial Information – Alternative Basis of Preparation').

(Collectively, the Pro Forma Historical Financial Information – Alternative Basis of Preparation and the Pro Forma Forecast Financial Information – Alternative Basis of Preparation comprise the 'Financial Information – Alternative Basis of Preparation').

The Pro Forma Historical and Forecast Financial Information – Alternative Basis of Preparation assumes completion of the proposed adjustments outlined in section 7.8 of the Disclosure Document.

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation is based on the assumptions outlined in section 7.8 of the Disclosure Document.

The Financial Information – Alternative Basis of Preparation is presented in a format that will be used for internal management reporting purposes which does not comply with all the recognition, measurement, presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information and the Financial Information – Alternative Basis of Preparation to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Disclosure Document.

3. Directors' Responsibility for the Financial Information and the Financial Information – Alternative Basis of Preparation

The directors of CRL, the responsible entities of CER, CAWF, DPF, DHT and Centro Retail Australia are responsible for the preparation and presentation of the Financial Information and the Financial Information – Alternative Basis of Preparation in the Disclosure Document. Those directors are also responsible for the determination of the pro forma adjustments as set out in sections 7.3.4 and 7.8.4 and the best-estimate assumptions as set out in sections 7.5 of the Disclosure Document and the compilation process.

4. Our Responsibility for the Financial Information and the Financial Information – Alternative Basis of Preparation

Historical Financial Information

Our responsibility is to express a conclusion on the Historical Financial Information based on our review.

The Historical Financial Information has been extracted from the audited statutory financial statements. The CER financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the CER financial statements, noting the inherent uncertainty regarding the continuation of CER as a going concern due to the net current asset deficiency at 30 June 2011 as a result of certain loan facilities expiring within 12 months. The inherent uncertainty is due to CER remaining reliant on the continued support of its lenders, through the extension of certain loan facilities beyond existing expiry dates. The CAWF financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, noting inherent uncertainty regarding the continuation of CAWF as a going concern due to the net current asset deficiency at 30 June 2011 as a result of certain loan facilities expiring within 12 months. The DPF financial statements were audited by Ernst & Young, which has issued an unqualified opinion on the financial statements, with an emphasis of matter regarding the liquidation basis of preparation of the financial statements. DPF adopted the liquidation basis of accounting for the year ended 30 June 2011 as a result of the responsible entities intention to wind up the fund to provide liquidity to its investors.

We have conducted an independent review of the Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information has not been properly extracted from the respective CER, CAWF and DPF audited Financial Statements for the year ended 30 June 2011.

Pro Forma Historical Financial Information

Our responsibility is to express a conclusion on the Pro Forma Historical Financial Information based on our review.

We have conducted an independent review of the Pro Forma Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information;

b. The Pro Forma Historical Financial Information has not been prepared on the basis of the transactions and assumptions set out in section 7.3 of the Disclosure Document;

c. The Pro Forma Historical Financial Information does not present fairly:

   - the pro forma historical EBIT for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
   - the pro forma balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

   in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out above had occurred at 30 June 2011.

Forecast Financial Information

Our responsibility is to express a conclusion on the Forecast Financial Information based on our review.

We have conducted an independent review of the Forecast Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;

b. The Forecast Financial Information was not prepared on the basis of the best-estimate assumptions;

c. The Forecast Financial Information does not present fairly:

- the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and
- the statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document

  in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

d. The Forecast Financial Information is unreasonable.

The Forecast Financial Information has been prepared by the Directors to provide investors with a guide to the potential future financial performance of Centro Retail Australia based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast Financial Information. Actual results may vary materially from this Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Sections 5 of the Disclosure Document and Sensitivity Analysis set out in Sections 7.6 of the Disclosure Document.

Pro Forma Historical Financial Information – Alternative Basis of Preparation

Our responsibility is to express a conclusion on the Pro Forma Historical Financial Information – Alternative Basis of Preparation based on our review.

We have conducted an independent review of the Pro Forma Historical Financial Information – Alternative Basis of Preparation in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information – Alternative Basis of Preparation;

b. The Pro Forma Historical Financial Information – Alternative Basis of Preparation has not been prepared on the basis of the transactions and assumptions set out in section 7.8 of the Disclosure Document;

Pro Forma Forecast Financial Information – Alternative Basis of Preparation

Our responsibility is to express a conclusion on the Pro Forma Forecast Financial Information – Alternative Basis of Preparation based on our review.

We have conducted an independent review of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation;

b. The Pro Forma Forecast Financial Information – Alternative Basis of Preparation was not prepared on the basis of the best-estimate assumptions; and

c. The Pro Forma Forecast Financial Information – Alternative Basis of Preparation is unreasonable.

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation has been prepared by the Directors to provide investors with a guide to the potential future financial performance of Centro Retail Australia based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation. Actual results may vary materially from this Pro Forma Forecast Financial Information – Alternative Basis of Preparation and the variation may be materially positive or

negative. Accordingly, investors should have regard to the Risk Factors set out in Sections 5 of the Disclosure Document and Sensitivity Analysis set out in Sections 7.6 of the Disclosure Document.

Our independent review of the Financial Information and Financial Information – Alternative Basis of Preparation has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the directors of CRL and the responsible entities of CER, CAWF, DPF, DHT and Centro Retail Australia, and analytical and other procedures applied to the Centro Parties' accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit.

We have not performed an audit and, accordingly, we do not express an audit opinion on the Forecast Financial Information or the Pro Forma Forecast Financial Information – Alternative Basis of Preparation.

5. Review conclusion on the Financial Information

Review conclusion on the Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information has not been properly extracted from the respective CER, CAWF or DPF audited Financial Statements for the year ended 30 June 2011.

Review conclusion on the Pro Forma Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Financial Information;

b. The Pro Forma Historical Financial Information has not been prepared on the basis of the transactions and assumptions set out in Section 7.3 of the Disclosure Document;

c. The Pro Forma Financial Information does not present fairly:

- the pro forma historical EBIT for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
- the pro forma balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out above had occurred at 30 June 2011.

Review conclusion on Forecast Financial Information

Based on our review of the Forecast Financial Information, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

a. the Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;

b. the Forecast Financial Information was not prepared on the basis of the best-estimate assumptions;

c. the Forecast Financial Information does not present fairly:

- the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and

- the pro forma statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

d. the Forecast Financial Information is unreasonable.

The best-estimate assumptions, set out in section 7.5 of the Disclosure Document, are subject to significant uncertainties and contingencies often outside the control of each of Centro Retail Australia and the Directors of CRL and the responsible entities of CER, and Centro Retail Australia. If events do not occur as assumed, actual results achieved and distributions provided by Centro Retail Australia may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Review conclusion on the Pro Forma Historical Financial Information – Alternative Basis of Preparation

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information – Alternative Basis of Preparation; and

b. The Pro Forma Historical Financial Information – Alternative Basis of Preparation has not been prepared on the basis of the transactions and assumptions set out in Section 7.3 and 7.8 of the Disclosure Document.

Review conclusion on Pro Forma Forecast Financial Information – Alternative Basis of Preparation

Based on our review of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

a. the Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation;

b. the Pro Forma Forecast Financial Information – Alternative Basis of Preparation was not prepared on the basis of the best-estimate assumptions; and

c. the Pro Forma Forecast Financial Information – Alternative Basis of Preparation is unreasonable.

The best-estimate assumptions, set out in section 7.5 of the Disclosure Document, are subject to significant uncertainties and contingencies often outside the control of each of Centro Retail Australia and the Directors of CRL and the responsible entities of CER, and Centro Retail Australia. If events do not occur as assumed, actual results achieved and distributions provided by Centro Retail Australia may vary significantly from the Pro Forma Forecast Financial Information – Alternative Basis of Preparation. Accordingly, we do not confirm or guarantee the achievement of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation, as future events, by their very nature, are not capable of independent substantiation.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services Limited does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to Centro. Ernst & Young Transaction Advisory Services Limited will receive a professional fee for the preparation of this Report.

Yours faithfully

Stephen Lomas
Director and Representative
Ernst & Young Transaction Advisory Services Limited

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5 October 2011

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INVESTIGATING ACCOUNTANT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Accountant's Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $150,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services	Contacting the Independent Dispute Resolution Scheme:
AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

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The Directors
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Centro Properties Limited
Centro Retail Limited
CPT Manager Ltd as responsible entity of Centro Property Trust and Centro Australia Wholesale Fund
Centro MCS Manager Ltd as responsible entity of Centro Retail Trust, Centro Direct Property Fund and Centro Direct Property Fund Holding Trust
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

5 October 2011

Dear Directors

Taxation implications of holding securities in Centro Retail Australia

We provide below our taxation opinion, to be included in the Disclosure Document dated 5 October 2011, on the Australian income tax consequences that arise in relation to the proposed Aggregation and stapling of Centro Retail Trust (***CRT***) and Centro Retail Limited (***CRL***) (together ***CER***)**,** Centro Direct Property Fund Holding Trust (***DHT***) (being a 100% subsidiary of Centro Direct Property Fund (***DPF***)) and the Centro Australian Wholesale Fund (***CAWF***) to form a new listed Australian retail property fund (***Centro Retail Australia***). Each proposed stapled entity is here forth also referred to as a proposed ***Aggregation Fund***.

The purpose of this tax opinion is to provide a general outline of the Australian income taxation implications arising from holding securities in Centro Retail Australia.

In particular, this opinion outlines the Australian income taxation implications for Australian resident unitholders (***Investors***) of Centro Retail Australia who hold their investments on capital account. It does not attempt to address all of the Australian tax consequences that may be relevant to Investors. In this respect, it does not cover the stamp duty or GST consequences of the creation of Centro Retail Australia. Different tax implications may apply to non-resident investors and investors whose investments are held on revenue account or as trading stock.

This opinion is general in nature because the tax implications for each Investor may vary depending on their particular circumstances. Accordingly, it is recommended that each Investor seek their own professional advice regarding the taxation implications associated with the restructure. This taxation opinion is not, and is not intended to be, taxation advice to any particular Investor.

This opinion is based on the *Income Tax Assessment Act 1936* (***ITAA 1936***) and the *Income Tax Assessment Act 1997* (***ITAA 1997***) (collectively referred to as ***the Tax Law***) as applicable at the date of this opinion.

1 Overview of the Aggregation and creation of Centro Retail Australia

1.1 Background and overview of the Aggregation

Our understanding of the background facts, relating to the proposed Aggregation and stapling is as follows:

- On 1 March 2011, CRT announced that it had entered into discussions with Centro Properties Group (***CNP***), CNP's Senior Lenders and other Centro Australian managed funds to work towards agreeing an amalgamation of their respective portfolios to create a retail property portfolio of high quality, largely 100% owned properties in a new listed Centro fund;
- On 9 August 2011, CNP, CER, DPF, DHT and CAWF executed the Implementation Agreement to effect the Aggregation and stapling process to form Centro Retail Australia;
- Once established, Centro Retail Australia is intended to be a stapled entity, comprising stapled securities in CER, units in DHT and units in CAWF; and
- The stapled group will be listed on the Australian Stock Exchange (***ASX***).

1.2 Aggregation Steps

We summarise below the key Aggregation steps prior to the formation of Centro Retail Australia:

Consolidation of shares / units

As part of the Aggregation there will be a consolidation of the number of existing securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each Centro Retail Australia stapled security will have a total net asset value of $2.50 per stapled security.

Return of capital

Each of the Aggregation Funds will make a return of capital to its Investors, whereby each Investor will receive Securities in each of the other Aggregation Funds.

The amount of each return of capital amount will be calculated by reference to the net asset value of each Aggregation Fund compared to the total combined value of all the Aggregation Funds, as determined in accordance with the principles agreed by the parties in the Implementation Agreement. This step will allow each investor in the Aggregation Funds to obtain an interest in each of the other Aggregation Funds.

Equalisation through the issue of securities

Each of CER, CAWF and DHT will issue the Securities referred to in the previous step. The total value of the newly issued securities by each Aggregation Fund will equal the amount of capital returned to the Investors by each Aggregation Fund.

Stapling

A legal stapling of the CER securities, CAWF units and DHT units will then occur to form Centro Retail Australia stapled securities. Centro Retail Australia stapled securities will trade on the ASX as a single stapled entity.

That is, post stapling, whilst the Aggregation Funds will remain legally separate entities, the CER securities, CAWF units and DHT units will not be able to be traded or sold independently of each other.

*Issue of Centro Retail Australia Class Action True-Up Securities (**CATS**)*

All Centro Retail Australia Investors, except those who were CER securityholders immediately prior to Aggregation, will receive CATS. Each CATS will comprise a right issued by each of CER, CAWF and DHT to the holder of the CATS (with the rights stapled to form a single security).

CATS will provide an entitlement to the holders of those securities, in the event of a prescribed litigation settlement event in relation to CER, to either:

- receive cash payment; or
- at the discretion of the issuer of CATS, be issued with Centro Retail Australia securities, in settlement of their cash entitlement.

2 Tax profile of Centro Retail Australia entities

2.1 Centro Retail Limited

CRL is proposed to be the head company of a tax consolidated group that includes the CNP Services Business as subsidiary entities. As a corporate taxpayer, CRL will be taxed on the taxable income of the CRL tax consolidated group at the corporate tax rate of 30% (reducing to 29% from 1 July 2013). This will enable CRL to frank any dividends paid to Centro Retail Australia securityholders in the future.

Where revenue and capital losses are incurred by CRL, those losses will be carried forward by the company to be utilised in subsequent income years (subject to the satisfaction of the continuity of ownership test or the same business test). Capital losses will only offset gross capital gains of CRL, while carried forward revenue losses will offset against assessable income of CRL (including net capital gains).

2.2 CRT, CAWF and DHT

Taxation of trusts

As CRT, CAWF and DHT are unit trusts, they will be treated as "flow through" entities for Australian income tax purposes.

That is, the taxable income of each trust will be subject to tax in the hands of the Investors in Centro Retail Australia provided that the Investors are made presently entitled to the taxable income of the fund at the end of each income year.

For completeness, as we understand that CRT, CAWF and DHT primarily will only hold land for the purposes of deriving rent both before and after the Aggregation process, the public trading trust rules in Division 6C of the ITAA 1936 (which in effect may tax a trust at the corporate rate on its taxable income) will not apply.

*Managed Investment Trust (**MIT**) Status*

Each of CAWF, DHT and CRT have made an election pursuant to section 275-115 of the ITAA 1997 to adopt the Capital Gains Tax (***CGT***) rules as their primary code for taxing specified assets, such as equity interests and land.

Accordingly, in calculating the taxable income of the trusts in the future, taxable gains or losses from any transfer of assets by these entities will be determined under the CGT rules (provided such assets are not held as trading stock).

Trust losses

Where revenue losses are incurred by a trust, those losses cannot be distributed but instead are carried forward in the trust to offset against assessable income (including net capital gains) derived in subsequent income years.

Revenue losses incurred by a trust will be subject to the trust loss rules. For a listed trust, such as CRT, CAWF and DHT, the "continuity of ownership test" or the same business test must be satisfied before a deduction may be claimed in respect of prior and current year tax losses.

Stapling

On the basis that the Aggregation Funds will continue to remain legally separate, in our opinion, no income tax implications should arise from the stapling event for the Investors in the Aggregation Funds.

3 Tax comments for Investors in Centro Retail Australia

This section of the opinion contains an outline of the Australian income tax consequences that will generally apply to Investors that acquire Centro Retail Australia securities as capital assets for the purposes of the investment, including the tax consequences arising from the Aggregation and stapling process.

In this respect, the reference to the term "Investor" does not include any investors related to or controlled by Centro.

3.1 *Consolidation of shares / units*

As part of the Aggregation there will be a consolidation of the number of existing securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each Centro Retail Australia stapled security will have a total net asset value of $2.50 per stapled security.

The consolidation of securities will not result in a taxable event for an Investor. The tax cost base of the individual securities that are consolidated will be added together.

For example, if you paid 28 cents per security on 1 June 2011 for 10,000 CER securities ($2,800 in total), your cost base after the consolidation is $1.622 per security for 1,726 securities. The overall cost base for your investment does not change and is still $2,800.

3.2 *Tax implications of the return of capital and subscription for new securities as part of the equalisation process*

Income tax implications on the return of capital as part of the equalisation process

The return of capital received by an Investor will firstly reduce the CGT cost base of each unit they currently hold in the trust making the return of capital. The proposed return of capital is expected to be equivalent to approximately 18.22 cents per security (assuming the consolidation of securities at 3.1 had not occurred).

However, given the return of capital will occur after the consolidation of existing shares and units referred to at 3.1 above, the actual return of capital amount will be approximately $1.054 per security (each Investors cost base in each security will be higher because of the consolidation referred to at 3.1 above).

This return of capital amount will reduce the CGT cost base of each CRT unit held by a retail Investor by $1.054 (no distribution is expected in relation to the shares held in CRL as CRL has no material value for the purposes of the equalisation steps).

The CGT cost base of a CER stapled security held by an Investor generally will be the on-market purchase price paid for the security (reduced by any subsequent tax-deferred distributions received from CRT) adjusted for the consolidation event referred to at 3.1 above.

For example, if you paid 28 cents on 1 June 2011 for 10,000 CER securities, your cost base after the consolidation becomes $1.622 per security for 1,726 securities. The return of capital reduces this cost base for each security by $1.054 so that after both the consolidation *and* return of capital, you will have a remaining CGT cost base of $0.568 per CER security (being $1.622 less $1.054) for 1,726 securities, being $980 in total.

To the extent that the return of capital amount per security exceeds an Investor's CGT cost base of the security, the excess will be a CGT gain to the Investor.

For example, to the extent the return of capital amount of $1.054 per security exceeds a CER Investor's CGT cost base of the security (as aggregated under 3.1 above), the excess will be a taxable CGT gain. An Investor may offset any capital losses they have against this gain. An Investor also may be eligible to claim the CGT discount concession on any gain that arises (after the reduction for prior year and current year capital losses) if the securities have been held for greater than 12 months (generally, a 50% CGT discount for individuals and a 33 ⅓% discount for complying superannuation funds).

Class Rulings from the Australian Taxation Office (***ATO***) on behalf of the Investors is being sought to confirm these outcomes.

Income tax implications of the acquisition of new units and shares

The return of capital to the Investors in each of CRT, CAWF and DHT will effectively be re-invested on behalf of each Investor by way of subscription for newly issued units in the other Aggregation Funds in Centro Retail Australia.

An Investor will have a CGT cost base in their newly issued units equal to the consideration subscribed for those new units. This CGT cost base will be relevant to the calculation of a gain or loss on any future disposal of the stapled securities held in Centro Retail Australia.

Continuing from the example above, the $1.054 returned to you will be reinvested by each Investor as $0.656 to acquire each new CAWF unit and $0.398 to acquire each new DHT unit. For example, if you paid 28 cents for 10,000 CER securities ($2,800 in total), your total cost base in Centro Retail Australia after the equalisation process (i.e. consolidation, return of capital and acquisition of new units in CAWF and DHT) is a total of $1.622 per Centro Retail Australia stapled security (for 1,726 stapled securities). Note that the overall cost base for your investment has not changed and is still $2,800. The tax cost base for the individual staple-members is as follows:

- $0.568 per CER security for 1,726 securities (as discussed in the example above) being $980 in total;
- $0.656 per CAWF unit for 1,726 units (representing 62.3% of the $1.054 return of capital amount) being $1,133 in total; and
- $0.398 per DHT unit for 1,726 units (representing 37.7% of the $1.054 return of capital amount) being $687 in total.

The CGT discount concession requires a minimum holding period of greater than 12 months. Accordingly, while Investors may have held their CER securities for longer than 12 months, in the event of a disposal of Centro Retail Australia stapled securities in the future, the newly acquired units in CAWF and DPF (being parts of Centro Retail Australia stapled security) will not be eligible for the CGT discount until 12 months after the effective date of the schemes of arrangement that implement the equalisation steps.

Class Rulings from the ATO on behalf of the Investors is being sought to confirm these outcomes.

3.3 Tax implications of holding Centro Retail Australia securities

From time to time, an Investor may receive distributions on their Centro Retail Australia securities. These distributions will comprise either dividends or trust distributions, or both. We set out below the general income tax consequences of the receipt of such distributions.

Trust distributions from CRT, CAWF and DHT

From time to time, an Investor may receive trust distributions from CRT, CAWF and DHT. We expect that these distributions will comprise taxable and non-taxable amounts. An Investor is required to include the taxable component of any trust distribution in their assessable income.

Non-taxable distributions typically comprise "tax-deferred" amounts which represent amounts that will not immediately be taxable to an Investor. The tax-deferred portion of any distribution by CRT, CAWF or DHT will reduce the CGT cost base of the units held by an Investor in that particular trust.

This will require an Investor to maintain cost base information for their units in each of CRT, CAWF and DHT. This will be important for the calculation of the capital gain or loss that will arise to an Investor upon a future disposal of Centro Retail Australia securities.

To the extent tax-deferred distributions received from that particular trust over time in total exceed the Investor's cost base of the units held in that trust, the excess will be taxable as a capital gain to the Investor.

In addition, distributions to Investors may also comprise non-taxable amounts that represent the benefit of the 50% CGT discount concession claimed by the trust in calculating its net taxable income. Such distributions will not reduce an Investor's CGT cost base in their investment.

Any discounted CGT discounted gain of a trust distributed to Investors will be grossed up to its original amount in the Investor's hands (ie. before the CGT discount). This grossed-up amount potentially may then reduced by any current or prior year capital losses of the Investor in calculating each Investor's capital gain depending on the Investor's specific circumstances. An Investor may then be entitled to claim the CGT discount on the amount (generally, a 50% CGT discount for individuals and a 33 ⅓% discount for complying superannuation funds) in determining their net capital gain.

Dividends from CRL

Dividends paid by CRL to Investors must be included in the assessable income of the Investor as dividend income. As CRL is required to pay tax at the corporate tax rate, CRL may frank its dividends. The availability of future franked dividends from CRL is dependent on the level of Australian corporate tax that CRL is required to pay (as well as its ability to declare and pay dividends in accordance with the Corporations Law).

Investors will be required to include the gross dividend (including any associated franking credits) in their assessable income and may be able to utilise any franking credits to offset against the Australian tax payable on that income. To the extent that a taxpayer receives franking credits in excess of the tax payable by the taxpayer, the franking credits may be refundable, depending on the taxpayer's tax status. Generally, corporate taxpayers are not eligible for this refund, nor are the trustees of some trusts, where the trustee is liable to pay tax on part or all of the net income of the trust. However, corporate taxpayers may convert their excess franking credits to a tax loss which can be carried forward and offset against future income, subject to the satisfaction of certain tests.

If an Investor does not satisfy the "holding period" in the tax law in relation to their shares in CRL, the franking credits attaching to the dividend will not be included in their assessable income, and will not be available to offset the tax payable in respect of the dividend.

The holding period rule provides that in order for a taxpayer to receive the benefit of any franking credits attached to a dividend, the taxpayer must have held their shares at risk for a continuous period of at least 45 days (not including the date of acquisition or disposal). Generally, individuals whose total franking credit entitlements for a relevant income year do not exceed $5,000 will not be subject to the holding period rule.

3.4 Tax consequences of disposing Centro Retail Australia securities

CGT implications to Investors

As each Centro Retail Australia security consists of one share in CRL, and one unit in each of CRT, CAWF and DHT respectively, the CGT provisions must be considered separately in respect of each of these CGT assets in the event of a disposal of a Centro Retail Australia security.

Accordingly, where a Centro Retail Australia Investor disposes of Centro Retail Australia securities, they will realise a separate CGT gain or loss on the one share in CRL, and the one unit in each of CRT, CAWF and DHT respectively.

The calculation of a Centro Retail Australia Investor's capital proceeds in respect of the disposal of each share in CRL, and each unit in CRT, CAWF and DHT respectively, will require a reasonable apportionment of the consideration received across the one share in CRL, and the one unit in each of CRT, CAWF and DHT respectively.

If the consideration received in respect of the shares held in CRL, or in respect of any of the units held in CRT, CAWF or DHT exceeds the CGT cost base the shares held in CRL, or the units held in CRT, CAWF or DHT, the Investor will derive a CGT gain in respect of the shares or the units as the case may be.

If the consideration received in respect of the shares held in CRL, or in respect of any of the units held in CRT, CAWF or DHT is less than the CGT cost base the shares held in CRL, or the units held in CRT, CAWF or DHT, the Investor will derive a CGT loss in respect of the shares or the units as the case may be.

As an Investor's CGT cost base in each share in CRL, and in each unit in CRT, CAWF and DHT is calculated separately and affected by different factors during the course of holding an investment in Centro Retail Australia securities, a disposal of Centro Retail Australia securities may result in both taxable gains and losses in respect of the shares held in CRL, and the units held in CRT, CAWF and DHT, respectively.

For each Centro Retail Australia security, we understand that Centro Retail Australia Investors will be provided with information regarding the percentage split of the net tangible assets of Centro Retail Australia between one share in CRL, and one unit in CRT, CAWF and DHT. This will enable Centro Retail Australia Investors to apportion capital proceeds on the sale of Centro Retail Australia securities between each share in CRL, and each unit in CRT, CAWF and DHT.

Each Centro Retail Australia Investor's total capital gains and capital losses in a year of income from all sources are aggregated to determine whether there is a net capital gain or loss. Any net capital gain for the year is included in an Investor's assessable income and is subject to income tax at the Investor's marginal tax rate. Net capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against capital gains derived in future income years. Specific loss rules apply to Investors that are companies, which may limit their ability to offset capital losses in a current or later income year.

Centro Retail Australia Investors that are individuals, complying superannuation entities or trustees of trusts may be entitled to reduce the amount of any capital gain included in their assessable income on disposal of their Centro Retail Australia securities if they have held the shares and units that comprise their Centro Retail Australia securities for greater than 12 months at the time of the disposal. The CGT discount is applied only after available capital losses have been applied to reduce capital gains.

In this respect, it is important for Investors to maintain records for the first 12 months post Aggregation of their holdings in Centro Retail Australia given the CGT discount may not be available for all securities (i.e. interests in the other Aggregation Funds acquired as part of the equalisation process) they hold.

For individuals and trustees, the CGT discount rate is 50% and for complying superannuation entities the CGT discount rate is 33⅓%. Corporate investors are not eligible for the CGT discount and are required to include the full amount of the capital gain in their assessable income.

3.5 Tax consequences of CATS

Acquisition of CATS

All Centro Retail Australia Investors, except those that own CER securities immediately before Aggregation will receive CATS. Each CATS will comprise a right issued by each of CER, CAWF and DHT to the holder of the CATS (with the rights stapled to form a single security).

CATS will provide an entitlement to the holders of those securities, in the event of a prescribed litigation settlement event in relation to CER, to either:

- receive a cash payment; or
- at the discretion of the issuers of CATS, be issued with Centro Retail Australia securities, in settlement of their cash entitlement.

In our opinion:

- the issue of CATS will result in the acquisition of a CGT asset by the recipients from an income tax perspective. We do not expect the receipt of CATS to be taxable to the Investor;
- Where an entitlement that arises under the CATS is settled in cash, the holder of the CATS will recognise a taxable capital gain equal to the cash payment. An Investor may then be entitled to claim the CGT discount on the amount of any gain (generally, a 50% CGT discount for individuals and a 33 ⅓% discount for complying superannuation funds) in

determining their net capital gain if they have held the CATS for greater than 12 months; and

- Where an entitlement that arises under the CATS is settled by the issue of Centro Retail Australia securities, the holder may be entitled to disregard the taxable capital gain until the subsequent point in time when the Centro Retail Australia securities are disposed of by the Investors.

Class Rulings from the Australian Tax Commissioner will be sought to confirm the income tax and CGT consequences arising from the acquisition and disposal of CATS.

4 Other tax implications

This section of the opinion outlines other Australian income tax consequences that are relevant to the proposed Aggregation and stapling process.

4.1 Pay As You Go (PAYG) withholding

The collection of an Investor's Tax File Number (***TFN***) is authorised and its use is strictly regulated by law. Where an Investor does not quote their TFN or claim an exemption, the responsible entity is required to deduct from their distributions, tax at the highest marginal rate plus the Medicare levy. Business taxpayers may quote an ABN instead of a TFN. Investors may be able to claim an income tax credit for any amounts withheld.

* * * * *

5 Disclaimers

Our income tax advice is based on current taxation law as at the date our advice is provided. You will appreciate that the tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage.

Unless special arrangements are made, this advice will not be updated to take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of taxation authorities. It is your responsibility to take further advice, if you are to rely on our advice at a later date.

We are, of course, unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Australian Commissioner of Taxation.

KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Yours faithfully

Stephen Carpenter
Partner


coles
fresh life
diners life

14. MATERIAL CONTRACTS

This Section contains information about certain material contracts and documents for Centro Retail Australia.

14.1. AGGREGATION FUNDS' CONSTITUTIONS

The rights attaching to New Stapled Securities are governed by the Constitutions of each of the Aggregation Funds, the Stapling Deed (which is referred to in Section 14.2), the Corporations Act, the ASX Listing Rules and general law.

On Aggregation, the provisions of the Constitutions of CRT, CAWF and DHT will be substantively the same. The material terms of the Constitutions are described below.

This summary is not exhaustive and assumes that the resolutions put to meetings of members of each of CRL, CAWF and DHT to amend their respective Constitutions as part of Aggregation have been passed and the amendments lodged with ASIC.

The Constitutions are lengthy documents. Copies are available for inspection at the offices of Centro, Level 3, Centro The Glen, 235 Springvale Road, Victoria 3150 between 9:00am and 5:00pm (AEST) on Business Days until the time the Securityholder votes occur. A copy will also be made available upon request free of charge by calling +61 2 9191 5974 or free call 1300 785 534.

Each Constitution of CRT (other than as to paragraphs (l)(ii) and (p)), CAWF and DHT contains provisions to the following effect:

(a) **Rights and Obligations of Unitholders:** The Constitution provides that the liability of each Unitholder is limited to its investment in the Trust. A Unitholder is not required to indemnify the RE or a creditor of the RE against any liability of the RE in respect of the Trust.

However, complete assurance cannot be given in this regard, until the ultimate liability of a Unitholder has been finally determined by the Courts.

(b) **RE**: The RE is responsible to Unitholders for the operation of the Trust and owes duties under Chapter 5C of the Corporations Act and also fiduciary duties as trustee of the Trust. The RE may only retire in the circumstances provided for in the Corporations Act. Unitholders may remove the RE by complying with the procedures set out in the Corporations Act.

(c) **Powers of the RE:** The RE has all the powers in respect of the Trust that it is possible under the law to confer on a trustee, as though it were the absolute and beneficial owner of the assets of the Trust and acting in its personal capacity. The RE may appoint a person, including an associate of the RE, as its delegate, attorney or agent to exercise its powers and perform its obligations.

(d) **Remuneration of the RE:** The RE is entitled under the Constitution, to the extent permitted by the Corporations Act, to receive fees for acting as the RE of the Trust and to be paid or reimbursed for certain expenses incurred in the proper performance of its duties in relation to the Trust. See Section 11 for more information.

(e) **Limitation on Liability and Indemnity:** Subject to the Corporations Act, the liability of the RE to a Unitholder or any person in respect of the Trust is limited to the RE's ability to be indemnified from the assets of the Trust.

The RE is entitled to be indemnified out of the assets of the Trust for any liability incurred by the RE in properly performing or exercising any of its powers or duties in relation to the Trust. To the extent permitted by the Corporations Act, the indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the RE.

The RE is indemnified out of the assets of the Trust for any liability incurred by the RE performing or exercising any of its powers or duties in relation to the Trust. This indemnity applies both while it is the RE of the Trust and upon its retirement or removal and is in addition to any indemnity allowed by law.

(f) **Termination of the Trust:** The Trust terminates on the date on which the Trust is terminated under the Constitution or by law.

(g) **Entitlements to Distributions:** Unitholders are each entitled to a share of distributable income in proportion to their aggregate paid up Unitholdings. One or more distributions may be made each year and will only be made to persons who hold Units on the last day of the income distribution period. There is some scope for compulsory reinvestment of income by unitholders.

(h) **Voting Rights:** Each Unitholder is entitled to receive notice of, and attend meetings of, Unitholders. Each Unitholder present in person or by proxy has one vote on a show of hands and one vote on a poll for each dollar paid up on a Unit held.

(i) **Rights on Winding Up:** On a winding up of the Trust, the net proceeds of realisation of the assets of the Trust, after discharging or providing for all liabilities of the Trust, must be distributed pro rata to Unitholders according to the number of Units they hold subject to any special rights attaching to any class of Units.

(j) **Transfer of Units:** While the Trust is listed on ASX and Units are quoted, the RE may require the transfer to accord with the rules set down in the CHESS Rules. While Units remain New Stapled Securities, a transfer will only be accepted if it relates to or is accompanied by a contemporaneous transfer of an identical number of securities in the other Aggregation Funds in favour of the same transferee.

(k) **Accounts:** The accounts of the Trust are prepared by the RE in accordance with the Corporations Act and the ASX Listing Rules and are audited and reported as required by the Corporations Act. Each Unitholder has a right to receive copies of the combined accounts of the Trust which includes the Trust annual and half yearly accounts.

(l) **Issues at a Fixed Price:**

(i) Units can be issued at various issue prices as provided for under the Corporations Act and ASIC Class Orders. The right of the RE to issue Units at a particular price under one part of the Constitution is not limited by any other issue price provisions of the Constitution.

(ii) At any time while the New Stapled Securities are officially quoted, the RE may issue Units at a price determined by the RE by allocating the market price for the New Stapled Securities between the units and shares (as applicable) comprising the New Stapled Securities, generally on the basis of the respective net tangible assets of the Aggregation Funds.

(m) **Issues at a Price Determined by the RE:** ASIC Class Order 05/26 authorises responsible entities of registered managed investment schemes to issue Units at a price determined by the RE in a number of specific circumstances set out in that Class Order. The Constitution includes provisions that are required to be included in the Constitution for the RE to rely on the Class Order. The RE is therefore authorised to issue Units at a price determined by it in a number of specific circumstances provided that these fall within the circumstances set out in the Class Order.

The following are the main relevant circumstances (in each case, while Stapling applies, the Units must be issued together with an identical number of securities in each other Aggregation Fund):

- Placements of Units: At any time while New Stapled Securities are officially quoted the RE may issue such New Stapled Securities to any person at a price and on terms determined by the RE if the issue is to any person except the RE or an associate of the RE. In the case where the issue would comprise more than 15% of either:
  - all of the New Stapled Securities on issue of the relevant class;
  - the New Stapled Securities on issue of which the Units of that class form a component part are in the same class as the Units comprised in the issue; or
  - the amount by which the issue price of the New Stapled Securities of which the Units form a component part is less than the current Market Price (as defined in the Trust Constitution) for those New Stapled Securities exceeds 10%, the RE may only determine the issue price for Units provided that certain conditions are satisfied (including, without limitation, Unitholder approval).
- Rights Issues of Units: At any time while New Stapled Securities are officially quoted, the RE may offer further New Stapled Securities for subscription at a price determined by the RE, to those persons who were holders of New Stapled Securities on a date determined by the RE, provided that conditions including the following are met:
  - the New Stapled Securities offered are of the same class;
  - the price of the New Stapled Securities offered is the same;

    - the relevant price is not less than 50% of the issue price of New Stapled Securities that would otherwise apply;
    - the number of New Stapled Securities offered to each Securityholder is proportionate to the value of the Securityholder's interest;
    - the RE offers the New Stapled Securities to all Securityholders (but may decide to exclude foreign security holders from the offer where certain specified conditions are met); and
    - the RE only issues Units to its associates in their capacity as Securityholders.
  - Issues Pursuant to a book build: The RE may issue Units (including where Stapling applies, as part of New Stapled Securities) at a price and on terms determined by it, if the Units are issued as part of such New Stapled Securities pursuant to a book build arranged by a reputable merchant bank in compliance with specified provisions of the Constitution ("Initial Placement") including without limitation, requirements that under an Initial Placement a majority of New Stapled Securities are issued:
    - to persons who are not associates of the RE; and
    - at an issue price determined in accordance with the terms of the book build and which has been certified as being in accordance with normal market practice by the auditor of the Trust (in the manner specified in the Trust Constitution).

  The RE may issue further Units at an issue price equal to the issue price under an Initial Placement if the Units are issued as part of New Stapled Securities and the issue is:

    - a placement to professional investors announced at the same time as, or within 15 business days of, the Initial Placement; or
    - made pursuant to a disclosure document or product disclosure statement lodged with ASIC, within 15 business days of the Initial Placement.

(n) **No Withdrawal:** There is no facility available to holders of Units to apply to withdraw or redeem the Units, fully or partially while Units are officially quoted.

(o) **Meetings:** Each Unitholder is entitled to receive a notice of meeting and is entitled to attend and vote at meetings of members of the Trust. Each Unitholder is entitled to receive all financial reports, notices and other documents required to be sent to Unitholders under the Corporations Act.

(p) **Aggregation:** The Constitution contains provisions that allow the RE to implement the Aggregation, including but not limited to doing all things which the RE considers are necessary, desirable or reasonably incidental to give effect to the Aggregation in accordance with the Implementation Agreement.

Express powers of the RE under these provisions include (but are not limited to) division of Units, making a capital distribution in respect of Units, and applying the capital distribution to the acquisition (on behalf of Unitholders) of Securities in the other Aggregation Funds.

(q) **Stapling:** The Constitution also contains provisions that permit the RE to implement Stapling in respect of the Units, and to ensure that dealings in the Securities in the Aggregation Funds are consistent with the Securities being Stapled, for example, provisions requiring that:

  - there are no dealings or dispositions of Units unless there is an identical dealing or disposition in the Securities in the other Aggregation Funds;
  - there are no issues or sales of the Units unless the same number of securities in the other Aggregation Funds are also sold; and
  - the RE adopts consistent policies with the other Aggregation Funds including for example in relation to accounting and valuation policies, proposed investments, meetings, distributions and reporting to members.

(r) **Compliance with Listing Rules:** While the Trust is listed, the RE is required under the terms of the Constitution to comply with the ASX Listing Rules.

The Constitution of CRL contains provisions to the following effect:

(a) **Issue of Shares:** Directors may issue or cancel CRL Shares, or grant options over unissued Shares. The Shares may be ordinary or preference Shares. Shares can be issued at any price so long as the price is consistent with the provision of the Constitution of each Aggregation Fund (whilst Stapling applies) and with the ASX Listing Rules and the Corporations Act.

(b) **Transfer of Units:** While Stapling applies, a CRL Share may only be transferred if the transfer is accompanied by a contemporaneous transfer of an identical number of Units in the Aggregation Funds to the same transferee. CRL Shares may be transferred in accordance with the ASTC Settlement Rules or by written transfer in the usual form or in any other form approved by the CRL Directors.

14.
MATERIAL CONTRACTS

(c) **Stapling:** The CRL Constitution contains provisions that permit the Directors to implement Stapling in respect of the Shares, and to ensure that dealings in the Shares are consistent with the Shares being Stapled, for example, provisions requiring that while Stapling applies:

- the New Stapled Securities are listed on the ASX as one joint security;
- nothing is done to alter the Share capital of CRL which would directly or indirectly result in a Share no longer being Stapled;
- an issue or transfer of a Share may only be effected if there is a simultaneous issue or transfer of the securities to which the Share is Stapled; and
- an issue of options over Shares may only be effected if there is a contemporaneous and corresponding issue of the same number of options over the unissued Securities in the Aggregation Funds.

(d) **Dividends:** The CRL Directors may pay dividends if, in their judgment, the financial position of CRL justifies. Paying a dividend does not require confirmation at a general meeting. The Directors may decide the manner and means of the payment of any dividend or any amount in respect of a Share.

(e) **Capitalisation of profits:** The CRL Directors may capitalise and apply profits for the benefit of members in the proportions to which those members would have been entitled upon distribution of that sum by way of dividend.

(f) **General Meetings:** Each member is entitled to receive notice of and attend general meetings. When Stapling applies, the CRL Directors may convene a combined meeting of New Stapled Securityholders and determine the rules of conduct for such meetings. The chairman of a general meeting has a casting vote.

(g) **Voting rights:** Each member present in person or by proxy has one vote on a show of hands. Each member present in person or by proxy has one vote for each fully paid Share or a fraction of one vote which the amount paid on the Share bears to the total amount paid and payable on the Share on a poll.

(h) **Appointment and retirement of directors:** At every annual general meeting of CRL, one third of the CRL Directors (excluding one managing director or any CRL Director appointed to fill a casual vacancy) must retire from office. The minimum number of Directors is 3. The maximum number of Directors is to be fixed by the Directors, but may not be more than 10 unless CRL in general meeting resolves otherwise.

(i) **Removal of director:** CRL members can by resolution remove any CRL Director and appoint another person as a replacement.

(j) **Directors' remuneration:** The CRL Directors are entitled to be remunerated for their services as directors. The total amount or value of the remuneration must not exceed the sum determined from time to time by CRL in general meeting. The remuneration for a Director does not include any amount paid by CRL or related body corporate to a superannuation fund or for any insurance premium. A CRL Director may receive remuneration as determined by the CRL Directors, in addition to or in place of their existing remuneration, for additional or special duties. A CRL Director is also entitled to be reimbursed out of the funds of CRL for the reasonable travelling, accommodation and other expenses the CRL Director may incur.

(k) **Insurance and indemnity:** CRL must indemnify each Director, alternate Director, managing Director, executive Director, secretary or assistant secretary of CRL on a full indemnity basis, to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred as an officer of CRL or of a related body corporate.

(l) **Non-marketable parcels:** The CRL Directors may sell any Shares held by a CRL member which comprise less than a marketable parcel without request by the member. The Directors must give the CRL member 6 weeks notice of an intention to sell. The CRL member may notify CRL that it wishes to retain the Shares which are proposed to be sold, in which case those Shares must not be sold. If CRL does not receive such notification and the member has not increased his or her parcel to a marketable parcel, CRL may sell the Shares and any securities Stapled to the Shares as soon as practicable at a price which the Directors consider to be the best price reasonably obtainable.

(m) **Restricted securities:** Shares classified by ASX as "restricted securities" cannot be disposed of during an escrow period except as permitted by ASX Listing Rules or the ASX.

(n) **Lien and forfeiture:** CRL has a lien on every Share for due and unpaid calls and instalments as well as interest accruing and expenses incurred resulting from the unpaid amount. CRL may sell any CRL Share on which CRL has a lien upon 10 business days notice that it intends to do so.

(o) **Rights on winding up:** On a winding up of CRL, the company's property (after discharging or providing for all liabilities of the company and the costs of the winding up) must be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares. With the sanction of a special resolution, a liquidator may divide among the members the whole or any part of CRL's property and decide how the division is to be carried out between the members or different classes of members.

(p) **Application of Listing Rules:** While CRL is admitted to the official list of ASX, the Listing Rules prevail to the extent that there is an inconsistency between the provisions of the CRL Constitution and the ASX Listing Rules.

(q) **Policies in relation to the exercise of discretion:** Centro Retail Australia RE may from time to time adopt policies relating to the exercise of its discretion in respect of the issue price to be applied to certain types of issues of New Stapled Securities. Any policies relating to the exercise of discretion that are adopted will be available at www.centro.com.au and a paper copy can be obtained free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).

14.2. STAPLING DEED

The Stapling Deed will be entered into between the Aggregation Funds before Aggregation implementation. It sets out the terms of the relationship between CRL and the REs of each of the Aggregation Funds in respect of the New Stapled Securities. The aspects of that relationship with which it deals include the following:

(a) **Stapling:** The CRL Shares, CRT Units, CAWF Units and DHT Units (**Stapled Securities**) will remain Stapled unless a special resolution of New Stapled Securityholders approves unstapling.

(b) **Co-operation and consultation:** The Aggregation Funds agree to share accounting and other information, and to cooperate in operating the Aggregation Funds in providing information to investors, valuing assets, preparing accounts, holding meetings, issuing Securities and making distributions.

(c) **Dealings in New Stapled Securities:** The CRL Shares, CRT Units, CAWF Units and DHT Units may only be issued or transferred as New Stapled Securities on the basis that one unit in each Trust and one Share are Stapled.

(d) **Allocation of issue price:** The Aggregation Funds must agree on the basis of fair value from time to time on the issue price to be allocated to each of the New Stapled Securities prior to the issue, redemption or buyback of any New Stapled Securities except in the case of the issue of an option.

Where the New Stapled Security is being issued pursuant to the exercise of one or more options, the allocation of the issue price of the New Stapled Securities must be agreed by the Aggregation Funds prior to the issue of the option or prior to the exercise of the option.

In the absence of agreement, Centro Retail Australia's auditor must determine the allocation based on the fair values of the respective New Stapled Securities, having regard to their respective net tangible assets and other factors that the auditor considers relevant.

(e) **Registers:** The registers of holders of New Stapled Securities are to be kept jointly, in the New Stapled Securities register.

(f) **Duties:** When carrying out their duties, CRL and the Aggregation Funds' REs may consider the interests of holders of the Aggregation Funds as a whole, not only the interests of the Securityholders of the individual Aggregation Funds separately.

(g) **Dispute resolution:** If there are disagreements about stapling issues, CRL and the Aggregation Funds' REs must use their best efforts to resolve them and negotiate in good faith, and (except in limited circumstances) must do so before instituting proceedings.

14.3. PROPERTY MANAGEMENT AGREEMENTS

The registered proprietors (**Owners**) of the shopping centre assets (**Centres**) have appointed a Centre manager (**Manager**), a development manager (**Development Manager**) and a leasing manager (**Project Leasing Manager**) (each an **Appointed Party**) under respective Property Management Agreements (**PMA**). Under the PMAs the various Owners have appointed various entities controlled by CNP. In summary, although the PMAs are not identical the majority of them have the following features:

(a) **Duties:** The Manager is required to perform a wide range of duties including leasing services, maintenance, reporting to the Owner, entering into contracts to ensure the operation of the centre, monitoring leases with tenants of the Centre, paying the operating expenses and engaging with third parties as required (incidental to the Centre);

(b) **Development works:** the Development Manager may submit proposals in respect of development works where in the view of the Development Manager such works are required. Where such works are approved by the Owner, the Development Manager must prepare necessary proposals for the works and negotiate with tenants (as required) on behalf of the Owner to procure any necessary consents. The Development Manager must use its reasonable endeavours to implement the development works in accordance with the approved budget;

(c) **Project Leasing:** the Project Leasing Manager must prepare a leasing strategy with details including the objectives for the Centre, target customers, budgeted rentals and sales for the Centre and other relevant information required for project leasing services. The Owner must approve the project leasing strategy;

(d) **Fees:** each Appointed Party will be paid a fee for works performed. Fees are set out as a schedule to the PMA and are based on the annual rental achieved or the total development costs;

(e) **Obligations of the Owner:** the Owner must do all things necessary to allow the Appointed Party to fully and effectively perform their role;

(f) **Addition or removal of Centres:** the Owner may add or remove a Centre from the operation of the PMA;

(g) **Termination:** either party will have a right to terminate the PMA where the other party fails to pay moneys by a prescribed date, commits a material breach or default of a provision of the PMA, is found guilty of fraud, wilful misconduct or gross negligence in the performance of a material obligation under the PMA. A right to terminate will also arise where an Appointed Party or an Owner becomes insolvent under administration or a controller is appointed; and

(h) **Dispute Resolution:** upon receipt of a dispute notice parties must attempt to resolve disputes through a senior representative within 21 days. In the absence of a resolution an expert is appointed whose decision is final and binding.

14.4. CO-OWNERSHIP AGREEMENTS

The Co-ownership Agreement records the agreement between Centro Retail Australia and certain Syndicates which co-own property with Centro Retail Australia; namely Centro Bankstown, Centro Roselands, Centro Karratha, Centro Lutwyche and City Central (each a **Co-owner**) as to various matters connected with the ownership of their interests in the co-owned properties (**Property**). The Co-ownership Agreement is entered into in accordance with the Implementation Agreement and supersedes the co-ownership agreement which applied prior to Aggregation Implementation and is on substantially the same terms as between the Syndicates and CAWF and CSIF as applied to the Properties under that previous co-ownership agreement.

The key provisions of the Co-ownership Agreement are as follows:

(a) **Restrictions/Obligations on each Co-owner in relation to indebtedness and security:** each Co-owner agrees not to incur financial indebtedness secured over its "interests" in a Property, if to do so would result in that Co-owner's total financial indebtness to be in excess of 75% of its total assets. Where an Co-owner does grant security, it must enter into a deed of covenant with the relevant financier (**Deed of Covenant**). Other Co-owners must enter into the Deed of Covenant as Co-owner of the Property over which the security is granted. The Deed of Covenant binds the financier to comply with the various restrictions on assignment of interests in the Property upon any enforcement of the financiers security;

(b) **Development:** Co-owners may table a proposal for a development of the Property from time to time (**Development Proposal**). Where a Co-owner is not in favour of a tabled Development Proposal, it may require another Co-owner to acquire its interest in relation to the Property to be affected by the Development Proposal;

(c) **Sale or transfer of an interest:** where a Co-owner wishes to sell its interest in a Property (**Seller**), it must serve a notice (**Transfer Notice**) on the other Co-owners (**Offeree**). Where the Offeree accepts the offer within 90 days, for part or all of the sale Property, the Seller must sell its interest in the Property to the Offeree. Where the Offeree does not accept the offer, the Offeree may sell to a third party on terms no less favourable than those set out in the Transfer Notice. A third party purchaser will be bound by the terms of the Co-ownership Agreement; and

(d) **Insolvency**: where a Co-owner is declared insolvent (**Affected Co-owner**), each other Co-owner has a right to acquire all or any part of the interest of the Affected Co-owner in a Property for the fair market value of that interest.

14.5. FLEXIBLE EXIT MECHANISM

Nineteen of the 27 Centro MCS Syndicates that Centro Retail Australia may manage following Aggregation include a liquidity feature in their Constitutions known as the "Flexible Exit Mechanism" (FEM) which is triggered whenever the RE determines that a Syndicate should be rolled over for another term. Of the 19 Centro MCS Syndicates that have the FEM feature in their constitutions, at the date of this Document four are in the process of being wound up following the issue of a termination notice. Of the remaining 15 Syndicates that have the FEM feature in their constitutions, 11 offer the RE of the Syndicate the option to issue a termination notice and wind up the Syndicate rather than trigger the FEM. When the FEM is triggered, Centro MCS Syndicate investors are able to put to CPL or its nominee their units which CPL or its nominee is required to purchase at the then current net asset backing value. In the event that any (or in some cases a specified portion of) put option(s) is exercised, CPL or its nominee has the right to call for and acquire all units which have not been put (in some instances a 20% put threshold applies before a right to call is triggered).

The consideration for units to be acquired by CPL or its nominee under the FEM is cash, or CNP Stapled Securities or a combination of both (at the election of CPL). Where CNP Stapled Securities are to be provided as consideration, the number of securities to be issued is determined by reference to the volume weighted average ASX market price (VWAP) at the time.

Following Aggregation, Syndicate investor meetings are to be held, to seek investor approval to replace CPL with Centro Retail Australia as the counterparty to the FEM and to provide that Centro Retail Australia would be able to elect to pay for Syndicate units acquired in accordance with the FEM in cash, New Stapled Securities or a combination of both. The REs of the relevant Syndicates will recommend that Syndicate investors vote in favour of the proposed change of counterparty. If Syndicate investor approval is obtained, the effect would be that Centro Retail Australia would have equivalent rights and obligations to those which CPL has at the date of this Document under the FEM.

14. MATERIAL CONTRACTS

As at 30 June 2011, the total value of equity held by investors other than Centro Retail Australia entities in the 15 Syndicates that have a FEM feature in their constitutions and that are not already in the process of being wound up following the issue of a termination notice was $385 million. It is not possible to estimate what proportion (if any) of this external investor equity Centro Retail Australia may ultimately be obliged to acquire pursuant to the FEM for the following reasons:

- If a change of counterparty under the FEM (i.e. from CPL to Centro Retail Australia) is proposed, it may not be approved by investors in some or all of the relevant Syndicates;
- Even if Centro Retail Australia becomes the counterparty for some or all of the relevant Centro MCS Syndicates, there are various options that the RE may consider (including issuing a termination notice or other options as outlined in Section 4.6.7) which may result in the FEM not being triggered; and
- Even if Centro Retail Australia becomes the counterparty for some or all of the relevant Syndicates, and the FEM is triggered for any of those Syndicates, it is not possible to estimate what proportion (if any) of Syndicate investors might choose to put their units to Centro Retail Australia and, if so, whether Centro Retail Australia would elect to exercise the right to call any remaining units (assuming any applicable threshold which triggers the right to call has been satisfied).

The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the $385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions and are not already in the process of being wound up following the issue of a termination notice.

Important points to note in relation to external investor equity in Syndicates that Centro Retail Australia might ultimately be required or entitled to acquire pursuant to the FEM include:

- a number of the 15 Syndicates which have the FEM feature in their constitutions and are not already in the process of being wound up following the issue of a termination notice own interests in properties that Centro Retail Australia would welcome an opportunity to increase its investment in, or potentially, subject to related party protocols, acquire outright (e.g. Centro MCS 28 which had $65 million of external investor equity at 30 June 2011 owns 50% of Centro Bankstown); and
- Centro Retail Australia is likely to receive cash proceeds from the crystallisation of its co-investments in some Syndicates that wind up and some of these proceeds could be used to fund, in part or in whole, the acquisition of units in other Syndicates which include the FEM in their constitution and where Centro Retail Australia would prefer to increase its investment.

If a change of counterparty under the FEM is proposed by the RE but is not approved by Syndicate investors for any Syndicate, the RE is required to seek confirmation from CPL, in advance of the FEM being triggered for a relevant Syndicate, as to whether or not CPL would be able to meet its obligations in relation to the FEM if it were triggered. If CPL confirmed that it would be unable to meet its obligations under the FEM (which is considered likely), then the RE is required to consider other alternatives (such as those outlined in Section 4.6.7) rather than triggering the FEM and exposing Syndicate investors to the risk of CPL being unable to pay for any Units that are put to it. In these circumstances, Centro Retail Australia is also required to use all reasonable endeavours to release CPL from its obligations under the FEM.

Further information regarding risks relating to the FEM is provided in Section 5.3.2.

14.6. TRANSITIONAL SERVICES AGREEMENT (TSA)

14.6.1. Overview

On Aggregation, CRL will enter into a transitional services agreement (**TSA**) with CNP pursuant to which CRL will provide, or procure the provision of, certain services to CNP from the Aggregation Implementation Date until CNP is wound up. The services include:

(a) accounting, tax, payroll, human resources, information technology services and systems and office space to enable CNP and its subsidiaries and controlled bodies to undertake necessary functions during the wind up period and to enable an orderly wind up of CNP's operations to be achieved; and

(b) services to enable CPT Manager Limited to administer, manage and operate any trusts or Syndicates in respect of which CPT Manager Limited is the trustee or RE as at the Aggregation Implementation Date, for so long as CPT Manager Limited remains the trustee or RE of such trusts or Syndicates.

The transitional services will be provided for a term of 3 years, commencing on the Aggregation Implementation Date, with an option for CNP to renew for a further period of up to 12 months.

CRL is obliged to provide the services in a manner and to the standard which Centro Retail Australia enjoys. CRL is responsible, at its cost, for obtaining all necessary third party consents to permit CRL to provide, and CNP and its subsidiaries and controlled bodies to receive, the benefit of the services. If a third party consent cannot be obtained or subsequently ceases to be in force, then CRL must reimburse CNP any additional costs CNP incurs in engaging a third party to perform the services or performing the services itself.

14.6.2.Fees

CNP will pay CRL a fixed monthly amount for the transitional services, which will reduce over time as the services scale down consistent with CNP's anticipated requirements.
The fixed monthly fees are subject to a 3% increase at the end of each 12 month period. The fees have been calculated based on the number of full time equivalent staff that CRL will need to provide the services and the expected cost of office space, office supplies and third party technology services and systems. The estimated total value of the services over the initial 3 year term is approximately $2.6 million.

Additional fees, over and above the fixed monthly fees, are payable to CRL for the services referred to in Section 4.6.1(b) if those services are required.

14.6.3. Termination rights

The TSA contains termination for cause provisions usual for an agreement of this nature. CRL may terminate the TSA or any individual service if CNP materially breaches the TSA and such breach is incapable of remedy or, if capable of remedy, is not remedied within 30 days (21 Business Days in the case of a failure by CNP to pay fees). CNP has equivalent termination rights in the event of CRL's material breach and may also terminate if an insolvency event occurs in relation to CRL or if a force majeure event prevents CRL from performing its obligations under the TSA for 30 days or more (in the latter case, termination is limited to the affected service).

In addition, CNP may terminate the agreement or any individual service for convenience at any time on 90 days notice. If individual services are terminated, there will be an appropriate adjustment to the fees.

14.6.4. Liability

CRL's liability under the TSA is subject to a cap which is typical for an agreement of this nature. The liability cap is subject to certain typical exceptions. In recognition of the fact that CNP will, following Aggregation, have only limited funds to enable it to conduct an orderly wind up, CNP does not assume any liability under the TSA other than its obligations to pay fees. However, CRL's obligation to provide the services is subject to CNP's obligation to pay the fees and CRL has rights to terminate the TSA in the event of an unremedied material breach by CNP.


Bakers Delight

15. Additional Information

15.1. CONTINUOUS DISCLOSURE

Centro Retail Australia will be a disclosing entity for the purposes of the Corporations Act and will therefore be subject to certain regular reporting and disclosure obligations. Assuming Aggregation occurs, copies of documents lodged with ASIC in relation to Centro Retail Australia may be obtained from, or inspected at, an ASIC office.

As an investor in Centro Retail Australia, you have the right to obtain the following documents from the Aggregation Funds following Aggregation:

- the annual financial report most recently lodged with ASIC in respect of each of the Aggregation Funds (available from www.asx.com.au or www.cerinvestor.com.au);
- any half-year financial report lodged with ASIC in respect of each of the Aggregation Funds after the lodgement of the annual financial report and before the date of this Document; and
- any continuous disclosure notices provided to ASX in respect of each of the Aggregation Funds after the lodgement of the annual financial report and before the date of this Document.

You should note that DHT was not registered as a managed investment scheme until 16 September 2011 and so has not lodged accounts with ASIC for the year ending 30 June 2011. The statutory financial statements of DHT most recently lodged with ASIC are available from www.centro.com.au. CER was listed on ASX at the date of this Document but as CAWF and DHT will apply for admission to the official list of ASX within 7 days after the date of this Document continuous disclosure notices will be available on ASX only after listing occurs.

15.2. ENQUIRIES AND COMPLAINTS

If you have a complaint about the administration or management of Centro Retail Australia, please contact Centro Retail Australia Investor Services toll free on 1300 785 534 (+612 9191 5974 for overseas callers) during business hours.

You can also make your complaint in writing to:

The Complaints Officer
Centro Retail Australia
Corporate Offices
3rd Floor
Centro The Glen
235 Springvale Road
Glen Waverley Victoria 3150

If Centro Retail Australia RE receives a complaint from a New Stapled Securityholder, the Constitutions require Centro Retail Australia RE to record the complaint in a complaints register, acknowledge the complaint in writing and ensure that it receives proper consideration. Within 45 days of receiving the complaint Centro Retail Australia RE is required to communicate its decision, and the available remedies and avenues of appeal in relation to the complaint. In the event that a New Stapled Securityholder is not satisfied with the outcome of its complaint, it has the right to refer the matter to an external complaints resolution scheme. Centro Retail Australia RE is a member of Financial Ombudsman Service which can be contacted at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: (03) 9613 6399
Website: fos.org.au

15.3. TRADING OF CENTRO RETAIL AUSTRALIA

On Aggregation, the only securities of any of the Issuers that will be trading will be the New Stapled Securities.

DHT RE and CAWF RE will apply for listing of DHT and CAWF on or before Aggregation and the Issuers will apply to ASX for quotation of the New Stapled Securities within 7 days of the date of this Document.

The CATS can be transferred but will not be quoted on ASX or any other exchange.

15.4. ASX AND ASIC RELIEF

15.4.1. General overview of ASIC relief

The Aggregation Funds have applied to ASIC for various modifications to and exemptions from the Corporations Act as it applies to the Aggregation, including the following:

1. In respect of CRL and each of CRT, CAWF and DHT (each a **Trust**):
    - to permit the Trusts to apply dividends and distributions to the acquisition of additional New Stapled Securities under a dividend reinvestment plan (Part 6D.2 and Part 7.9); and
    - to ensure that the offers of New Stapled Securities and CATS contemplated by this Document is not an unsolicited offer to acquire financial products off-market and is not subject to certain Corporations Act restrictions (Part 5A).
2. In respect of each Trust, the following modifications and exemptions:
    - to enable the REs (and their officers and employees) to consider the interest of New Stapled Securityholders as a whole rather than their interests solely as members of the relevant Trust (Part 5C.2);
    - to enable the issue price of New Stapled Securities to be allocated between the issue price of the Share and Unit components of that New Stapled Securities as the RE sees fit (section 601GA(1)(a));
    - to enable, in certain circumstances, financial benefits to be provided out of trust property by any of the Trusts (or its agents and controlled entities) to the other Trust(s) or to CRL (and entities controlled by them) (Part 5C.7);
    - to enable the REs to deal with the entitlements of:
        - Ineligible Overseas Securityholders as contemplated in the Important Notices at the front of this Document; and
        - the CATS Ineligible Holders as contemplated in the terms upon which the CATS are to be issued, (section 601FC(1)(d)).
    - exemption from various product disclosure statement content requirements which are not appropriate for this Document (Part 7.9);
    - to enable the use of a single fees and costs section in this Document (section 1013D(1));
    - exemption from the obligation to provide a product disclosure statement in respect of the issue of New Stapled Securities under the CATS (section 1012B);
    - exemption from the requirement to provide cooling off rights that may otherwise apply in respect of the issues of New Stapled Securities and CATS contemplated under this Document (section 1019B);
    - to enable the RE replacement to take effect outside the prescribed time period of 2 Business Days after the relevant resolutions to change the RE are passed (section 601 FL(2));
    - to ensure that the REs can rely on certain exemptions from the requirement to provide a Financial Services Guide (section 941C(2)(b));
    - exemption from the equal treatment obligation to enable the REs to deal with unmarketable parcels (section 601FC(1)(d)); and
3. In respect of CAWF and DHT, an exemption from certain voting restriction and meeting requirements to ensure that the votes on the change in REs to Centro Retail Australia RE can be passed by 50% of CAWF and DHT members providing written consent (section 253E).
4. In respect of the property Syndicates, a modification of the Corporations Act to enable change of RE of a number of the Syndicates which at the date of this Document are operated by CPT Manager Limited, to Centro MCS Manager Limited, without meetings of investors (unless requested by a certain level of investors) (section 601FL).
5. In respect of CRL, exemption from various prospectus content requirements which are not appropriate for this Document and related documents (Ch 6D.2).

15.4.2. ASX relief

The Aggregation Funds have applied to ASX for various modifications and waivers, including the following:

1. confirmation that ASX Listing Rule 6.24 does not apply in respect of the inclusion of a forecast dividend / distribution in this Document or, in the alternative, a waiver of ASX Listing Rule 6.24 so as to permit this Document to include a forecast dividend/ distribution; and
2. in relation to the CATS:
   - confirmation that the Terms of Issue of the CATS are, in ASX's opinion, appropriate and equitable for the purposes of ASX Listing Rule 6.1;
   - confirmation that ASX Listing Rule 6.18, which provides that an option must not be exercisable over a percentage of an entity's capital, does not apply to the CATS;
   - a waiver of ASX Listing Rule 7.3.3 to permit the notice of meeting to be issued by CER to CER Securityholders (which will include a resolution seeking CER Securityholder approval for the purpose of ASX Listing Rule 7.1 (amongst other rules) for the issue of securities by CER as part of the issue of CATS) to be issued without specifying the issue price of the New Stapled Securities that may be issued in accordance with the Terms of Issue of the CATS, and therefore allow CER to rely on Exception 4 of ASX Listing Rule 7.2 to issue New Stapled Securities in accordance with the Terms of Issue of the CATS without the requirement for further shareholder approval under ASX Listing Rule 7.1; and
   - confirmation that the listing of CAWF and DHT prior to the issue of CATS in the sequence of steps for Aggregation implementation will not prevent reliance on Exception 4 of ASX Listing Rule 7.2 for the issue of New Stapled Securities in accordance with the Terms of Issue of the CATS or, in the alternative, a waiver from ASX Listing Rule 7.1 for the issue of any New Stapled Securities in accordance with the Terms of Issue of the CATS without approval of New Stapled Securityholders.

Further ASX relief may be added based on recent discussions with ASX.

15.5. CONSENTS AND DISCLAIMERS

Each of the following parties named below as consenting parties:

- has given and has not, before lodgement of this Document with ASIC, withdrawn its written consent to be named in this Document in the form and context in which it is named;
- has given and has not, before lodgement of this Document with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Document;
- does not make, or purport to make, any statement in this Document other than those statements referred to below in respect of that party's name (and as consented to by that party); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Document.

Consenting parties	Named as	Reports and Statements
Ernst & Young Transaction Advisory Services Limited	Investigating Accountant	Investigating Accountant's Report and any statements based on that report
Ernst & Young	Auditors	Nil
KPMG	Taxation Adviser	Taxation Advisers Report and any statements based on that report
Link Market Services Limited	Registry for CER and DPF	Nil

15.6. INTERESTS OF DIRECTORS, ADVISERS AND PROMOTERS

15.6.1. General

Other than as set out in this Document:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director, to induce them to become, or to qualify as, a director of CRL or Centro Retail Australia RE (**Director of Centro Retail Australia**).

- None of the following persons:
  - a Director or proposed Director of Centro Retail Australia;
  - each person named in this Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Document; or
  - a promoter of Centro Retail Australia,

  holds or held at any time during the last 2 years an interest in:
  - the formation or promotion of New Stapled Securities;
  - property acquired or proposed to be acquired by Centro Retail Australia in connection with its formation or promotion or the issue of New Stapled Securities; or
  - the issue of New Stapled Securities,

  or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of Centro Retail Australia or the issue of New Stapled Securities.
- Centro Retail Australia RE was not paid or given or agreed to be paid or given any amount or benefit:
  - to procure the acquisition of interests in Centro Retail Australia; or
  - for services provided under the Constitutions.

15.6.2. Interests of Directors of each of the Issuers

The Directors are not required to hold any Securities under the provisions of the Aggregation Funds' respective Constitutions.

Set out below are details of the interests of the Directors of each of the Issuers in Securities in the Aggregation Funds immediately before the lodgement of this Document with ASIC. Interests include those held directly or otherwise.

TABLE 15.1 INTERESTS OF DIRECTORS

Director	CER	CAWF	DHT
Peter Day (indirect held)	100,000	-	-
Paul Cooper	-	-	-
Anna Buduls	-	-	-
Michael Humphris	70,000	-	-
Fraser MacKenzie (held in the name of MacKenzie Superannuation Fund)	100,000	-	-
Bill Bowness (held in the name of WDB Investments Pty Limited)	300,000	-	-
Robert Tsenin	-	-	-
Jim Hall (held in the name of Hall Superannuation Fund)	20,000	-	-
Susan Oliver	-	-	-
Rob Wylie	-	-	-

15.6.3. Non-executive Directors

The Constitutions provide that the non-executive Directors of Centro Retail Australia are entitled to such remuneration for their services as a director as determined by the Directors, which must not exceed in aggregate the maximum amount determined by Centro Retail Australia in general meeting.

At the date of this Document it is expected that such remuneration will not exceed $1,500,000 per annum. If the review of the composition of the Board results in the appointment of six or more non-executive Directors, it is likely that the Board will seek to increase the maximum amount at the next AGM of Centro Retail Australia. This amount is to be apportioned among the non-executive Directors as they determine in their absolute discretion. The Directors acknowledge that as Centro Retail Australia grows, the demands on the Directors will increase and the Directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Centro Retail Australia Board and approved by the members.

For the current financial year, it is expected that non-executive Directors' fees will not exceed $1,500,000 in total.

In addition to those fees, and as is provided for in the relevant company Constitutions, an ex-gratia payment of $100,000 to Peter Day as Chairman and $50,000 to each other non-executive Directors has been approved by the Board and will be made on issue of this Document in recognition of the additional work that has been undertaken for Aggregation.

15.6.4. Executive Directors

Please refer to Section 6.5.1 for information in relation to the remuneration of Robert Tsenin.

15.6.5. Interests of Advisers

- **Ernst & Young**, is entitled to receive professional fees of approximately $1.35 million in connection with financial due diligence undertaken in relation to the Aggregation. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.
- **Ernst & Young Transaction Advisory Services Limited**, is entitled to receive professional fees of approximately $0.15 million in connection with the preparation of the Investigating Accountant's Report (as contained in Section 11 above). It may be entitled to further professional fees for this work based on its usual hourly charge out rates.
- **KPMG**, is entitled to receive professional fees of approximately $0.4 million in connection with the preparation of the Tax Adviser's Report (as contained in Section 13 above) and for consulting services in relation to the Aggregation. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Unless stated above, all such payments have been paid or are payable in cash. Centro Retail Australia is also required to pay the out-of-pocket expenses of the advisers listed above.

15.7. COSTS OF THE AGGREGATION

The expenses connected with the Aggregation, which are payable by the Aggregation Funds, are estimated to be approximately $107.2 million. This includes advisory, legal, accounting, tax, listing and administrative fees, design and printing, share registry, stamp duty, debt arrangement fees and other expenses, expected to be incurred in the period from 1 March 2011 until Aggregation.

TABLE 14.2 COSTS OF THE AGGREGATION

Item	$ million
Legal costs	11.7
Corporate advisory costs	15.6
Experts' and specialists' costs	4.4
Stamp duty	60.0
Debt arrangement fees	15.5
Total	107.2

15.8. ANTI-MONEY LAUNDERING & COUNTER TERRORISM FINANCING ACT 2006 (CTH) (AML & CTF)

Notwithstanding any other provision of this Document or any Explanatory Memorandum, each Securityholder agrees to provide any information and documents reasonably requested by any Issuer or DPF RE to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any other applicable anti-money laundering or counter-terrorism financing laws of any country including, without limitation, any applicable laws imposing "know your customer" or other identification checks or procedures to which the Issuer or responsible entity is subject pursuant to the laws of any country in respect of Centro Retail Australia ("**AML/CTF laws**").

If any Issuer or DPF RE forms the view that, in its reasonable opinion, it is required to disclose information, which it obtained in connection with Centro Retail Australia, to any person in order to comply with its obligations under the AML/CTF laws, to the extent permitted by law, each Securityholder agrees that such disclosure will not be a breach of any obligation or duty, whether such obligation or duty is imposed by contract or law, owed by that party to any other Issuer, responsible entity or Securityholder, and that party will be released from any claim made against them in respect of such disclosure.

15.9. ETHICAL AND OTHER CONSIDERATIONS

The Aggregation Fund REs do not take into account labour standards or environmental, social or ethical considerations when selecting, or making decisions about whether to retain or realise investments. Environmental factors are addressed as part of normal real property investment due diligence.

15.10. DIRECTORS' CONSENT TO LODGEMENT OF DOCUMENT

Each Director of each Issuer of this Document has given, and not withdrawn their consent to the lodgement of this Document with ASIC.

16. GLOSSARY

A-REIT – Australian Real Estate Investment Trust.

A$ or **AUD** – Australian Dollars.

Aggregation – is the processes and steps outlined in Section 3.2, including the Stapling of Securities in each of CER, CAWF and DHT to create Centro Retail Australia.

Aggregation Fund – each of CRL, CRT, CAWF and DHT, and "**Aggregation Funds**" means any or all of them as the case requires.

Aggregation Implementation Date – the fifth Business Day after the Aggregation Record Date or such other date as is agreed by CPT Manager Limited, CPL and the Signing Senior Lenders, anticipated to be 13 December 2011.

Aggregation Ratios – the ratios explained in Section 3.3.

Aggregation Record Date – 5:00 pm (AEST) on the seventh Business Day after the date on which the Schemes become Effective, or such other date as is agreed by all the Aggregation Funds.

Aggregation Resolutions – the resolutions referred to in the Explanatory Memoranda for CER, CAWF and DHT relating to Aggregation including resolutions relating to any asset acquisitions, placements, Constitution changes and changes to REs as relevant to the particular Aggregation Fund. Members of the Aggregation Funds should refer to the Explanatory Memorandum for their Aggregation Fund.

ASIC – Australian Securities & Investments Commission.

ASX – ASX Limited ACN 008 624 691.

ASX Listing Rules – the official listing rules of ASX.

ATO – Australian Taxation Office.

Brochure or Redemption Brochure – the brochure which DPF Unitholders should have received from DPF RE.

Business Day – a weekday on which trading banks are open for business in Melbourne, Australia.

Cap – the Share Cap or the Cash Cap that applies to the CATS as described in Section 10.

Cash Cap – the Cash Cap that applies to the CATS as described in Section 10.6.3.

CATS – Class Action True up Securities described in Section 10.

CAWF – Centro Australian Wholesale Fund ARSN 122 223 974.

CAWF RE – CPT Manager Limited (ABN 37 054 494 307) as RE of CAWF.

CAWF Unit – a fully paid ordinary unit in CAWF.

CAWF Unitholder – a holder of CAWF Units.

Centro MCS Manager Limited – Centro MCS Manager Limited ABN 69 051 908 984.

Centro MCS Syndicate – the property syndicates of which the RE is Centro MCS Manager Limited.

Centro Retail Australia – CRL, CRT, CAWF and DHT following Aggregation and Stapling of the New Stapled Securities.

Centro Retail Australia Board – the board of directors of CRL (after Aggregation Implementation) and Centro Retail Australia RE.

Centro Retail Australia RE – CRL (1) Limited ABN 149 781 322 which, following Aggregation Implementation, is proposed to be the new RE of the managed investment schemes which are part of Centro Retail Australia.

16. GLOSSARY

CER – CRT and CRL.

CER Class Action Litigation – the following proceedings in the Federal Court of Australia (which are described in Section 7.3.10):

- Kirby v Centro Retail Limited & others, proceeding VID 327 of 2008;
- Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010;
- Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008; and
- Vlachos & others v Pricewaterhouse Coopers, proceeding VID 1041 of 2010.

CER Securityholder – a registered holder of CER Stapled Securities.

CER Stapled Security – a CRL Share which is stapled to a CRT Unit.

CNP – Centro Properties Group being CPL and CPT Manager Limited and their controlled bodies, which means:

- in the case of CPL, a wholly-owned subsidiary of CPL within the meaning of the Corporations Act;
- in the case of CPT Manager Limited, a body corporate which would be a wholly-owned subsidiary of CPT Manager Limited within the meaning of the Corporations Act but for section 48(2) of that Act;
- in the case of an entity which is not a body corporate, an entity which would be a Controlled Body of CPL or CPT Manager Limited within the meaning of the first or second dot points above if that entity was a body corporate and if the ownership interests in that entity (whether units in a unit trust or otherwise) were shares in that body corporate; and
- an entity which would be a controlled body of either CPL or CPT Manager Limited if the ownership interests that are held directly or indirectly by CPL were held directly or indirectly by CPT Manager Limited or vice versa,

provided that no entity will be taken to be a controlled body of CNP in that entity's capacity as trustee or responsible entity of, or custodian or sub-custodian for, a trust or managed investment scheme that is not a controlled body of CNP.

CNP Asset Sale Agreements – the sale agreements to be entered into in accordance with the Implementation Agreement for the sale of substantially all of CNP's Australian assets (including the Services Business but excluding CNP's interests in CER, CAWF and DPF).

CNP Debt Cancellation – the cancellation of the amounts actually and contingently payable by CNP and its related entities to the Senior Lenders (except for a portion of the amount payable that will not be cancelled if there is a Failed CNP Junior Stakeholder Vote, which amount will secure, amongst other things, any surplus funds following completion of the wind-down of CNP), in accordance with the Senior Debt Schemes.

CNP Group – CNP, CER, CAWF, DPF and their controlled entities.

CNP Junior Stakeholder – CNP Securityholders, Convertible Bond Holders (as that term is defined in the Convertible Bond Terms) and Hybrid Lenders.

CNP Junior Stakeholder Approval – any approval or resolution of CNP Junior Stakeholders which is required for the Aggregation and the Senior Debt Scheme.

CNP Securityholder – a registered holder of CNP stapled securities.

CNP Senior Debt – the debt the subject of the Senior Debt Schemes including:

- the CNP Senior Facility Debt; and
- amounts which are currently contingently owing in respect of certain put option arrangements and hedging arrangements or otherwise rank equally with the CNP Senior Facility Debt.

CNP Senior Facility Debt – the Senior Debt Facilities which have a maturity date of 15 December 2011, totalling $2.9 billion as at 30 June 2011 and excluding any amounts contingently owing.

Constitution – the Constitutions for CRT, CRL, CAWF, DPF or DHT as the case requires.

Convertible Bond Terms – the terms and conditions applicable to the Convertible Bonds as set out in Schedule 1 to the CNP preference security deed poll (convertible bonds) executed by CPT RE and CPL dated 6 June 2007, modified by the certificate set out in Schedule 2 to the CNP preference security deed poll (exchange property settlement redemption) executed by JP Morgan Australia ENF Nominees No.1 Pty Limited ABN 124 343 148 as trustee of the JP Morgan Australia Exchangeable Note Funding Trust No 1, CPT RE and CPL dated 30 June 2010.

Corporations Act – the Corporations Act 2001(Cth).

CPL – Centro Properties Limited (ACN 078 590 682).

CPT Manager Limited – CPT Manager Limited (ACN 054 494 307).

CRL – Centro Retail Limited ABN 90 114 757 783 described in section 8.

CRL Members' Scheme – the proposed scheme for the purposes of section 412(1) of the Corporations Act between CRL and CRL Shareholders.

CRL Share – a fully paid ordinary share in CRL.

CRT – Centro Retail Trust ARSN 104 931 928 described in Section 8.2.

CRT Unit – a fully paid ordinary unit in CRT.

Crystallisation Event – CER Class Action Litigation is resolved, settled or a final judgement is given.

CSIF – Centro MCS Syndicate Investment Fund ARSN 124 855 465.

CSIF Holder Syndicates – Centro MCS Manager Limited in its capacity as RE for Centro MCS 4 ARSN 095 743 767, Centro MCS Manager Limited as RE for Centro MCS 14 ARSN 095 502 622, CPT Manager Limited as RE for Centro MCS 25 ARSN 097 223 259.

Directors – unless expressed to the contrary, or the context otherwise requires, is a reference to the directors of each of the Issuers.

Document – this Disclosure Document as supplemented or replaced as it may be updated with any updates available from www.centro.com.au or by calling the toll free number in the Directory at the end of this Document.

DHT – the Centro DPF Holding Trust ARSN 153 269 759.

DHT Units – fully paid ordinary units in DHT.

DHT Unitholder – a holder of DHT Units.

DPF – Centro Direct Property Fund ARSN 099 728 971.

DPF RE – Centro MCS Manager Limited (ABN 69 051 908 984) as RE of DPF.

DPF Units – a fully paid ordinary unit in DPF.

DPF Unitholders – a holder of DPF Units.

EBIT – earnings before interest and taxes.

Effective – means when used in relation to a Scheme, the coming into effect, under section 411(1) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to that Scheme.

Executive Committee – the Executive Committee described in Section 6.2.

Explanatory Memorandum – the CER Explanatory Memorandum, the CAWF Explanatory Memorandum or the DHT Explanatory Memorandum (as applicable), which Securityholders in each Aggregation Fund prior to Aggregation should have received in the same package of documentation as this Document.

16. GLOSSARY

Failed CNP Junior Stakeholder Vote – the approvals of CNP Junior Stakeholders, which are required to implement the Aggregation, are not obtained.

Flexible Exit Mechanism or "FEM" – the "Flexible Exit Mechanism", which is described in Section 4.6.7.

GST – goods and services tax or similar value added tax levied or imposed in Australia under the *A New Tax System* (*Goods and Services Tax*) Act 1999 (Cth) or otherwise on a supply.

Hybrid Debt – the debt the subject of the Hybrid Debt Schemes, including the Hybrid Securities and other subordinated debt.

Hybrid Debt Schemes – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between CNP and the Hybrid Lenders.

Hybrid Lenders – holders of Hybrid Debt.

Hybrid Security – the securities issued by CNP on 15 January 2009 as a result of an amendment of a portion of the senior debt terms existing at that time and which are cumulative deferrable, interest bearing, secured notes of CNP, without any preference among themselves.

Implementation Agreement – the agreement of that name dated 8 August 2011 between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and Signing Senior Lenders a copy of which is available in the announcement made through ASX in respect of CER on 9 August 2011.

Independent Expert – Grant Samuel & Associates Pty Ltd (ACN 050 036 372).

Investigating Accountant – Ernst & Young Transaction Advisory Services Limited AFS Licence Number 240585.

Investigating Accountant's Report – the report by the Investigating Accountant contained in full in Section 11.

Issuers – each of CRL, CRT RE, CAWF RE and DHT RE.

New Stapled Securities – following Aggregation, means stapled securities quoted on ASX, each comprising:

- one CRL Share;
- one CRT Unit;
- one CAWF Unit; and
- one DHT Unit.

New Stapled Securityholders – holders of shares in CRL and Units in CRT, CAWF and DHT that are stapled together following Aggregation.

RE – responsible entity, which is a company appointed as responsible entity of a managed investment scheme that is registered with ASIC under the Corporations Act.

Schemes – the CRL Members' Scheme, Senior Debt Scheme and the Hybrid Debt Scheme.

Securities – a CRL Share, a CRT Unit, a CAWF Unit or a DHT Unit.

Securityholder – a holder of CER Stapled Securities or its components, CAWF Units or DHT Units, as the case requires.

Senior Debt Scheme – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between CPT RE and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme) and CPL and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme).

Senior Debt Scheme Meeting – the meetings of Senior Lenders ordered by the Court to be convened under section 411(1) of the Corporations Act.

Senior Lenders – holders of CNP Senior Debt.

Services Business – the business of providing property, development, leasing and funds management services to managed funds (including the Aggregation Funds) carried on by CPL and its controlled bodies at the date of this Document.

Share – an ordinary fully paid share in CRL.

Share Cap – the Share Cap that applies to the CATS as described in Section 10.6.3.

Signing Senior Lenders – the Senior Lenders who have delivered signature pages to the Implementation Agreement, together with their permissible successors and assigns, holding more than 83% of the CNP Senior Facility Debt (or 79% of CNP Senior Debt as at 31 August 2011).

Stapled or Stapling – an arrangement by which one Share in CRL, one CRT Unit, one CAWF Unit and one DHT Unit or any of them may not be dealt with without the others that are stapled.

Stapling Deed – the deed of that name to be entered into between CER, CAWF RE and DHT RE in respect of the Stapling of Securities in terms described in Section 14.2.

Syndicate – a direct property investment vehicle whereby investors' funds are pooled over a set group of properties for a fixed term. This is normally administered by an RE with ownership vested with a custodian on behalf of investors.

Taxation Adviser – KPMG.

Taxation Adviser's Report – the report by the Taxation Adviser contained in full in Section 13.

Trust – each of CRT, CAWF and DHT and "Trusts" means any or all of them as the case requires.

Underlying Earnings – the reported Australian International Financial Reporting Standard profit after excluding property revaluations, mark to market adjustments for derivative financial instruments and any other material non-recurring or non-cash items.

Unit – a unit in any of CRT, CAWF, DHT as the case requires.

Unitholder – the person for the time being registered as the holder of a unit in a Trust and includes persons jointly registered.

US$ or USD – US Dollars.

APPENDIX A – PRO FORMA HISTORICAL EBIT INFORMATION FOR CENTRO RETAIL AUSTRALIA FOR THE YEARS ENDED 30 JUNE 2010 (FY10) AND 30 JUNE 2011 (FY11)

TABLE A1 FY10 EBIT INFORMATION

FY10 EBIT Information	CER $m Note 1	CAWF $m Note 2	DPF $m Note 3	Consol Syndicates $m Note 4
Property ownership revenue	13.6	-	-	64.3
Services revenue	-	-	-	-
Distribution revenue	2.7	-	49.2	1.6
Total revenue	**16.3**	**–**	**49.2**	**65.9**
Property revaluation increment/(decrement) for directly owned properties	(11.3)	-	-	(1.8)
FVA on financial assets at fair value through profit or loss and other financial assets	1.2	-	(63.3)	(2.5)
Net gain/(loss) on disposal of investment property and other investments	-	-	-	-
Net movement of mark to market of derivatives	146.3	0.8	(0.2)	(0.7)
Foreign exchange losses/(gains)	(1.1)	-	-	-
Other income	6.1	-	0.6	0.1
Share of net profits of associates and joint ventures accounted for by equity method	84.0	133.3	-	5.0
Direct property expenses	(4.7)	-	-	(17.6)
Management fee	(15.5)	(9.9)	(5.7)	(4.1)
Employee benefit expenses	-	-	-	(1.4)
Adviser fees	(2.4)	-	(0.1)	(1.1)
Other expenses	(4.0)	(1.2)	(0.2)	(1.9)
Finance costs attributable to unitholders	-	-	(57.7)	(11.0)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	-	-	-	(17.0)
EBITDA	**214.9**	**123.0**	**(77.4)**	**11.9**
Depreciation and amortisation expense	-	-	-	(0.8)
EBIT	**214.9**	**123.0**	**(77.4)**	**11.1**

Notes

1 Extract from Income Statement of Centro Retail Trust for the year ended 30 June 2010.

2 Extract from Income Statement of Centro Australia Wholesale Fund for the year ended 30 June 2010.

3 Extract from Income Statement of Centro Direct Property Fund for the year ended 30 June 2010.

4 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates' results that is not owned by Aggregation Funds will be presented as "Movement in net assets attributable to puttable interests in consolidated finite life trusts."

5 CER, CAWF, CSIF-A, and Centro MCS 25 currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of the balance sheet associated with consolidating these investments.

6 Addition of Income Statement for the year ended 30 June 2010 for CSIF-A, CMCS 3, Centro Somerville, and Centro Arndale.

7 Addition of Income Statement for the Services Business acquired by Centro Retail Australia, which includes the overhead expenses. Reflects the recognition of roll-over/wind up fees derived from Centro MCS Syndicates as income progressively over each Syndicate term.

8 Eliminate intercompany transactions, mainly consisting of Services Business fees and corresponding expenses in Fund ledgers.

9 Adjustment to remove any fair value and interest balances as assumptions include no fair value movements and remove interest items as income statement only presents EBIT.

Gross up 100% owned properties	Other property Aquisition/ disposal	Services Business & Overhead	Group eliminations	Adjust non-distributable, interest inc/ exp & once off items	FY10 Total
$m	$m	$m	$m	$m	$m
Note 5	Note 6	Note 7	Note 8	Note 9	
345.3	37.7	-	-	1.2	462.1
-	-	88.7	(53.9)	-	34.8
-	1.9	-	(42.6)	-	12.8
345.3	**39.6**	**88.7**	**(96.5)**	**1.2**	**509.7**
(30.3)	(15.6)	-	-	59.0	-
-	(0.7)	-	-	65.3	-
-	-	-	-	-	-
(1.4)	-	-	-	(144.8)	-
-	-	-	-	1.1	-
0.6	1.8	(0.6)	(1.1)	(6.2)	1.3
(178.5)	1.8	-	4.8	-	50.4
(91.5)	(9.4)	-	-	-	(123.2)
(14.8)	(3.9)	-	53.9	-	-
(8.7)	(1.0)	(46.6)	-	-	(57.7)
(1.6)	(0.3)	(3.5)	-	-	(9.0)
(1.4)	(0.9)	(0.1)	-	1.9	(7.8)
-	(3.7)	-		72.4	-
-	-	-		-	(17.0)
17.7	**7.7**	**37.9**	**(38.9)**	**49.9**	**346.7**
(0.5)	(0.4)	(1.6)	-	1.7	(1.6)
17.2	**7.3**	**36.3**	**(38.9)**	**51.6**	**345.1**

APPENDIX A – PRO FORMA HISTORICAL EBIT INFORMATION FOR CENTRO RETAIL AUSTRALIA FOR THE YEARS ENDED 30 JUNE 2010 (FY10) AND 30 JUNE 2011 (FY11)

TABLE A2 FY11 EBIT INFORMATION

	CER	CAWF	DPF	Consol Syndicates
	$m	$m	$m	$m
FY11 EBIT Information	Note 1	Note 2	Note 3	Note 4
Property ownership revenue	13.5	-	-	65.2
Services revenue	-	-	-	-
Distribution revenue	1.8	-	46.5	1.6
Interest revenue	-	-	-	-
Total revenue	**15.3**	**-**	**46.5**	**66.8**
Property revaluation increment/(decrement) for directly owned properties	1.7	-	-	21.4
FVA on financial assets at fair value through profit or loss and other financial assets	4.7	-	133.3	-
Net gain/(loss) on disposal of investment property and other investments	-	-	-	(0.5)
Net movement of mark to market of derivatives	234.7	10.8	0.7	0.9
Foreign exchange losses/(gains)	(23.8)	-	-	-
Finance costs	-	-	-	-
Other income	5.5	0.6	0.4	(0.4)
Share of net profits of associates and joint ventures accounted for by equity method	162.1	245.8	-	9.7
Direct property expenses	(3.5)	-	-	(18.1)
Property management fee	(14.4)	(10.0)	(6.0)	(6.6)
Employee benefit expenses	-	-	-	(1.5)
Adviser fees	(14.1)	-	(0.2)	(1.4)
Other expenses	(6.6)	(2.1)	(0.6)	(1.8)
Finance costs attributable to unitholders	-	-	(53.2)	-
Movement in net assets attributable to puttable interests in consolidated finite life trusts	-	-	-	(16.3)
EBITDA	**361.6**	**245.1**	**120.9**	**52.2**
Depreciation and amortisation expense	-	-	-	(0.6)
EBIT	**361.6**	**245.1**	**120.9**	**51.6**

Notes

1 Extract from Income Statement of Centro Retail Trust for the year ended 30 June 2011.

2 Extract from Income Statement of Centro Australia Wholesale Fund for the year ended 30 June 2011.

3 Extract from Income Statement of Centro Direct Property Fund for the year ended 30 June 2011.

4 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates' results that is not owned by Aggregation Funds will be presented as "Movement in net assets attributable to puttable interests in consolidated finite life trusts."

Gross up 100% owned properties	Other property Aquisition/ disposal	Services Business & Overhead	Group eliminations	Adjust non-distributable, interest inc/ exp & once off items	FY11 Total
$m	$m	$m	$m	$m	$m
Note 5	Note 6	Note 7	Note 8	Note 9	
352.9	42.1	-	-	1.1	474.8
-	-	91.4	(56.4)	-	35.0
-	1.6	-	(39.6)	-	11.9
-	-	-	-	-	-
352.9	**43.7**	**91.4**	**(96.0)**	**1.1**	**521.7**
142.9	2.3	-	-	(168.3)	-
-	1.3	-	-	(139.3)	-
-	-	-	-	0.5	-
(0.2)	-	-	-	(246.9)	-
-	-	-	-	23.8	-
-	-	-	-	-	-
1.2	3.8	(1.1)	(5.2)	(2.7)	2.1
(341.2)	12.5	-	(35.6)	-	53.3
(95.3)	(10.6)	-	-	-	(127.5)
(14.8)	(4.6)	-	56.4	-	-
(9.1)	(1.1)	(49.7)	-	-	(61.4)
(2.0)	(0.4)	1.0	-	6.8	(10.3)
(0.7)	(1.4)	(0.8)	-	5.3	(8.7)
-	-	-	-	53.2	-
-	-	-	-	-	(16.3)
33.7	**45.5**	**40.8**	**(80.4)**	**(466.5)**	**352.9**
(1.8)	(0.3)	(1.2)	-	2.8	(1.1)
31.9	**45.2**	**39.6**	**(80.4)**	**(463.7)**	**351.8**

5 CER, CAWF, CSIF-A, and Centro MCS 25 currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of the balance sheet associated with consolidating these investments.

6 Addition of Income Statement for the year ended 30 June 2011 for CSIF-A, CMCS 3, Centro Somerville, and Centro Arndale.

7 Addition of Income Statement for the Services Business acquired by Centro Retail Australia, which includes the overhead expenses. Reflects the recognition of roll-over/wind up fees derived from Centro MCS Syndicates as income progressively over each Syndicate term.

8 Eliminate intercompany transactions, mainly consisting of Services Business fees and corresponding expenses in Fund ledgers, including an adjustment to normalise syndicate rollover/wind-up and success fees over the period, reflecting recognition over the syndicate term based on prevailing valuations.

9 Adjustment to remove any fair value and interest balances as assumptions include no fair value movements and remove interest items as income statement only presents EBIT.

CORPORATE DIRECTORY

Centro Retail Limited ABN 90 114 757 783

Centro MCS Manager Limited ABN 69 051 908 984

CPT Manager Limited ACN 054 494 307

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