ASX/MEDIA RELEASE

Centro Properties Group

5 October 2011

CNP Board unanimously recommends proposed Centro restructure; Independent Expert concludes proposal is fair and reasonable to, and in the best interests of, CNP securityholders

Key Highlights:

- The CNP Board unanimously recommends that securityholders vote in favour of all resolutions for the Extraordinary General Meeting;
- The Independent Expert has concluded that the proposed restructure is fair and reasonable, and in the best interests of CNP securityholders;
- CNP securityholders will receive 5.03 cents per CNP security if all relevant approvals and conditions are satisfied (or waived);
- Proposal provides only realistic prospect for a solvent restructure of CNP;
- Extraordinary General Meeting to be held on 22 November 2011.

Centro Properties Group (**CNP**) has today released its Explanatory Memorandum with detailed information for securityholders on the proposed restructure of the Centro Group (as announced on 9 August 2011). This follows the decision from the New South Wales Supreme Court that meetings can be held to approve the relevant schemes of arrangement to effect the proposed restructure. The Court held that the objections raised by PricewaterhouseCoopers and class action litigants represented by Maurice Blackburn were not sufficient to cause the Court to exercise its discretion against orders for the scheme meetings.

The attached Explanatory Memorandum sets out the detail of the proposal and CNP's Extraordinary General Meeting (**EGM**) to be held on 22 November 2011 at which securityholders will vote on resolutions to effect the restructure.

Key aspects of the proposal, if all relevant approvals and conditions are satisfied (or waived), include:

- CNP has agreed with holders of more than 83% of its senior facility debt (or 79% of the debt subject to the Senior Debt Schemes) calculated as at 31 August 2011 (**Signing Senior Lenders**) to implement a creditors schemes of arrangement (**Senior Debt Schemes**) to effect the cancellation of CNP senior debt in return for substantially all of CNP's Australian assets and interests.
- The Signing Senior Lenders have also agreed (subject to the conditions below) that $100 million will be made available for allocation to CNP securityholders and other stakeholders who are junior to the Senior Lenders. The CNP Board of Directors has determined to allocate the $100 million as follows:
    - 5.03 cents per security or $48,925,082 in total to CNP securityholders;

- 5 cents[1] in the dollar or $21,074,918 in total to convertible bondholders;
- $20,000,000 in total to secured Hybrid Lenders; and
- $10,000,000 set aside for potential contingent creditors, on the basis that any surplus not used will be returned to the Senior Lenders.

– In the absence of this restructure, CNP could not meet its maturing senior facility debt in December 2011.

– Post the payment to CNP securityholders, CNP securityholders will have no ongoing economic interest in the operations of CNP which are intended to be wound down as soon as practicable.

In order for CNP securityholders to receive the 5.03 cents per CNP security and for the other relevant amounts to be paid to CNP stakeholders who are junior to the Senior Lenders, the following approvals and conditions must be satisfied:

– CNP securityholder approval of the relevant Implementation Resolutions.

– Other CNP Junior Stakeholders approvals (Convertible Bondholders and Hybrid Lenders).

– Approval of the Senior Debt Schemes by the Senior Lenders and the Court.

– Approval by CER securityholders, CAWF unitholders and the DPF Holding Trust unitholders of the Aggregation;

– Certain regulatory approvals; and

– All conditions precedent outlined in the Implementation Agreement being satisfied or waived.

CNP Chairman Mr Paul Cooper said, “Given CNP’s secured debt burden exceeds the entire value of all of its assets by $1.3 billion at 30 June 2011 (prior to liquidation value adjustments), the CNP Board of Directors believes that the proposal as detailed in the Explanatory Memorandum represents the best possible outcome for CNP securityholders in the circumstances.”

“The CNP Board unanimously recommends that CNP securityholders vote in favour of all resolutions in the absence of any superior proposal. Any superior proposal is currently not anticipated and would either need to repay the senior debt in full, or have the support of the Senior Lenders.”

“Should the proposal not proceed, the only likely alternative would be that CNP would enter into an external administration which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. Under that scenario, CNP securityholders would not be expected to receive any value for their CNP securities. The CNP Board believes this transaction is also in the interest of all other stakeholders who

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[1] Rounded to the nearest cent and based on US$444m of face value in current A$ terms (A$427m) based on a FX rate of US$1:A$1.04 prevailing at 9 August 2011 when the allocation was announced

are junior to the Senior Lenders given they are also not expected to recover anything in an administration scenario," said Mr Cooper.

Independent Expert's Opinion

The Independent Expert, Grant Samuel and Associates Pty Limited, has considered the proposal and has concluded that the proposed restructure is fair and reasonable to, and in the best interests of, CNP securityholders.

Explanatory Memorandum

The attached Explanatory Memorandum is also available on the CNP website www.centroinvestor.com.au

CNP securityholders will receive the Explanatory Memorandum by mail from 20 October 2011. CNP securityholders are recommended to read the Explanatory Memorandum, Independent Expert's Report and accompanying Notice of Meeting for the EGM, and then vote on the resolutions either by proxy or in person at the EGM to be held on Tuesday, 22 November 2011, at 2.30pm at the Melbourne Exhibition Centre: 2 Clarendon Street, Southbank, Victoria.

For the proposal to proceed, the Implementation Resolutions as described in the Explanatory Memorandum must be passed. This requires more than 50% of the votes cast by CNP securityholders entitled to vote are in favour of the resolutions. The detailed voting thresholds for other CNP Junior Stakeholders and the Senior Lenders are included in the attached Explanatory Memorandum.

Moelis & Company, Lazard and KPMG have acted as financial advisers, and Freehills has acted as legal adviser, to CNP.

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Centro Properties Group
Explanatory Memorandum and Notice of CNP Securityholders' Extraordinary General Meeting

For a proposal to restructure the Senior Debt of Centro Properties Group

October 2011

Centro Properties Limited (ABN 45 078 590 682) and CPT Manager Limited (ABN37 054 494 307) as responsible entity for Centro Property Trust (ARSN091 043 793), together "CNP"

The Board of Directors of CNP unanimously recommends that you vote in favour of all resolutions.

The Independent Expert has concluded that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders.

INSIDE FRONT COVER

Contents

Important Notices

Nature of this document

This Explanatory Memorandum provides information to assist CNP Securityholders in determining how to vote in respect of certain of the Resolutions, which are required to be passed for the Proposal to take effect.

This document accompanies the Notice of Meetings required by the Corporations Act in relation to the Proposal. It explains the terms of the Proposal and the details of the advantages and disadvantages as well as applicable conditions to the implementation of the Proposal (if approved).

You should read this document in its entirety before making a decision on how to vote on the Resolutions. The Resolutions will be considered at the CNP Meeting to be held at 2.30pm on 22 November 2011 at the Melbourne Exhibition Centre ("Jeff's Shed"). If you cannot vote in person at the CNP Meeting, you can vote by proxy by signing the personalised proxy form which accompanies this Explanatory Memorandum. Given the impact this transaction will have on your holding in CNP Securities it is important for your proxy vote to be considered. You must return the signed proxy form to Link Market Services by 2.30pm on 20 November 2011.

If you have sold all of your CNP Securities, you may ignore this Explanatory Memorandum.

A copy of this Explanatory Memorandum has been provided to ASX and ASIC. Neither ASX or ASIC nor any of their officers takes any responsibility for the contents of this Explanatory Memorandum.

A number of defined terms are explained in the glossary in Section 11.

No investment advice

The information contained in this Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position and particular needs. If you are in any doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser immediately.

Responsibility for contents

No person has been authorised to give any information or make representations in connection with the Proposal other than the information and representations contained in this Explanatory Memorandum. Except as expressly stated in this Explanatory Memorandum, no persons have been authorised to make any representation or warranty, express or implied, as to the accuracy or completeness of the Explanatory Memorandum.

Disclaimer as to forward looking statements

This document contains statements of historical fact and forward looking statements in relation to CNP. The forward looking statements included in this document are made only as at the date of this document, and generally may be identified by the use of forward looking words, such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate" or "potential" or other similar words. Similarly, statements that describe CNP's objectives, plans, goals or expectations are or may be forward looking statements. The statements contained in this Explanatory Memorandum about the impact that the implementation or non-implementation of the Proposal may have on the results of CNP's business and the advantages and disadvantages anticipated to result from the Proposal, are also forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of CNP and its Directors.

Such statements reflect the current expectations of CNP concerning future results and events, and are not guarantees of future performance. The actual results of CNP may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward looking statements.

The factors discussed in this document or other factors could affect future results, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. These factors are not necessarily all the important factors that could cause actual results to differ materially from those expressed in any forward looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

None of CNP, its Directors, its officers, its employees, any persons named in this Explanatory Memorandum with their consent or any persons involved in the preparation of this Explanatory Memorandum makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed, projected or implied in any forward looking statement, except to the extent required by law. CNP Securityholders are cautioned not to place undue reliance on the forward looking statements.

All subsequent written and oral forward looking statements attributable to CNP or any person acting on its behalf are qualified by this cautionary statement.

Subject to any obligations under the Corporations Act or the ASX Listing Rules, CNP does not give any undertaking to update or revise any forward looking statements after the date of this Explanatory Memorandum, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Notice to foreign persons

This document has been prepared in accordance with Australian requirements and style, which may differ from the requirements and style in jurisdictions outside Australia. Financial information included in this document has been prepared in accordance with Australian accounting standards and may not be comparable to the financial statements prepared in accordance with accounting standards in jurisdictions outside Australia.

Australian dollars

All references within this documents to amounts are in Australian dollars (AUD or A$), unless otherwise explicitly stated.

Rounding

Where appropriate, amounts in this document may have been rounded and are noted as such in the relevant places.

References to time

All references to time in this document are to the time in Melbourne, Australia.

Privacy and personal information

The Chairperson, and CNP may collect personal information about CNP Securityholders in connection with the Proposal. This information may include the names, contact details and bank account details of the CNP Securityholders, and the name and contact details of persons appointed by CNP Securityholders to act as proxy, corporate representative or attorney at the CNP Meeting. This information will be collected for the purpose of assisting the Chairperson and CNP in the conduct of the CNP Meeting and to enable the Proposal to be implemented in the manner described in this Explanatory Memorandum. Personal information may be disclosed to the Chairperson, CNP, related bodies corporate, third party service providers, professional advisers, ASIC and other regulatory authorities to the extent necessary in connection with the CNP Meeting and implementing the Proposal and, in any case, where disclosure is required by law or where you have consented.

CNP Securityholders may have certain rights to access personal information that has been collected about them. CNP Securityholders should contact CNP in the first instance should they wish to exercise this right.

Further information

This is an important document and requires your immediate attention. It should be read in its entirety. If you have any questions in relation to the Proposal please call the CNP Investor Hotline 1300 785 534 (+612 9191 5974 for overseas callers) between 9am and 5pm, Monday to Friday, or consult your financial or other professional adviser.

Date

This document is dated 5 October 2011

CHAIRMAN'S LETTER

Dear CNP Securityholder,

On 1 March and 9 August 2011, CNP announced that it had entered into an agreement with the Signing Senior Lenders and certain CNP managed funds to restructure the Centro group and resolve the financial predicament which has afflicted CNP since December 2007. As outlined in my letter to CNP Securityholders on 29 August 2011, the proposed restructure also provides the opportunity for stakeholders junior to the Senior Lender Group, including CNP Securityholders, to recover $100 million of value in aggregate.

The CNP Board has determined that CNP Securityholders' allocation from the $100 million will be 5.03 cents per CNP Security (or $48,925,082 in total). CNP believes this represents the best possible outcome able to be achieved for CNP Securityholders. This allocation to CNP Securityholders represents a 7% premium to the last traded price of CNP Securities prior to the announcement on 9 August 2011 and a 119% premium to the last traded price on 23 September 2011.

In reaching this conclusion a number of alternatives were considered. Given CNP owes its lenders substantially more than the value of its assets, with a significant negative equity position of $1.3 billion as at 30 June 2011 prior to liquidation value adjustments[1] and with $2.9 billion of debt (as at 30 June 2011) maturing in December 2011, the CNP Board believes that this Proposal represents the best means to deliver any value for CNP Securityholders. In the absence of this Proposal, it is not expected that CNP would be able to refinance or extend this $2.9 billion of maturing debt.

What does the Proposal involve?

The Proposal consists of:

- The sale of substantially all of CNP's Australian assets (including the CNP Services Business, CNP's ownership stakes in CNP managed funds and certain other Australian assets but excluding CNP's interests in CER, CAWF and DPF), in exchange for securities in a new listed Australian retail property trust ("Centro Retail Australia"), which will be formed through an Aggregation process;
- The transfer of all Centro Retail Australia securities (consisting of Centro Retail Australia Stapled Securities and Centro Retail Australia Class Action True-Up Securities (CATS), which are referred to in more detail in section 10.1), which CNP will hold or be entitled to following Aggregation (as a result of CNP's interests in CER, CAWF and DPF and the CNP asset sale), to the Senior Lenders in consideration for the cancellation of Senior Debt(which includes Senior Facility Debt and other amounts contingently owing to Senior Lenders). The Centro Retail Australia Stapled Securities will have a value of approximately $2.47 billion[2]; and
- If all CNP Junior Stakeholder Approvals are received, the Aggregation and the Senior Debt Schemes are implemented and certain other conditions are satisfied, certain

[1] CNP's 2011 financial report displays the net equity attributable to members as zero after reflecting the liquidation value adjustment for the expected settlement amount of debt under the Proposal of $1.3 billion. The liquidation value adjustment would be affected by the amount actually realised for the assets of CNP, and as such could be materially different to the amount estimated. The liquidation value adjustment in the accounts does not affect or reduce CNP"s contractual debt obligations.

[2] Based on CNP's expected interest of 73.9% in Centro Retail Australia following aggregation at the pro forma net asset value as disclosed in the Centro Retail Australia Disclosure Document. CNP's interest could be lower (down to 68.5%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units.

Senior Lenders have agreed that $100 million in cash will be released from escrow on trust to CNP to be paid to the CNP Junior Stakeholders and potential contingent creditors. This would enable the 5.03 cents per CNP Security to be distributed to CNP Securityholders.

This is also the only proposal which currently enjoys the support of a majority of CNP's Senior Lenders and their support and agreement to accept a debt restructure or cancellation is needed to implement any solvent restructure. Senior Lenders which as at 31 August 2011 hold more than 83% of CNP's Senior Facility Debt, being the facilities which mature on 15 December 2011 (or 79% of Senior Debt calculated as at 31 August 2011, which includes the Senior Facility Debt and other amounts which are contingently owing to Senior Lenders) have agreed to the Proposal. No alternative proposal is likely to be satisfactory to those Senior Lenders.

The $100 million is available only because certain Senior Lenders agreed that proceeds from the sale of US Assets which would otherwise have been paid to the Senior Lenders could be set aside in an Escrow Account. That sum remains subject to the Senior Lenders' security, and can only be accessed for distribution to CNP Junior Stakeholders (including the CNP Securityholders) if the conditions described in this Explanatory Memorandum are satisfied or (if permitted) waived. See section 2.3.1 of this Explanatory Memorandum for a description of those conditions. If those conditions are satisfied or (if permitted) waived, then $48,925,082 in aggregate will be released from escrow on trust for CNP Securityholders to enable the distribution of 5.03 cents per CNP Security to be paid.

The Independent Expert has determined that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders.

This Explanatory Memorandum and the accompanying Notice of Meetings fully explain the Proposal and I recommend you read them in full.

We will be seeking your approval to implement the Proposal at an Extraordinary General Meeting of CNP Securityholders on 22 November 2011.

In considering how to allocate the $100 million amongst stakeholders who are junior to the Senior Lenders (including CNP Securityholders, Convertible Bondholders and Hybrid Lenders), the Board faced a difficult decision because the failure by any one or more CNP Junior Stakeholder groups to support the Proposal would mean that the $100 million will not be released from escrow for the benefit of CNP Junior Stakeholders or potential contingent creditors, and none of them will participate in their allocated share of the $100 million unless all applicable approvals are obtained.

Ultimately the allocation to the CNP Junior Stakeholders, including 5.03 cents per CNP Security to CNP Securityholders, represents what the CNP Board believes to be a fair allocation based on consideration of all relevant factors and the need for all CNP Junior Stakeholder groups to approve the Proposal in order for any of them to receive their allocation of the $100 million. If all relevant approvals and conditions are satisfied, CNP Securityholders will receive their payment approximately four weeks after the date of the CNP Securityholders Extraordinary General Meeting ("CNP Meeting"). CNP Securityholders will have no ongoing economic interest in CNP following the distribution because any remaining amount in CNP when it is subsequently wound-up will need to be paid to the Senior Lenders. For the avoidance of doubt, CNP Securityholders will not have any interest in Centro Retail Australia as a result of the Proposal.

Importantly, your Board has made significant progress in securing the support of relevant stakeholders to implement the Proposal, including:

- Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 have signed the Implementation Agreement, which commits them to approving the Senior Debt Schemes; and
- Hybrid Lenders holding approximately 49% of Hybrid Debt who are also Senior Lenders, have committed under the Implementation Agreement to support the Hybrid Debt Schemes. All Signing Senior Lenders who hold Hybrid Debt supported the Hybrid Debt Schemes.

In addition, given a condition precedent to the Proposal is the Aggregation becoming effective, the directors of the responsible entities for each of the Aggregating Funds (CER, CAWF and DPF Holding Trust) have recommended that their securityholders support the proposed Aggregation in the absence of any superior proposal.

For the Proposal to proceed, the Implementation Resolutions must be passed. These are Resolution 1 (approving CNP selling assets to Centro Retail Australia) and Resolution 2 (approving the transfer of CNP's Centro Retail Australia securities to the Senior Lenders in return for cancellation of debt). For the Implementation Resolutions to be approved, more than 50% of the votes cast by CNP Securityholders entitled to vote on those Resolutions must be in favour of the Resolutions.

There is a separate Resolution – Resolution 3 or the Change of Name Resolution - to change CPL's name. However, the Proposal is not conditional on this approval and can proceed even if this Change of Name Resolution is not passed. The Change of Name Resolution will not be passed unless more than 75% of the votes cast by CNP Securityholders entitled to vote on the resolution are in favour of the resolution. Detailed information on other voting requirements is contained in the Notice of Meeting in Annexure C.

What is the current equity position for CNP Securityholders?

CNP's 2011 statutory financial report shows the net equity attributable to members of CNP as zero, however, this is after the positive liquidation value adjustment of $1.3 billion (to reflect the expected settlement amount of debt at less than face value under the Proposal). The liquidation value adjustment in CNP's 2011 statutory financial report does not affect or reduce CNP's contractual debt obligations. Furthermore, the Convertible Bonds included in equity rank senior to CNP Securities such that the negative net equity attributable to CNP Securityholders is negative $1.7 billion.

Net Equity Summary as at 30 June 2011	$million
Net Equity attributable to members of CNP at 30 June 2011 on a liquidation basis	0.0
Back out liquidation value adjustments	(1,329.3)
Net Equity attributable to members of CNP at 30 June 2011 prior to liquidation value adjustments	(1,329.3)
Adjustment for Convertible Bonds which rank ahead of ordinary equity[3]	(414.1)
Net Equity attributable to CNP Securityholders at 30 June 2011 prior to liquidation value adjustments	(1,743.4)

Note, to the extent that any contingent creditors' claims were realised, those claims would rank ahead of Convertible Bonds and CNP Securities

[3] Convertible Bonds have a principal value of US$444 million. The AUD amount above is calculated using the year-end spot rate of A$1.00 : US$1.0722 as this represents the best estimate of the settlement amount at 30 June 2011.

Why is it important that you vote?

As described throughout this Explanatory Memorandum, in the absence of any superior proposal emerging for CNP, which is currently not expected and which would either need CNP to repay its Senior Debt in full or have the support of the Senior Lenders, this Proposal provides the only prospect for a solvent restructure of CNP and, subject to all conditions and approvals being met, provides CNP Securityholders with a fixed return of 5.03 cents per CNP Security. This return is only possible if the requisite percentage of CNP Securityholders vote in favour of the Proposal and all other conditions are satisfied. I therefore urge you to vote on the Resolutions either prior to, or at, the CNP Meeting.

What alternatives have been considered?

Since appointing advisers in December 2009 to review restructure alternatives for CNP, your Board has considered various options including:

- An extension of the Senior Facility Debt and waiting for asset values to recover;
- Recapitalisation or sale of CNP as a stand-alone entity in its current structure;
- Separation of CNP's Australian and US businesses in order to simplify its operations and structure;
- Simplification and restructure through an amalgamation of assets of CNP and its managed funds;
- The creation of a syndicate business joint venture to facilitate the growth of CNP's syndicate business; and
- Targeted trade sales of CNP's Australian and US assets.

After rigorous evaluation of these options by the CNP Board and its advisors, in November 2010 the CNP Board decided to explore a sale of its Australian and US assets in conjunction with other CNP managed funds through a competitive market process which culminated in CNP entering into a binding agreement with BRE Retail Holdings, Inc, an affiliate of Blackstone Real Estate Partners VI, L.P. ("Blackstone") on 28 February 2011 for the sale of the Centro group's US assets.

The sale of these assets alone would not have resolved CNP's financial predicament and therefore the CNP Board insisted that an agreement be reached in parallel with Signing Senior Lenders to restructure CNP's Senior Debt and CNP's Australian business by aggregating Australian assets in a manner that would enable some value to be delivered to stakeholders junior to the Senior Lenders. After extensive negotiations with certain Senior Lenders, the Board negotiated an agreement with certain Senior Lenders whereby certain Senior Lenders agreed that (subject to conditions described in this Explanatory Memorandum) $100 million would be made available from the Escrow Account to the CNP Junior Stakeholders (with part of that amount set aside for potential contingent creditors) in return for the CNP Junior Stakeholders approving the Proposal. The Board determined that this represented the best alternative that would deliver value for CNP Securityholders.

What will happen if the Proposal is not implemented?

If the Proposal is not implemented because it is not approved by CNP Securityholders or the other approvals required for the Proposal to proceed are not received (including the approval by the Convertible Bondholders and Hybrid Lenders) or other conditions are not satisfied or (if permitted) waived, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP. Given the impending maturity of CNP's substantial Senior Facility Debt in December 2011, it is expected that the CNP Board would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. If this occurred, CNP Securityholders would not receive the 5.03 cents per CNP Security available under this Proposal and CNP Securityholders are expected to receive nothing because the assets of CNP are not sufficient to fully satisfy its Senior Debt obligations, let alone the stakeholders whose claims are junior to the Senior Debt.

The same outcome is expected to occur if the Proposal is not implemented because a condition precedent to Aggregation is not satisfied or (if permitted) waived – for example, if Aggregation is not approved by CER securityholders.

If all approvals excluding those of the CNP Junior Stakeholders are received, Aggregation could still occur and the Senior Debt Scheme could still be implemented through the Extended Aggregation Period, but this would not provide any return to CNP Securityholders (refer Section 10.2 for more detail).

Recommendation of the CNP Board

Your CNP Board of Directors unanimously recommends that you vote in favour of all Resolutions in the absence of any superior proposal. As at the date of this Explanatory Memorandum, CNP's Board do not believe any alternative superior proposal that is capable of being implemented prior to the maturity of CNP's Senior Facility Debt will be forthcoming. Any superior proposal would either need to repay the Senior Debt in full, or have the support of the Senior Lenders. Your CNP Board believes that the Proposal as detailed in this Explanatory Memorandum represents the best possible outcome able to be presented to CNP Securityholders in the circumstances. The only likely alternative would be for CNP to enter into external administration which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP, a scenario in which CNP Securityholders are not expected to receive any value for their CNP Securities.

The likely implementation of the Proposal is the key assumption underlying the CNP Directors' assessment that CNP remains solvent. Without this belief, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP in view of the impending maturity of CNP's substantial Senior Facility Debt in December 2011 and in all likelihood appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.

Opinion of the Independent Expert

The Independent Expert has determined that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders. The full Independent Expert's Report is contained in Annexure A of this Explanatory Memorandum.

What you should do now

I recommend that you read this Explanatory Memorandum and its annexures in their entirety. The CNP Board unanimously recommends that you then vote in favour of the Resolutions, either by proxy or in person at the CNP Meeting.

If you have any queries, please contact the CNP Investor Hotline on 1300 785 534 (or +61 2 9191 5974).

On behalf of the CNP Board, I thank all CNP Securityholders for their support and patience as we have worked diligently to address the challenges facing CNP. I look forward to seeing you at the CNP Meeting on 22 November 2011 at 2.30pm at Melbourne Exhibition Centre ("Jeff's Shed"), to discuss, and with your support, approve the Proposal.

Yours faithfully,

Paul Cooper

Chairman

SECTION 1 – Key dates and steps for CNP Securityholders

1.1 Key Dates

Event	**Date**
Deadline for returning proxy forms for the CNP Meeting	2.30pm on 20 November 2011
Record date to determine voting entitlements for the CNP Meeting	7pm on 20 November 2011
Hybrid Debt Schemes meetings	1.00pm on 22 November 2011
Convertible Bondholders meeting	2pm on 22 November 2011
Extraordinary General Meeting of CNP Securityholders ("CNP Meeting")	2.30pm on 22 November 2011
Senior Debt Schemes meetings	5.30pm on 22 November 2011
Aggregating Funds meetings	22 November 2011
Second Court Date for approval of Creditors' Schemes	24 November 2011
If the Implementation Resolutions are passed at the CNP Meeting by the requisite majorities, the Creditors' Schemes are approved, the Convertible Bond Term Amendments are approved by Convertible Bondholders and certain other conditions are satisfied:	
Trading in CNP Securities on ASX ceases	CNP is expected to be placed in a trading halt prior to the commencement of trade on the date of the CNP Meeting, and is then anticipated to be suspended from trading following the CNP Meeting
Cash payment paid to CNP Securityholders	Approximately four weeks after the date of the CNP Meeting

Note: These dates and times are indicative only and are subject to change. The actual times and dates will depend on many factors outside the control of CNP, including the Court approval process for the Creditors' Schemes and the satisfaction, or waiver, of the conditions in respect of the Creditors' Schemes and Aggregation. CNP reserves the right to vary the times and dates set out above, subject to the Corporations Act and approval of any variations by the Court and/or ASIC where required.

1.2 Steps for CNP Securityholders

This Section sets out the time and place for the CNP Meeting and the steps that CNP Securityholders should take in relation to this Explanatory Memorandum.

Step 1 – Read this Explanatory Memorandum

You should read the Explanatory Memorandum and the Independent Expert's Report in full and decide how you will vote on the Resolutions.

The Notice of Meeting annexed to this Explanatory Memorandum at Annexure C sets out the Resolutions on which CNP Securityholders are being asked to vote, and the Explanatory Memorandum sets out further details of matters to which the Resolutions relate.

If you are undecided as to how you should vote in respect of any of the Resolutions or are otherwise unsure how to proceed in relation to your CNP Securities, you should consult your professional adviser(s).

Step 2 – Vote on the Resolutions

As a CNP Securityholder, it is your right to vote on whether the Resolutions are passed. CNP Securityholders may vote on the Resolutions by doing one of the following:

- In person: attend the CNP Meeting in person at Melbourne Exhibition Centre on 22 November 2011, commencing at 2.30pm (Melbourne time).
- By proxy: complete and return the proxy form accompanying this Explanatory Memorandum so that it is received by the CNP Registry by no later than 2.30pm (Melbourne time) on 20 November 2011; or
- By online proxy: Log on to the CNP Registry website at www.linkmarketservices.com.au and go to the "Proxy Voting" icon by no later than 2.30pm (Melbourne time) on 20 November 2011;

SECTION 2 – Key considerations for CNP Securityholders

2.1 Why you should vote in favour of the Proposal

This section sets out the key reasons why the CNP Board unanimously recommends that you vote in favour of the Proposal.

2.1.1 CNP Securityholders will receive a higher return under this Proposal than under the alternatives that have been considered

Supporting the Proposal, if ultimately approved, provides CNP Securityholders with the opportunity to receive a fixed cash payment of 5.03 cents per CNP Security (subject to all other conditions and approvals being obtained). This allocation to CNP Securityholders represents a 7% premium to the last traded price of CNP Securities prior to the announcement on 9 August 2011 and a 119% premium to the last traded price on 23 September 2011.

The CNP Board believe that there are no alternatives available that would provide a return to CNP Securityholders equal to or greater than this Proposal and that in administration or liquidation the return to CNP Securityholders would be zero. Additionally, any alternative would either need to repay CNP's Senior Debt in full or be acceptable to the Senior Lenders. Please see Section 4.3 for a discussion of the process that the CNP Board undertook before forming that conclusion.

2.1.2 Amounts available for the CNP Junior Stakeholders

In connection with Aggregation and the Debt Cancellation, certain Senior Lenders have agreed to allow $100 million to be set aside from the US sale proceeds in an Escrow Account and made available to stakeholders who are junior to the Senior Lenders if the CNP Junior Stakeholder approvals are obtained. In addition, certain Senior Lenders have permitted funds to be set aside in the Escrow Account to ensure CNP can meet the expected accrued liabilities and wind-up costs, including residual obligations that are required to effect the solvent wind-up of CNP. The availability of such additional funds ensures that the $100 million that will be made available for stakeholders who are junior to the Senior Lenders will not be reduced by transaction costs. The $100 million will not be available to stakeholders who are junior to the Senior Lenders if the Proposal is not approved or all other conditions and approvals are not obtained.

Any excess funds following the wind-up of CNP will be returned to the Senior Lenders in partial repayment of Senior Debt, not to CNP Securityholders (refer further detail in Section 9.1). The Senior Lenders will retain their security to secure the repayment of any such excess funds.

2.1.3 Opinion of the Independent Expert

The Independent Expert has concluded that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders. The Independent Expert has stated in its Summary of Opinion that:

> "CNP's debt is greater than the value of its assets by a margin of at least $1.6 billion. CNP's senior debt is repayable in December 2011. If the Proposal is not implemented, CNP will almost certainly be placed in insolvency administration. In those circumstances CNP securityholders could expect to realise zero value.
>
> Under the Proposal, CNP securityholders will receive 5.03 cents per security. While this amount is not significant, it is marginally more than the price at which CNP securities were trading immediately before the announcement of the details of the Proposal. The receipt of 5.03 cents per security is clearly better than the alternative, which will almost certainly see securityholders receive nothing. Accordingly, in Grant Samuel's view, the Proposal is fair and reasonable to and in the best interests of the holders of CNP ordinary securities."

The Independent Expert's Report is annexed to this Explanatory Memorandum at Annexure A.

2.1.4 Directors recommendation
For the reasons detailed in this Explanatory Memorandum, the CNP Board unanimously recommend that you should vote in favour of all Resolutions to effect the Proposal.

2.2 Why you may decide to vote against the Proposal

2.2.1 You may think that an administrator could realise greater value
If the Proposal is not implemented, CNP would be placed in a position where it is expected that the CNP Board would appoint external administrators as it would not have any reasonable prospect of ensuring that CNP could meet its debts as and when they fall due, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. If this occurs, given the size of CNP's negative equity position, CNP Securityholders are expected to receive no value. This is discussed further in Section 4.2.

However, you may disagree with the CNP Board's assessment that the return to CNP Securityholders on an administration or receivership would be zero. You may believe that an administrator or receiver would be able to realise the assets for an amount that could:

- Repay in full $2.9 billion of Senior Facility Debt (as at 30 June 2011) owed to the Senior Lenders;
- Repay in full $1.0 billion owed to the secured Hybrid Securityholders;
- Meet the costs of receivership and liquidation;
- Pay CNP's unsecured creditors;
- Repay in full $0.4 billion held by the Convertible Bondholders; and
- Generate a surplus, after payment of the above, to enable a payment to CNP Securityholders of at least 5.03 cents per CNP Security or approximately $48.9 million in aggregate.

The competitive process conducted by CNP to explore options available to CNP to reduce its debt and the updated property valuation process undertaken for the purposes of CNPs' 30 June 2011 accounts did not provide any basis for such belief. Any assessment must be considered with regard to CNP's negative net asset position of $1.3 billion at 30 June 2011 (prior to liquidation value adjustments).

2.2.2 You may think that a superior proposal may emerge

You may believe that prior to 15 December 2011 (the maturity date of CNP's Senior Facility Debt), an alternative proposal will emerge which provides a return superior to the 5.03 cents per CNP Security provided by this Proposal.

As at the date of this Explanatory Memorandum, CNP's Board do not have any basis to believe any alternative superior proposal that is capable of being implemented prior to the maturity of CNP's Senior Facility Debt will be forthcoming. CNP's Board does not expect a superior proposal to emerge. Any superior proposal would either need CNP to repay its Senior Debt in full or have the support of the Senior Lenders.

2.2.3 You may not support the entire Proposal
You may support some, but not all, of the transactions that are proposed to be implemented under the Proposal. However, given the Implementation Resolutions (Resolutions 1 and 2) on the Proposal are interconditional, failure of one of those Resolutions to pass will lead to a failure

of the Proposal and you will not receive 5.03 cents per CNP Security. However, the Proposal is not conditional on the Change of Name Resolution (Resolution 3) being passed, and could proceed even if the Change of Name Resolution was not passed. It should also be noted that, even if the Implementation Resolutions are not passed, Aggregation could still occur and the Senior Debt Scheme could still be implemented during the Extended Aggregation Period detailed in Section 10.2, but this would not provide a return for CNP Securityholders. The consequences of the Proposal not being implemented are discussed further in Section 4.7.

2.3 Risks to implementation of the Proposal

Despite the risks detailed below, the Proposal is the best proposal that the CNP Board has been able to present to CNP Securityholders. Accordingly, the CNP Board is unanimously recommending the Proposal to CNP Securityholders in the absence of any superior proposal.

Please also read Sections 4.8, 4.9 and 4.10 which set out these risks and the interconditionality of the Proposal in more detail.

The consequences of not proceeding with the Proposal are discussed at Section 4.7.

2.3.1 Execution risk

Even if the Proposal is approved by CNP Securityholders at the CNP Meeting, the implementation of the Proposal is subject to a number of conditions, approvals and execution risks. In particular, the following approvals are required to implement the Proposal:

- **Approval of the Senior Debt Schemes by the Senior Lenders and the Court:**
  - the requisite majority of Senior Lenders must approve the Senior Debt Schemes (by a vote in favour by at least 50% of Senior Lenders by number in respect of at least 75% of Senior Debt by value, present and voting, noting Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 have committed their support through the Implementation Agreement);
  - the Court must approve the Senior Debt Schemes: even if the Senior Debt Schemes are approved by the requisite majority of Senior Lenders, it is open to the Court to not approve the Senior Debt Schemes. It should be noted that interested parties are able to make submissions to the Court against the Senior Debt Schemes if they wish and that interested parties, such as parties to the class action litigation, may seek to do so;
- **Approval of the Hybrid Debt Schemes by the Hybrid Lenders and the Court:**
  - the requisite majority of Hybrid Lenders must approve the Hybrid Debt Schemes (by a vote in favour by at least 50% of Hybrid Lenders by number in respect of at least 75% of Hybrid Debt (this includes the Hybrid Securities and other subordinated debt) by value, present and voting, noting Hybrid Lenders holding approximately 49% of Hybrid Debt have committed their support for the Hybrid Debt Schemes through the Implementation Agreement);
  - the Court must approve the Hybrid Debt Schemes: even if the Hybrid Debt Schemes are approved by the requisite majority of Hybrid Lenders, it is open to the Court to not approve the Hybrid Debt Schemes. It should be noted that interested parties are able to make submissions to the Court against the Hybrid Debt Schemes if they wish and that interested parties, such as parties to the class action litigation, may seek to do so;
- **Approval of the Convertible Bond Term Amendments by the Convertible Bondholders:** The proposed variations to the Convertible Bond Terms proposed in the Convertible Bond Terms Amendment must be approved by at least 75% of votes cast by Convertible Bondholders eligible to vote;
- **Approval of CER securityholders, CAWF unitholders and the DPF Holding Trust unitholders of the Aggregation:** The following approvals are required for Aggregation to occur:
  - CER aggregation resolutions are approved by CER securityholders. CER or “Centro Retail Group” is a listed entity which is currently managed by CNP. Its

securityholders will have the opportunity to vote on the proposal. See sections 4.9 and 10.1 of this Explanatory Memorandum for further details;

  - CRL Members' Scheme is approved by CRL shareholders and by the Court;
  - CAWF aggregation resolutions are approved by CAWF unitholders (since all units in CAWF are owned by CNP, CER or the DPF, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed);
  - DPF Holding Trust aggregation resolutions are approved by the DPF Holding Trust unitholders (since the only units in the DPF Holding Trust are owned by DPF and CNP, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed);
  - ASX approval is obtained for the listing of Centro Retail Australia and the issue of Centro Retail Australia Stapled Securities to facilitate the Aggregation;
  - Implementation Resolutions (the Asset Sale Resolution and transfer of Centro Retail Australia securities to Senior Lenders resolution) are approved by CNP Securityholders or ASX grants a waiver of that requirement for CNP Securityholder approval; and

- **Other conditions** - any other conditions that are required to be satisfied or (if permitted) waived for the Proposal to be implemented.

If the CNP Securityholders do not approve the Proposal, the CNP Securityholders will not receive the 5.03 cents per CNP Security, nor will any other CNP stakeholders who are junior to the Senior Lenders receive a share of the $100 million CNP Junior Stakeholder Amount. Further, if any other CNP Junior Stakeholders (being the Hybrid Lenders and Convertible Bondholders), do not approve the Proposal, then, even if the CNP Securityholders vote in favour of the Proposal, CNP Securityholders will not be entitled to any payment, nor would any other CNP stakeholder who is junior to the Senior Lenders.

However, if any of the CNP Junior Stakeholders (being CNP Securityholders, Hybrid Lenders or Convertible Bondholders) do not approve the Proposal, Aggregation may still occur. In these circumstances, the Senior Debt Schemes may still proceed, and the Senior Lenders would receive substantially all the assets of CNP following Aggregation, being CNP's securities in Centro Retail Australia, without any return to CNP Securityholders.

As Aggregation is a condition to the implementation of the Senior Debt Schemes, if any of the approvals for Aggregation are not obtained (excluding the CNP Junior Stakeholder approvals), or Aggregation otherwise does not proceed, and this condition is not waived (if permitted) by the Senior Lenders, the Senior Debt Schemes would not proceed. In that case, CNP's Board would be placed in a position where it is likely that it would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.

2.3.2 Intervention risk

The Proposal faces the risk of intervention from CNP's stakeholders and other interested parties, such as parties to the class action litigation.

As discussed above, the Proposal is subject to the approval of CER securityholders, CAWF unitholders, DPF Holding Trust unitholders and CNP Securityholders, as well as the approval of a number of other CNP stakeholders (including the Senior Lenders, the Hybrid Lenders and the Convertible Bondholders), unless these conditions are waived (if permitted).

SECTION 3 – Answers to Commonly Asked Questions

This section provides summary answers to questions you may have and will assist you in locating further detailed information in this Explanatory Memorandum. This section is not intended to comprehensively address all issues that may be relevant to you and should be read in conjunction with the remainder of this Explanatory Memorandum.

Question	Answer	Further information Section(s)
Overview		
Why have I received this Explanatory Memorandum?	This Explanatory Memorandum has been sent to you because you are a CNP Securityholder and you are being asked to vote on the Proposal. If the Proposal is approved, and all other conditions are met or (if permitted) waived, it will result in 5.03 cents cash per CNP Security being distributed to CNP Securityholders and, in return, CNP's Senior Lenders will receive substantially all of CNP's assets following Aggregation, being the Centro Retail Australia securities which CNP holds or is entitled to following Aggregation (in consideration for the cancellation of CNP's Senior Debt). This Explanatory Memorandum is intended to help you to decide how to vote on the Resolutions which need to be passed at the CNP Meeting to allow the Proposal to proceed. The CNP Board recommends that you read this Explanatory Memorandum and its annexures and, if necessary, consult your legal, investment or other professional adviser before voting on the Resolutions.	N/A
What is the Proposal?	The Proposal essentially involves CNP Securityholders being asked to approve: • The disposal of substantially all of CNP's Australian assets, including the CNP Services Business but excluding CNP's interests in CER, CAWF and DPF, to Centro Retail Australia in exchange for securities in Centro Retail Australia; • The cancellation of CNP's Senior Debt by the Senior Lenders in exchange for all Centro Retail Australia securities held by CNP following Aggregation (as a result of CNP's interests in CER, CAWF and DPF and the CNP asset sale); and • Subject to certain conditions being achieved (including obtaining all CNP Junior Stakeholder approvals and the approval of the Court in relation to the Senior Debt Schemes,	4.1

	and the Aggregation Approvals), certain Senior Lenders have agreed to allow $100 million to be placed in an Escrow Account so that funds could be made available to CNP on trust to enable the CNP Junior Stakeholder Amount to be made available for stakeholders who are junior to the Senior Lenders, of which CNP Securityholders will receive 5.03 cents per CNP Security or a total of $48,925,082. CNP Securityholders will not receive securities in Centro Retail Australia as a result of the Proposal.	
What is the background to the Proposal?	As documented in ASX announcements and CNP's financial statements over the course of the past three and a half years, alleviating CNP's significant debt burden and associated operational restrictions has been the priority of CNP. CNP made a significant step in this regard when it announced its debt stabilisation arrangements in January 2009. These arrangements crucially afforded CNP time to address the structural challenges it faced but did not resolve these challenges. Over the course of 2009 and 2010, the CNP Board conducted a competitive process to review the restructure alternatives available to CNP. The first key milestone CNP achieved in its restructure plan was the sale of its US assets and services business (together with the sale of US assets owned by CNP's managed funds) to an affiliate of Blackstone Real Estate Partners VI, L.P. ("Blackstone") for an aggregate enterprise value of US$9.4 billion, announced on 1 March 2011. The sale of the US assets and services business provided CNP and its other managed funds which owned the US assets and services business with US$1.4 billion of net proceeds (i.e. after allowing for US$8 billion of debt). Of these proceeds CNP received (both directly and indirectly from its interests in CNP managed funds) approximately US$650 million, with the other eight CNP managed funds which owned the US assets receiving US$750 million. The sale of the US assets and US services business allowed o CNP to repay A$430 million of Senior Facility Debt; o the escrow of A$100 million so that funds could be made available on trust for the CNP Junior Stakeholder Amount and an additional amount of up to approximately	4.2, 5

	A$70 million to meet estimated accrued liabilities and, if all CNP Junior Stakeholder Approvals are passed and the Senior Debt Schemes and the Hybrid Debt Schemes become effective, wind-up costs of CNP (see Section 10.7 for further details); and o CNP to focus on restructuring its Australian operations. CNP announced on 9 August 2011 that it had entered into an Implementation Agreement with certain CNP managed funds and Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 to implement a restructure of CNP. The resulting Proposal represents the best possible outcome able to be presented by CNP to CNP Securityholders given CNP's financial position.	
Impact of Proposal on CNP Securityholders		
What will be the impact on CNP Securityholders if the Proposal is approved?	If the Proposal is approved by CNP Securityholders, and all other conditions are met or (if permitted) waived, CNP Securityholders will receive a cash payment of 5.03 cents per CNP Security and will thereafter no longer retain any economic benefit in their CNP Securities.	4.6
If I hold 10,000 CNP Securities and the Proposal is approved, and all other conditions are met or (if permitted) waived, how much cash will I receive?	You will receive $503.00, calculated as follows: 10,000 CNP Securities x 5.03 cents = $503.00.	N/A
What will happen to my CNP Securities if the Proposal is approved?	Following implementation of the Proposal, you will continue to hold your CNP Securities. However, CNP will be suspended from trading on the ASX, with a view to delisting and wind-up at some future point in time. You will not receive any further distribution in respect of your CNP Securities. Any surplus funds remaining once CNP is wound-up are required to be returned to the Senior Lenders. The Senior Lenders will retain their security to secure this payment.	9
Are there any other claims that could affect the return CNP Securityholders receive if the Proposal is approved?	The Proposal has been structured in a manner whereby, upon all conditions and approvals being obtained or (if permitted) waived, CNP Securityholders will receive 5.03 cents per CNP Security. CNP does not expect this amount will be impacted by other potential claims. A separate amount of $10 million has been set aside for potential contingent creditors of CNP and the Senior Lenders have separately provided for estimated accrued liabilities and wind-up costs.	N/A

When will I receive the payment?	If the Proposal is approved, and all other conditions and approvals are met or (if permitted) waived, it is expected that CNP Securityholders will receive their 5.03 cents per CNP security approximately four weeks after the date of the CNP Meeting.	N/A
What will be the impact on CNP Securityholders if the Proposal is rejected?	If the Proposal is not implemented, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP in view of the impending maturity of CNP's substantial Senior Facility Debt in December 2011 and in all likelihood appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. If this occurred, CNP Securityholders are likely to receive nothing because the assets of CNP as at 30 June 2011 are not sufficient to fully satisfy the \$2.9 billion of Senior Facility Debt (as at 30 June 2011) obligations falling due in December 2011 let alone the claims of those stakeholders who are junior to the Senior Debt but senior to CNP Securityholders, such as the second ranking Hybrid Securityholders (\$1.0 billion face value), Convertible Bondholders (\$0.4 billion of face value) and potential contingent creditors. The likely implementation of the Proposal is the key assumption underlying the CNP Directors' assessment that CNP remains solvent. Without this belief, CNP's Board would be placed in a position where it is expected that the CNP Board would appoint external administrators, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.	4.7
Are there any tax implications for CNP Securityholders as a result of the Proposal?	The tax implications for each CNP Securityholder may vary depending on their particular circumstances. Accordingly, it is recommended that each CNP Securityholder seek their own professional advice regarding the taxation implications associated with the restructure. Further detail in relation to the tax implications is contained in Section 8.	8
Resolutions, Approvals and Recommendations for the Proposal		
What are the Resolutions?	The Implementation Resolutions, which are required to implement the Proposal, are Resolutions 1 and 2, specifically: 1. Asset Sale Resolution – an ordinary resolution put to CNP Securityholders to approve the sale of substantially all of CNP's Australian assets including its CNP Services Business but excluding its interests in CER, CAWF and DPF (the "Transferring Assets"), to Centro Retail	Annexure C

	Australia in exchange for securities in Centro Retail Australia; and 2. Transfer of Centro Retail Australia securities to the Senior Lenders – an ordinary resolution put to CNP Securityholders to approve the transfer of all the Centro Retail Australia securities CNP holds or is entitled to following Aggregation (as a result of CNP's interests in CER, CAWF and DPF and the sale of the Transferring Assets) to the Senior Lenders in consideration for the cancellation of the Senior Debt. Resolution 3 is a Change of Name Resolution – a special resolution put to CNP Securityholders to approve the change of CPL's name to **CNPR Limited**. However, the Proposal is not conditional on this Change of Name Resolution, and can proceed even if this Change of Name Resolution is not passed. CNP also intends to change the name of CPT to CNPR Trust. However, a CNP Securityholder resolution is not required in order to make that change. It should be noted that if any one or more of the CNP Junior Stakeholder groups does not approve the Proposal, Aggregation could still occur and the Senior Debt Scheme could still be implemented during the Extended Aggregation Period detailed in Section 10.2.	
Is CNP Securityholder approval of the Proposal the only prerequisite to the Proposal proceeding?	No. See the answer immediately below for other approvals required to implement the Proposal.	N/A
What are the approvals required to implement the Proposal?	There are a number of approvals required to implement the Proposal including the following: 1. CNP Junior Stakeholder Approvals (which are all inter-conditional), including: • CNP Securityholder approval of the Implementation Resolutions (by more than 50% of the votes cast by CNP Securityholders entitled to vote on those Resolutions); • Approval by a vote in favour by at least 50% of Hybrid Lenders by number in respect of at least 75% of Hybrid Debt by value, present and voting, noting Hybrid Lenders holding approximately 49% of Hybrid Debt have committed their support for the Hybrid Debt Schemes through the Implementation Agreement; and • Approval by CNP Convertible Bondholders, (by at least 75% of votes cast by Convertible	4.8, 4.9, 4.10, 10.1

	Bondholders eligible to vote). 2. Approval by CNP's Senior Lenders for the Senior Debt Schemes by a vote in favour by at least 50% of Senior Lenders by number in respect of at least 75% of Senior Debt by value, present and voting, noting Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt calculated) as at 31 August 2011 have committed their support through the Implementation Agreement. 3. Aggregating Fund approvals, noting the directors of the CRL Board and the respective responsible entities (other than directors who are also directors of CNP and make no recommendation) have unanimously recommended that relevant securityholders support the Aggregation: • Approval by CER securityholders (although the approval thresholds for each resolution differ, the resolution to approve the CRL Members' Scheme requires a vote in favour by at least 50% of CRL shareholders by number in respect of at least 75% of CRL shares, present and voting; • CAWF unitholders (the resolution to amend the CAWF constitution requires the approval of at least 75% of members present and voting and the resolutions to remove CPT Manager Limited as RE of CAWF and appoint Centro Retail Australia RE require the approval of at least 50% of members entitled to vote (including members not present and voting)). Since all units in CAWF are owned by CNP, CER or DPF, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed; and • DPF Holding Trust unitholders (the resolution to amend the DPF Holding Trust constitution requires the approval of at least 75% of members present and voting and the resolutions to remove CMCS Manager Limited as RE of DPF Holding Trust and appoint Centro Retail Australia RE, require the approval of at least 50% of members entitled to vote (including members not present and voting)). Since the only units in the DPF Holding Trust are owned by DPF and CNP, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed.	

	4. Various other court and regulatory approvals including ASIC, ASX and FIRB. These conditions and approvals are detailed in Section 10.1.	
What are the reasons for the CNP Board's unanimous recommendation of the Proposal?	As has been well documented over the last three and a half years, as a consequence of CNP's: • debt burden; • complex structure and indirect ownership of assets; • substantial debt maturities in December 2011; and • negative equity position of $1.3 billion as at 30 June 2011 (prior to liquidation value adjustments), CNP's assets are worth less than the value of its $2.9 billion of Senior Facility Debt (as at 30 June 2011). In order to address these issues, the CNP Board and its advisers conducted a rigorous review of the alternatives and, after extensive discussions with certain Senior Lenders, the CNP Board believes the Proposal represents the best opportunity to deliver CNP Securityholders value for their CNP Securities. If the Proposal is not implemented, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP. Given the impending maturity of CNP's substantial Senior Facility Debt in December 2011 it is expected that they would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. If this occurred, CNP Securityholders are expected to receive nothing because the assets of CNP are not sufficient to fully satisfy CNP's Senior Debt obligations, let alone the claims of those stakeholders who are junior to the Senior Lenders. The CNP Board therefore believes that the Proposal represents the best available outcome to CNP Securityholders in the circumstances.	4.3
Why might I vote against the Proposal?	Investors may disagree with the assessment of CNP that the Proposal delivers the best available outcome for CNP Securityholders. For example, you may believe that an alternative superior proposal exists and/or that CNP could: • Repay the $2.9 billion Senior Facility Debt (as at 30 June 2011) in full by its maturity date of 15 December 2011 through a sale of its assets or some form of capital raising; or • That a receivership and liquidation scenario would return greater value to CNP	N/A

	Securityholders than this Proposal. The competitive process conducted by CNP to explore available options to reduce debt and the updated property valuation process undertaken for the purposes of the CNPs' 30 June 2011 accounts did not provide the basis for any belief that these alternatives were available or provided a superior outcome for CNP Securityholders. Alternatively, you may support some, but not all, of the Resolutions that are proposed to be implemented under the Proposal. However, given that the Implementation Resolutions relating to the Proposal are interconditional, should either Resolution 1 or Resolution 2 not be approved, it would result in the failure of the entire Proposal, upon which CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP. Given the impending maturity of CNP's substantial Senior Facility Debt in December 2011, it is expected that the CNP Board would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. The Proposal is not conditional on Resolution 3, the Change of Name Resolution, being passed. The Proposal may proceed even if the Change of Name Resolution is not passed.	
What has the CNP Board said about the Proposal?	The CNP Board unanimously recommends that you vote in favour of all Resolutions.	4.4
What has the Independent Expert said about the Proposal?	The Independent Expert has concluded that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders.	4.5, Annexure A
Further information on certain aspects of the Proposal		
Who are the CNP Junior Stakeholders?	The CNP Junior Stakeholders are stakeholders who are junior to the Senior Lenders (excluding contingent creditors, such as parties to the CNP Class Action Litigation). In order of priority within CNP's capital structure the CNP Junior Stakeholders are: • The secured Hybrid Securities which has a current face value of $1.0 billion; • Obligations of CNP in respect of the Convertible Bonds the face value of which is US$0.4 billion; and • CNP Securityholders.	N/A
How is the $100 million to be allocated?	As announced on 9 August 2011 the CNP Board has determined that the $100 million be allocated amongst stakeholders who are junior to the Senior Lenders as follows: • 5.03 cents per CNP Security or $48,925,082 in total to CNP	N/A

	Securityholders; • 5 cents in the dollar[4] or $21,074,918 in total to Convertible Bondholders; • $20,000,000 in total to secured Hybrid Lenders; and • $10,000,000 set aside for potential contingent creditors, on the basis that any surplus not used will be returned to the Senior Lenders.	
Why does the $100 million that will be made available (subject to obtaining certain approvals) need to be shared as proposed?	The CNP Board, as part of the Proposal, and as announced on 9 August 2011, made an allocation of the $100 million that will be made available from the Escrow Account on trust to make the payments to CNP Junior Stakeholders (subject to obtaining certain approvals). In considering how to allocate the $100 million amongst stakeholders who are junior to the Senior Lenders, the CNP Board faced a difficult decision. No CNP stakeholder who is junior to the Senior Lenders will receive their allocated share of the $100 million unless all applicable approvals are obtained. With a finite amount to allocate, the expectations of all such stakeholders are difficult to satisfy. The allocation to CNP Securityholders represents a 7% premium to the last traded price of CNP Securities prior to the announcement on 9 August 2011) and a 119% premium to the last traded price on 23 September 2011. Ultimately the allocation to CNP stakeholders who are junior to the Senior Lenders, including 5.03 cents per CNP Security to CNP Securityholders, represents what the CNP Board believes to be a fair allocation based on a consideration of all relevant factors and the need for all CNP Junior Stakeholder groups to approve the transaction in order for any of them to receive their portion of the $100 million made available.	4.8 (for explanation of approvals required)
What are the Creditors' Schemes and the Convertible Bond Terms Amendment?	As mentioned above there are a number of approvals required to implement the Proposal including: • Senior Debt Schemes: the scheme of arrangement between CNP and its Senior Lenders under which the Senior Lenders will be asked to agree to the cancellation of the debt owed by CNP to them in return for substantially all of CNP's assets (Senior Debt Schemes) (by a vote in favour by at least 50%	6

[4] Rounded to the nearest cent and based on US$444m of face value in A$ terms (A$427m) based on a FX rate of US$1:A$1.04.

	of Senior Lenders by number in respect of at least 75% of Senior Debt by value, present and voting), noting Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 have entered into the Implementation Agreement; and • Hybrid Debt Schemes: the scheme of arrangement between CNP and its Hybrid Lenders under which the Hybrid Lenders will be asked to agree to the cancellation of all the debt owed by CNP to them in return for $20 million in total (a vote in favour by at least 50% of Hybrid Lenders by number in respect of at least 75% of Hybrid Debt by value, present and voting), noting Signing Senior Lenders holding approximately 49% of Hybrid Debt have entered into the Implementation Agreement; and • Convertible Bond Terms Amendment: In addition, a vote will be put to Convertible Bondholders under which the Convertible Bondholders will be asked to agree to the cancellation of all the debt owed by CNP to them in return for approximately $21.1 million in total (approval threshold of at least 75% of votes cast by Convertible Bondholders eligible to vote).	
What assets will be sold by CNP to Centro Retail Australia?	CNP will sell to Centro Retail Australia substantially all its remaining assets (other than its holdings in CER, DPF and CAWF for which it will receive securities in Centro Retail Australia under Aggregation). The assets that will be sold in exchange for securities in Centro Retail Australia (**Transferring Assets**) are: • the CNP Services Business; • investments in CNP managed funds; • freehold property interests; and • related party loans and interest rate swap agreements with CNP managed funds. The Centro Retail Australia securities received by CNP as consideration for the Transferring Assets will be transferred to the Senior Lenders, together with any other Centro Retail Australia securities CNP holds or is entitled to following Aggregation, in exchange for the cancellation of CNP's Senior Debt.	10.4
What assets will remain in CNP following the sale of	The only assets that will remain in CNP following the sale are expected to be:	7

the Transferring Assets?	• assets of nil net value (REITs 9 & 10 which are described further in Section 7.2.2); and • funds designated for estimated accrued liabilities, wind-up costs and the $10 million from the CNP Junior Stakeholder Amount set aside for potential contingent creditors, any balance of which CNP will be obliged to repay to the Senior Lenders, which will retain their security in support of that obligation.	
What is Aggregation and Centro Retail Australia?	CNP managed funds including CER, CAWF and DPF agreed under the terms of the Implementation Agreement to aggregate their respective assets, together with the Transferring Assets contributed by CNP and assets held by certain Syndicates, to create a new listed Australian retail property trust (Centro Retail Australia). For the CNP managed funds participating in the aggregation to form Centro Retail Australia, this addresses current inefficient and unsustainable capital and other structural issues. CNP Securityholders will not receive any securities in Centro Retail Australia as a result of the Proposal.	N/A
Why can't CNP Securityholders receive securities in Centro Retail Australia instead of cash?	In extensive negotiations with certain Senior Lenders, those Senior Lenders would only agree to cancel Senior Debt in exchange for receiving substantially all of CNP's Australian assets following Aggregation. The outcome of this is, subject to all conditions and approvals being met, that $100 million will be made available for stakeholders who are junior to the Senior Lenders, rather than securities in Centro Retail Australia. As a result, the Proposal does not provide any ongoing equity participation for CNP Securityholders in Centro Retail Australia, rather it provides a fixed cash payment. Assuming Aggregation occurs, CNP Securityholders, like any member of the public, will be able to acquire securities in Centro Retail Australia once it commences trading on the ASX.	N/A
What is the cost of the Proposal?	The cost of the Proposal includes professional adviser fees incurred and management time and resources expended in developing and pursuing the Proposal. It was agreed with the Senior Lenders which signed the Implementation Agreement that $100 million would be made available to CNP	10.9

	stakeholders who are junior to the Senior Lenders with $10 million of this set aside for potential contingent creditors. The $100 million is not reduced by the costs of implementing the Proposal.	
How does the CNP Class Action Litigation against CNP impact the Proposal?	CNP does not expect that the amount and timing of the cash payment to CNP Securityholders under the Proposal will be impacted by the CNP Class Action Litigation.	9.2
What alternatives to the Proposal were considered by the Directors?	Since appointing advisers in December 2009 to review restructure alternatives for CNP, the CNP Board has considered options including the following: • An extension of the Senior Facility Debt maturing in December 2011; • Recapitalisation or sale of CNP as a stand alone entity in its current structure; • Separation of CNP's Australian and US businesses; • Simplification and restructure through an amalgamation of assets of CNP and its managed funds; • The creation of a syndicate business joint venture to facilitate the growth of CNP's syndicate business; • Targeted trade sales of the group's Australian and US assets; and • Waiting for asset values to recover. All these alternatives faced the key constraint that to retain value for CNP Securityholders any solution needed to exceed in value the sum of CNP's: • $2.9 billion of Senior Facility Debt (as at 30 June 2011) obligations; • $1.0 billion of secured Hybrid Securities; • Unsecured creditors; and • $0.4 billion of Convertible Bonds; Having regard to the completion of the separation of CNP's Australian and US businesses (which occurred in June 2011) but which could not alone resolve CNP's financial predicament, and after taking into account the very difficult circumstances confronting CNP, the CNP Board believe the Proposal as detailed in this Explanatory Memorandum, represents the only realistic outcome CNP could present (subject to the conditions) to deliver value to CNP Securityholders.	4.2
CNP Post Implementation		
What will happen to CNP after the Proposal is	It is currently anticipated that after the Proposal is implemented, CNP will be suspended from trading	9

implemented?	on the ASX, with a view to being delisted and wound-up at some future point in time. Funds made available from the Escrow Account (in addition to the $90 million in aggregate for CNP Securityholders, Hybrid Lenders and Convertible Bondholders) will substantially comprise: • $10 million in cash from the CNP Junior Stakeholder Amount that will be set aside for potential contingent creditors; • In addition to the CNP Junior Stakeholder Amount and certain amounts which may be accessed to pay accrued liabilities of CNP, up to $30 million in cash to satisfy the expected operating requirements of CNP until it can be formally wound-up. These funds will be made available from the $70 million in the Escrow Account set aside for accrued liabilities and wind-up costs of CNP – see Section 10.7 for further details. Any surplus of these amounts not used will be returned to the Senior Lenders and will not be available to CNP Securityholders. The obligation to return any surplus funds will be secured by the existing security over CNP in favour of the Senior Lenders which will remain in place. Additionally, CNP's remaining assets include a US mall portfolio (REITs 9 and 10) which currently has nil net asset value and is described further in Section 7.3.	
Will CNP remain listed if the Proposal is approved by all relevant parties?	It is currently contemplated that, following implementation of the Proposal, CNP will be suspended from trading on the ASX, with a view to wind-up and delisting at some future point in time.	9
Details on the Vote		
When and where will the CNP Meeting be held?	The CNP Meeting will be held at 2.30pm on 22 November 2011 at Melbourne Exhibition Centre ("Jeff's Shed"): The Auditorium, Level 2 Melbourne Exhibition Centre 2 Clarendon Street Southbank, Victoria	Annexure C
Who is entitled to vote at the CNP Meeting?	CNP Securityholders who are registered Securityholders at 7pm on 20 November 2011 will be entitled to vote at the CNP Meeting, subject to the voting exclusion statement in the Notice of Meeting included in Annexure C to this Explanatory Memorandum.	Annexure C
What is the required majority for the approval of the Resolutions?	The Implementation Resolutions will not be passed unless more than 50% of the votes cast by CNP Securityholders entitled to vote on those	Annexure C

	Resolutions are in favour of the Resolutions. The Change of Name Resolution will not be passed unless more than 75% of the votes cast by CNP Securityholders entitled to vote on that Resolution are in favour of the Resolution. However, the Proposal can proceed even if the Change of Name Resolution is not passed.	
Can I be bound by the Proposal if I do not vote or if I vote against it?	Yes. As the required majority for approval of the Implementation Resolutions is more than 50% of votes cast (as described in the above answer), subject to the conditions being satisfied, the Proposal will be implemented if the requisite majority was reached, even if you voted against the Proposal or did not vote at all.	Annexure C
How can I vote?	You can vote: • In person at the CNP Meeting; • By completing and returning the Proxy Form that is enclosed with this Explanatory Memorandum by the due date; • By online proxy submission; or • By attorney or, in the case of a body corporate, by corporate representative.	Annexure C
Where can I find further information?	Should you require any further information or assistance, please contact: • In relation to queries about your Securities, Link Market Services on 1300 887 890, +612 8280 7189 or registrars@linkmarketservices.com.au; or • In relation to queries about the Proposal or Resolutions described in this Explanatory Memorandum, CNP Investor Hotline on 1300 785 534 (Australia toll free) or +61 2 9191 5974 (for overseas callers).	N/A

SECTION 4 – Overview of the Proposal

4.1 Components of the Proposal

The Proposal comprises three components:

(a) Sale of CNP assets to Centro Retail Australia

CNP is proposing to sell substantially all of its Australian assets (including its CNP Services Business, ownership stakes in CNP managed funds and certain other Australian assets but excluding CNP's interests in CER, DPF and CAWF) to Centro Retail Australia in exchange for securities in Centro Retail Australia which will be formed through the merger ("Aggregation") of certain CNP managed funds.

(b) Debt Cancellation and transfer of Centro Retail Australia securities to CNP's Senior Lenders

CNP proposes to implement creditors' schemes of arrangement with its Senior Lenders to effect, subject to the satisfaction of certain conditions, the cancellation of CNP's Senior Debt in exchange for all of CNP's securities in Centro Retail Australia (received by CNP in consideration for the asset sale as described in paragraph (a) above, as well as the Centro Retail Australia securities CNP will receive in connection with its existing investments in CER, CAWF and DPF as part of Aggregation).

(c) Allocation of $100 million to CNP stakeholders who are junior to the Senior Lenders

If all CNP Junior Stakeholder Approvals are received, the Aggregation and the Senior Debt Schemes are implemented and certain other conditions are satisfied, certain Senior Lenders have agreed that $100 million in cash will be made available from the Escrow Account on trust to be shared amongst the stakeholders who are junior to the Senior Lenders (including CNP Securityholders and potential contingent creditors).

The CNP Board has determined that CNP Securityholders will be entitled to a distribution of $48,925,082 in total or 5.03 cents per CNP Security if all conditions are met.

4.2 CNP's current debt position and its consequences

As mentioned throughout this Explanatory Memorandum, without this restructure, which provides the prospect of a solvent outcome, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP. Given the impending maturity of CNP's substantial Senior Facility Debt in December 2011, the CNP Board expects that it would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.

The key reason for this is CNP's negative equity position of $1.3 billion prior to liquidation value adjustments at 30 June 2011, meaning that CNP would not have sufficient assets to satisfy its Senior Facility Debt of $2.9 billion (as at 30 June 2011) maturing in December 2011

There are no other realistic options available to CNP. It cannot trade its way out of the debt situation – the debt is simply too large and cannot be refinanced when it matures in December 2011. Even after a recovery in Australian asset values of 4.3% on a comparable basis during FY11, in the absence of the proposed debt restructure CNP cannot meet its debt obligations and has no prospect of doing so.

If administration and receivership of CNP occurred, it is expected that CNP Securityholders, as well as potential contingent creditors, would receive nothing because the assets of CNP are not sufficient to fully satisfy its Senior Debt obligations, let alone the claims of those stakeholders who are junior to the Senior Lenders. This is demonstrated in the table below.

CNP's 2011 statutory financial report shows the net equity attributable to members of CNP as zero, however, this is after the positive liquidation value adjustment of $1.3 billion (to reflect the expected settlement amount of debt at less than face value under the Proposal). The liquidation value adjustment in CNP's 2011 statutory financial report does not affect or reduce CNP's contractual debt obligations. Furthermore, the Convertible Bonds included in equity rank senior to CNP Securities such that the negative net equity attributable to CNP Securityholders is negative $1.7 billion.

Net Equity Summary as at 30 June 2011	$million
Net Equity attributable to members of CNP at 30 June 2011 on a liquidation basis	0.0
Back out liquidation value adjustments	(1,329.3)
Net Equity attributable to members of CNP at 30 June 2011 prior to liquidation value adjustments	(1,329.3)
Adjustment for Convertible Bonds which rank ahead of ordinary equity[5]	(414.1)
Net Equity attributable to CNP Securityholders at 30 June 2011 prior to liquidation value adjustments	(1,743.4)

Note, to the extent that any contingent creditors' claims were realised, those claims would rank ahead of Convertible Bonds and CNP Securities

Absent a restructure, CNP will not be able to generate sufficient cash from its operations to fund interest, overheads and other ongoing expenses beyond 15 December 2011 let alone repay its $2.9 billion maturing Senior Facility Debt. Furthermore, any extension of the Senior Facility Debt beyond 15 December 2011 can only be with the accommodation of the Senior Lenders. Certain Senior Lenders were not willing to accept an extension to the maturity date of the Senior Debt on its existing terms, leading to CNP exploring options including those which are detailed in Section 4.3.

4.3 Restructure options investigated

CNP has spent considerable effort over the past two years investigating a wide range of restructure options as detailed in the following section.

In December 2009, CNP announced that it had appointed financial advisers to undertake an assessment of a restructure of CNP. The objective of this assessment phase was to identify the means by which the enterprise value of CNP could be maximised and separately identify and analyse execution risk.

Numerous restructure options have been investigated and considered by the CNP Board and its advisers since December 2009 which are detailed below.

[5] Convertible Bonds have a principal value of US$444 million. The AUD amount above is calculated using the year-end spot rate of A$1.00 : US$1.0722 as this represents the best estimate of the settlement amount at 30 June 2011.

Separation of the Australian and US businesses in order to simplify the operating structure of the group

Date	Details
29 July 2010	CNP updated the market regarding its progress with restructuring options, signifying that the process had identified multiple financial and operational restructuring alternatives for the Centro group including CNP.
31 August 2010	Upon presentation of its 30 June 2010 financial year results in August 2010, CNP again indicated it was exploring many restructuring options and that the complexity of the group was making this potential transaction a difficult task. The creation of US and Australian REITs or a geographic separation were both highlighted as alternatives that had been considered.
4 November 2010	CNP informed the market it was continuing to review potential restructure initiatives for the group and that a number of parties had approached the group with a variety of indicative expressions of interest in respect of CNP's businesses and assets. This development led to the announcement that a formal competitive market process would commence for the group's Australian assets and US assets.
22 December 2010	CNP announced to the market that the first stage of the competitive market process had been completed with interested parties required to lodge indicative proposals by 17 December 2010. CNP confirmed it had received several expressions of interest in both its Australian and US businesses and assets and that evaluating these proposals would take some time.
1 March 2011	CNP announced that following a competitive market process, CNP and its managed funds had entered into a binding stock purchase agreement with Blackstone to sell all of their US assets and US services business for an enterprise value of approximately US$9.4 billion. The sale was completed on 29 June 2011.
Conclusion and overall outcome	The sale of the group's US assets provided proceeds to repay debt of CNP and CER as well as provided liquidity for investors in many of CNP's international managed funds such as the DPFI and US Centro MCS Syndicates.

Simplification and restructure through an amalgamation of assets of CNP and its managed funds

Date	Details
Continuously	CNP has continuously informed the market of ongoing restructuring alternatives it has identified as potential solutions to its structural issues.
1 March 2011	CNP announced it had entered into discussions with certain Senior Lenders, CER and certain CNP managed funds with a view to amalgamating their respective portfolios to create a listed fund which would own a retail property portfolio of high quality Australian regional and sub-regional shopping centres as well as a cancellation of CNP's Senior Debt.
9 August 2011	CNP announced that it had entered into an Implementation Agreement with its Signing Senior Lenders to implement its restructure transaction together with the proposed aggregation of the Australian assets and interests held by CNP, CER and certain CNP managed funds. The Implementation Agreement contains a significant number of regulatory and other conditions.
Conclusion and overall outcome	For the CNP managed funds participating in the aggregation to form Centro Retail Australia, this addresses current inefficient and unsustainable capital and other structural issues. It is expected to result in a new vehicle with a stable capital structure, a leading $4.4 billion portfolio of high quality Australian retail centres and a strong property management team. Centro Retail Australia will also hold investments in, and is expected to be one of the largest managers of, unlisted retail property funds in Australasia comprising a further $2.6 billion of retail centres. By approving the Proposal – subject to the conditions described in this Explanatory Memorandum - CNP Securityholders will receive their share of the $100 million made available to stakeholders who are junior to the Senior Lenders under the Proposal.

The creation of a syndicate business joint venture to facilitate the growth of CNP's syndicate business

Date	Details
29 July 2010	CNP informed the market that it was seeking to strengthen and grow its syndicate business and had commenced a process to evaluate interest from strategic parties to participate alongside it in the growth of its syndicate funds management business.
11 November 2010	CNP announced that it had granted Cromwell Group a right to conduct exclusive due diligence on the Centro MCS Syndicate funds management business.
15 February 2011	CNP announced that Cromwell Group's exclusive due diligence period had expired and that the potential transaction in relation to the syndicate business would not proceed.
Conclusion and overall outcome	The Centro MCS Syndicate funds management business has subsequently been included in the new listed vehicle to be created as part of the restructure announced on 9 August 2011.

Recapitalisation or sale of CNP as a stand-alone entity in its current structure

Date	Details
Continuously	CNP has continuously informed the market of ongoing restructuring alternatives it has identified as potential solutions to its structural issues.
Conclusion and overall outcome	This option was not viewed as a credible alternative to the other potential options considered given: • it would not resolve the structural or operational complexities of CNP; and • the considerable capital that would be required to resolve the Senior Debt, Hybrid Debt and Convertible Bonds, all of which would be required to be dealt with in any CNP restructure.

CNP and its advisers have undertaken a thorough and rigorous review of the above listed restructure alternatives. The result of this review of alternatives has resulted in the Proposal representing the best outcome CNP has been able to present to CNP Securityholders, given the circumstances of negative equity and pending Senior Facility Debt maturity.

4.4 CNP Board recommendations in relation to the Proposal

After consideration of the available options to reduce debt or restructure and recapitalise CNP, the CNP Board has determined that the Proposal presented to CNP Securityholders represents the best available outcome CNP has been able to present to CNP stakeholders in the circumstances facing CNP. Accordingly, the CNP Board unanimously recommends that CNP Securityholders vote in favour of all the Resolutions at the upcoming CNP Meeting, in the absence of any superior proposal (which is currently not expected) and which would either need to repay the Senior Debt in full, or have the support of the Senior Lenders.

In particular, the CNP Board has determined that the Proposal is the best available outcome after considering:

- The Proposal provides the only realistic prospect CNP has been able to provide of returning a cash amount to CNP Securityholders; compared to the return CNP Securityholders would receive if the Proposal was not approved (which is expected to be zero) and CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP. Given the impending maturity of CNP's substantial Senior Facility Debt in December 2011, it is expected that the CNP Board would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. If this occurred, CNP Securityholders and, potential contingent creditors, would likely receive nothing;
- That it is the only proposal which currently enjoys the support of certain of CNP's Senior Lenders and their support (particularly their agreement to accept a debt cancellation) is needed to implement any restructure. Additionally, no alternative proposal would likely be satisfactory to those Senior Lenders;
- The position in which it leaves the trade creditors of CNP – it is currently expected that all trade creditors of CNP will have their claims met, because in addition to the $100 million CNP Junior Stakeholder Amount, the Escrow Account contains up to $70 million which can be used to meet estimated accrued liabilities and wind-up costs of CNP, subject to all CNP Junior Stakeholder Approvals being obtained and the Senior Debt Schemes and the Hybrid Debt Schemes becoming effective; and
- The Independent Expert's conclusions supporting the CNP Board's unanimous recommendation to vote in favour of the Proposal.

The CNP Board notes that the Independent Expert has concluded in the Independent Expert's Report that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders.

4.5 Independent Expert Report

The Independent Expert has concluded that the Proposal is fair and reasonable to and in the best interests of CNP Securityholders. The Independent Expert has stated in its Summary of Opinion that:

> "CNP's debt is greater than the value of its assets by a margin of at least $1.6 billion. CNP's senior debt is repayable in December 2011. If the Proposal is not implemented, CNP will almost certainly be placed in insolvency administration. In those circumstances CNP securityholders could expect to realise zero value.
>
> Under the Proposal, CNP securityholders will receive 5.03 cents per security. While this amount is not significant, it is marginally more than the price at which CNP securities were trading immediately before the announcement of the details of the Proposal. The receipt of 5.03 cents per security is clearly better than the alternative, which will almost certainly see securityholders receive nothing. Accordingly, in Grant Samuel's view, the Proposal is fair and reasonable to and in the best interests of the holders of CNP ordinary securities."

The Independent Expert's Report is annexed to this Explanatory Memorandum at Annexure A.

Directors recommend that CNP Securityholders read the Independent Expert's Report in full.

4.6 If the Proposal is Implemented

If all conditions precedent to the Proposal (as described below) are met, the Proposal will be implemented and the Centro Retail Australia securities which CNP holds or is entitled to following Aggregation will be transferred to the Senior Lenders in exchange for the cancellation of the Senior Debt.

CNP Securityholders would then be entitled to receive 5.03 cents cash per CNP Security. Although they would continue to hold their CNP Securities until CNP is wound up, they would not receive any future economic benefit as any surplus funds will be returned to the Senior Lenders. The obligation to return any surplus funds following the wind up will be secured by the existing security over CNP in favour of the Senior Lenders which will remain in place.

If the Proposal is approved, CNP Securityholders would forgo the ability to accept any superior proposal should any such superior proposal arise between the approval of the Proposal and the date of implementation. Any superior proposal is currently not expected and would either need to repay the Senior Debt in full, or have the support of the Senior Lenders.

4.7 If the Proposal is not Implemented

If the Proposal is not implemented due to any one or more of the conditions not being met (including the approval of CER securityholders) the significant debt burden of CNP will be unsustainable. CNP Securityholders should not assume that other restructure options will be able to be implemented instead of the Proposal, because:

- The CNP Board is unlikely to have a reasonable basis to believe that CNP can meet its debts as and when they fall due since the likely implementation of the Proposal is the key assumption underlying the CNP Board's assessment that CNP remains solvent. Without this belief, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP in view of the impending maturity of CNP's substantial Senior Facility Debt in December 2011 and it is expected that the CNP Board would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP;
- If the Proposal is not approved by CNP Securityholders, but CER securityholders approve the resolutions being proposed to them at a meeting scheduled to be held on 22 November 2011 and all other conditions are met, then the Aggregating Funds and the Senior Lenders (through receivers expected on that scenario to be appointed by them to CNP) will seek to implement the Aggregation and the Senior Debt Scheme; and
- It is unlikely, and not expected, that any superior proposal will arise prior to the maturity of the Senior Facility Debt on 15 December 2011, which would either need to repay the Senior Debt in full, or have the support of the Senior Lenders

4.8 Conditions and approvals for the implementation of the Proposal

Key approvals and conditions required to implement the Proposal include:

1. CNP Junior Stakeholder Approvals (which are all inter-conditional), including:

- CNP Securityholder approval of the Implementation Resolutions (Resolutions 1 and 2) - more than 50% of the votes cast by CNP Securityholders entitled to vote on those Resolutions must be in favour of the Resolutions. (The Change of Name Resolution requires approval by 75% of CNP Securityholders who vote but does not need to be passed for the Proposal to be implemented);
- Approval by Hybrid Lenders, a vote in favour by at least 50% of Hybrid Lenders by number in respect of at least 75% of Hybrid Debt by value, present and voting; noting

Hybrid Lenders holding approximately 49% of Hybrid Debt have committed their support for the Hybrid Debt Schemes through the Implementation Agreement; and

- Approval by CNP Convertible Bondholders (approval threshold of at least 75% of votes cast by Convertible Bondholders eligible to vote).

2. Approval by CNP's Senior Lenders for the Senior Debt Schemes by a vote in favour by at least 50% of Senior Lenders by number in respect of at least 75% of Senior Debt by value, present and voting, noting Senior Lenders holding more than 83% of Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 have committed their support through the Implementation Agreement.

3. Aggregating Fund approvals and conditions are satisfied including the approval of CER securityholders (as detailed further below).

4.9 Conditions Precedent to the implementation of the Aggregation

Conditions and approvals to the Aggregation are detailed in the Implementation Agreement and its schedules (as attached to CNP's ASX announcement of 9 August 2011) and include the following:

- Approvals or relief (as relevant) is granted by CAWF unitholders, DPF Holding Trust unitholders, CER securityholders, the Court, ASIC, ASX and FIRB;
- In the case of approval by CAWF unitholders, the resolution to amend the CAWF constitution requires the approval of at least 75% of members present and voting and the resolutions to remove CPT Manager Limited as RE of CAWF and appoint Centro Retail Australia RE require the approval of at least 50% of members entitled to vote (including members not present and voting). Since all units in CAWF are owned by CNP, CER or DPF, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed;
- In the case of DPF Holding Trust unitholders, the resolution to amend the DPF Holding Trust constitution requires the approval of at least 75% of members present and voting and the resolutions to remove CMCS Manager Limited as RE of DPF Holding Trust and appoint Centro Retail Australia RE require the approval of at least 50% of members entitled to vote (including members not present and voting). Since the only units in the DPF Holding Trust are owned by DPF and CNP, each of which has supported the Proposal by entering into the Implementation Agreement, these votes are expected to be passed.
- In the case of approval by CER securityholders, although the approval thresholds for each resolution differ, the resolution to approve the CRL Members' Scheme requires a vote in favour by at least 50% of CRL shareholders by number in respect of at least 75% of CRL shares, present and voting;
- Approval by CNP's Securityholders of the Asset Sale Resolution, which is an ordinary resolution (unless this requirement is waived by ASX). See explanation in Section 10.2 in relation to Extended Aggregation Period if this approval is not granted;
- Execution of various deeds and agreements to be entered into as part of Aggregation, including:
    - o the agreements for the sale of the Transferring Assets to Centro Retail Australia and all conditions precedent to those agreements being satisfied or (if permitted) waived;
    - o all necessary third party consents to Aggregation being obtained; and
    - o the consent of the Centro Retail Australia RE to its appointment as RE of Centro Retail Australia being obtained.

- Independent Expert's Reports: the Independent Expert issues the Independent Expert Reports which conclude:
  - **(1)** that the Aggregation is in the best interests of each of:
    - **a)** CNP securityholders;
    - **b)** CER securityholders;
    - **c)** DPF unitholders; and
    - **d)** CAWF unitholders;
  - **(2)** that, for the purposes of Listing Rule 10.1, the acquisition of the Transferring Assets by CER is fair and reasonable to CER Securityholders, other than CNP; and
  - **(3)** such other opinions in respect of the Proposal as may be required by law or ASIC.
- ASX approval of the listing of DPF Holding Trust and CAWF and other matters required to establish Centro Retail Australia;
- No "Prescribed Occurrences" (e.g. capital raising, disposal of material assets, altering material contractual arrangements) occurring in relation to CER, DPF Holding Trust and CAWF prior to Aggregation and no restraints are in force preventing the Aggregation;
- Acceptable refinancing terms or standstill arrangements for the existing secured debt of CAWF, CER, CSIF and at least 90% of the Syndicates (by value of Funds Under Management (FUM)) being negotiated and the relevant agreements entered into;
- The management rights for Syndicates representing FUM of at least 90% of total Syndicate FUM being able to be transferred to Centro Retail Australia;
- Approval by the Court of the Senior Debt Schemes and the satisfaction of all conditions to the Senior Debt Schemes, separately summarised below; and
- Further, ASIC has provided relief to CNP's Signing Senior Lenders in relation to the entering into of the Implementation Agreement by them. It is a condition of this relief that CER securityholders approve an ordinary resolution necessary for Aggregation within 4 months after the date of the Implementation Agreement (or within such later period as may be approved by ASIC) (**4 Month Period**), with no votes being cast in favour of the resolution by CNP's Signing Senior Lenders, CNP, DPF RE or any of their associates. If this condition is not satisfied within the 4 Month Period, then the Implementation Agreement will automatically terminate at the end of the 4 Month Period.

Other circumstances described in the Implementation Agreement which can cause Aggregation not to proceed include the following Aggregation Review Events (see Section 8 of the Implementation Agreement for more detail):

- the Independent Expert determining that the Aggregation is not in the best interests of securityholders of any of CNP, CER, DPF or CAWF or that the Aggregation is not fair and not reasonable from the perspective of a relevant set of Securityholders;
- an insolvency event occurs in respect of CER, DPF, DPF Holding Trust, CAWF or their responsible entities in that capacity. The standstill and related arrangements are intended to prevent a CNP insolvency from triggering this condition;
- if an insolvency event occurs in respect of CNP or CAWF RE (if CPT Manager Limited is the responsible entity of CAWF) prior to the date of the CNP meeting and any controller appointed to CNP or CAWF RE does not proceed with Aggregation; and
- any superior proposal emerges for CNP, CER, DPF RE, DPF Holding Trust RE or CAWF RE.

There are various consultation and other processes which apply before a termination on these grounds can occur. In addition, exclusivity arrangements require each party and its advisers to notify the other parties if it becomes aware of any approaches to acquire a substantial part of the business of CNP, CER, DPF or CAWF or any of their controlling bodies, or seek or gain control of or otherwise merge with any of those parties, or to enter into an agreement to abandon or fail to proceed with the Aggregation.

4.10 Interconditionality

As described above, all conditions need to be satisfied or (if permitted) waived for the Proposal to be implemented, accordingly if any one or more of the above mentioned conditions are not met, the Proposal would not proceed.

4.11 Obtaining further information

For further information, CNP Securityholders can call the CNP Investor Hotline on 1300 785 534 (or +612 9191 5974 for overseas callers), between 9am and 5pm, Monday to Friday, or consult with your investment or other professional advisers. If you are in any doubt about anything in this Explanatory Memorandum, please contact your financial, legal, taxation or other professional adviser.

SECTION 5 – Centro Properties Group today

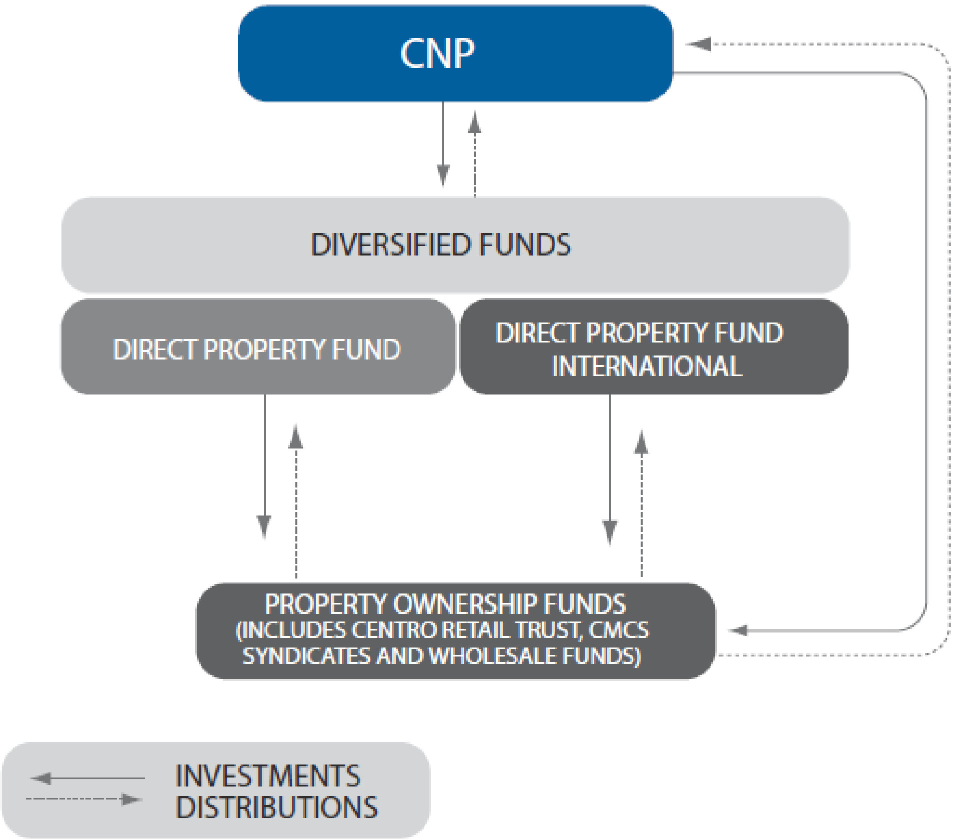
5.1 Overview and Structure

Centro Properties Group is a 'stapled' vehicle that combines a company, Centro Properties Limited (the Company or "CPL"), with a trust, Centro Property Trust (the Trust or "CPT"), collectively known as CNP. As a CNP Securityholder you own a share in CPL and a unit in CPT, which cannot be separately traded.

CNP generally does not own real estate directly, but rather invests in shopping centres via listed and unlisted investment funds which it manages. CNP derives revenue primarily in two ways:

5.1.1 Investment Activities

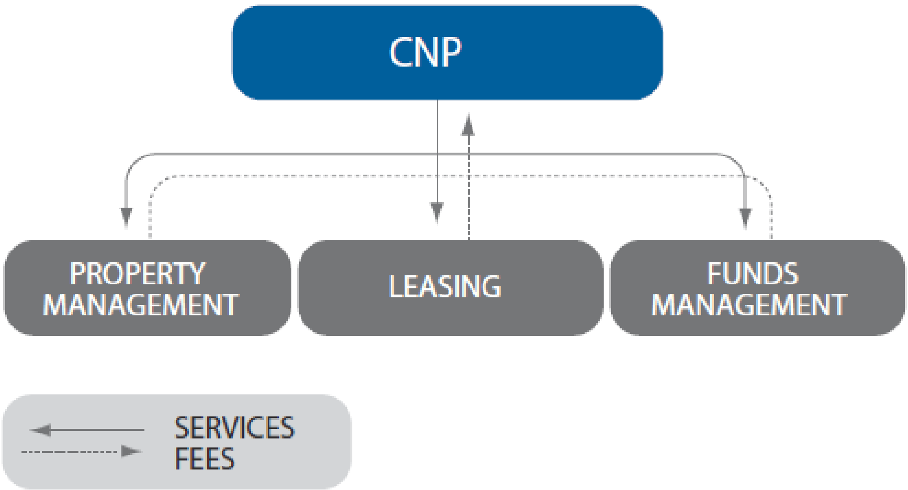
CNP receives distributions from investments in its managed funds which are generally owned by CPT. These funds are diversified funds and property ownership funds including unlisted syndicates, wholesale funds and the listed Centro Retail Trust. A simplified summary of CPT's investments into the managed funds appears in the following chart.



CNP's ownership interests in the 27 Syndicates and five other funds it manages varies from less than 5% to above 50%. A key part of the challenge facing CNP, as referred to throughout this Explanatory Memorandum is the complexity of realising the investments that CNP holds, given the investments are typically illiquid, unlisted in nature, the diversified funds own interests in the property ownership funds, and the property ownership funds in many instances co-own assets. The Proposal seeks to address these complexities and inefficiencies through the transfer of substantially all of CNP's Australian assets into Centro Retail Australia which will simplify the ownership and operating model of the Centro group's assets.

5.1.2 Services Activities

The CNP Services Business, owned by CPL, generates revenue in the form of fees from three main areas – property management, leasing and funds management. Both the property management and leasing functions are managed by the property operations team. CNP provides personnel, systems and facilities to deliver these services to the properties and funds.



Property Management Fees are from activities related to the management and development of shopping centres owned by the property ownership funds.

Leasing Fees are from activities related to renewing retailers' leases and leasing unoccupied and newly built shops.

Funds Management Fees are generated through operating the managed funds for investors. These include recurring fees such as Responsible Entity (RE) fees and one-off fees such as transaction, rollover and performance fees.

As part of the restructure Proposal, CNP has agreed to sell the CNP Services Business to Centro Retail Australia for consideration of approximately $200 million (subject to certain adjustments), and to transfer associated accrued rollover, performance, wind-up and deferred management fees for approximately $40 million.

5.2 Addressing CNP's ability to operate as a going concern

Since December 2007, CNP has sought to pursue a restructure of its debt facilities, to ultimately effect a transaction that would seek to restructure and cancel its debt obligations permanently.

The first major step CNP took towards restructuring its debt obligations was announced on 16 January 2009. CNP announced it had completed documentation for debt stabilisation arrangements with its Australian lending group and US private placement noteholders.

Some key features of the stabilisation arrangements included:

- A three year extension on $3.9 billion[6] (comprising A$1.7 billion and US$1.5 billion) of the Senior Facility Debt to 15 December 2011;
- A $1 billion Hybrid Securities to improve cash flow servicing and balance sheet strength for the group, which is discussed in more detail below;
- Issuance of new CNP Securities to CNP's lenders;
- A new A$35 million liquidity facility to assist in the ongoing cash flow requirements of the group;

[6] Converted @ 0.6928 AUD/USD FX rate prevailing at the time of the announcement

- Agreement for the extension of debt facilities for many of CNP's managed funds to 15 December 2011; and
- Reduced pressure to sell property assets within CNP and its managed funds.

The stabilisation of CNP's headstock debt structure in January 2009 provided CNP a three year period in which restructure solutions could be pursued. Notwithstanding these measures (which put simply amended a portion of the existing senior debt for Hybrid Securities), CNP's debt burden remained too high. This can be seen by:

- CNP's net equity being negative $1.3 billion prior to liquidation value adjustments at 30 June 2011; and
- CNP has Senior Facility Debt of $2.9 billion (as at 30 June 2011) maturing on 15 December 2011.

The likely implementation of the Proposal is the key assumption underlying the CNP Board's assessment that CNP remains solvent. Without this belief, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP in view of the impending maturity of CNP's substantial Senior Facility Debt in December 2011 and in all likelihood would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.

In the CNP Board's view, the Proposal as discussed in Section 4.1 provides the only realistic return CNP is able to present to CNP Securityholders.

5.2.1 Hybrid Securities terms highly dilutive to ordinary equity

As part of the refinancing and debt stabilisation arrangements entered into on 15 January 2009, a $1 billion Hybrid Securities were created (as a result of an amendment to a portion of the existing senior debt), with a maturity date of 15 January 2016, to improve cash flow servicing through the conversion of debt into this instrument. All interest payable on the Hybrid Securities is capitalised (i.e. not paid in cash), unless all Senior Debt has been repaid in full. Under the terms of this instrument, if converted in full, it would convert into 90.1% of the post-conversion (fully diluted) ordinary stapled securities of CNP. The Senior Lenders at that time subscribed for this instrument, with the conversion requiring the approval of ordinary CNP Securityholders (which has not been sought). It should be noted however that conversion of the Hybrid Securities is not sufficient to restructure CNP in the current circumstances. It would still not return CNP to a positive equity position and would not improve CNP's cash flow. It will not result in a decrease in the interest payments being made by CNP as all interest on the Hybrid Securities has been capitalised rather than paid in cash. In any event, the Hybrid Securities cannot be converted until the Convertible Bonds are extinguished, an outcome which CNP has not been able to achieve without this Proposal.

As detailed throughout this Explanatory Memorandum, CNP's assets are not sufficient to repay Senior Debt, and could therefore not repay any of the Hybrid Debt on a liquidation.

5.2.2 Numerous alternatives considered during past three years

Section 4.3 details the alternatives considered during the past three years. Following the thorough and rigorous review of restructure alternatives undertaken by CNP and its advisers, the CNP Board has determined that this Proposal represents the best outcome for CNP Securityholders, given the circumstances of negative equity and pending debt maturities.

5.3 Public information available for inspection

As a stapled entity listed on ASX and a “disclosing entity” under the Corporations Act, CNP is subject to regular reporting and disclosure obligations. Broadly, these require CNP to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. CNP’s recent announcements are available from www.asx.com.au. Further announcements concerning developments at CNP will continue to be made available on this website after the date of this Explanatory Memorandum.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the CNP website, www.centroinvestor.com.au.

SECTION 6 – The Creditors' Schemes and Convertible Bond Terms Amendment

6.1 Overview

The Senior Debt Schemes and the Hybrid Debt Schemes are creditors' schemes of arrangement under Section 411 of the Corporations Act. A scheme of arrangement is a statutory mechanism for a compromise between a company and its creditors. The Creditors' Schemes were proposed because the CNP Board believes that it is the appropriate mechanism to give effect to the cancellation of the debt owed by CNP.

In particular, the Senior Debt Schemes are the schemes of arrangement between CNP and its Senior Lenders under which the Senior Lenders will be asked to agree to the cancellation of the debt owed by CNP to them (or, in circumstances where not all CNP Junior Stakeholder Approvals are granted or there is a delay in CNP receiving all of the Centro Retail Australia securities to which it is entitled, the cancellation of most of the debt owed by CNP to them) (referred to as 'Senior Debt') in return for substantially all of CNP's assets.

The Hybrid Debt Scheme is the scheme of arrangement between CNP and its Hybrid Lenders under which the Hybrid Lenders will be asked to agree to the cancellation of all the debt owed by CNP to them (referred to as 'Hybrid Debt') in return for $20 million in total.

In addition, the Convertible Bond Terms Amendment is the amendment of the Convertible Bond Terms under which the Convertible Bondholders will be asked to agree to the cancellation of all the debt owed by CNP to them in return for approximately $21.1 million in total.

6.2 Purpose of the Creditors' Schemes

The purposes of the Senior Debt Schemes and Hybrid Debt Schemes are to:

- effect the cancellation of all Senior Debt and Hybrid Debt owed by CNP and guarantors in the Centro group to the Senior Lenders and Hybrid Lenders respectively;
- effect a release of CNP and guarantors (and their directors and officers) by the Senior Lenders and the Guarantor Security Trustee (and in some instances the Headstock Security Trustee) from their existing obligations and any claims against them in respect of the senior finance documents and the applicable Security Trust Deeds;
- amend the senior finance documents to impose obligations to transfer surplus assets to the Senior Lenders; and
- effect certain other releases,

in consideration, in the Senior Lenders' case, for Centro Retail Australia securities CNP holds or is entitled to (following Aggregation) and other funds and securities to which the Senior Lenders will be entitled under the Senior Debt Scheme and, in the case of the Hybrid Lenders, for the amount of $20 million in total.

In addition, the purpose of the Convertible Bond Terms Amendment is for the Convertible Bondholders to:

- release CNP (and its directors and officers) from all their obligations and claims against them in respect of the Convertible Bonds;

- forgive and release the accreted principal, any accrued interest that is not yet due, and any unpaid amounts in respect of the Convertible Bonds owed by CNP to the Convertible Bondholders; and
- effect certain other releases,

in consideration for the amount of $21,074,918 in total.

6.3 Creditors' Schemes Conditions Precedent

The Creditors' Schemes are conditional on and will have no force or effect until, the satisfaction of a number of conditions precedent, including the following:

(a) approval by the Senior Lenders of the Senior Debt Schemes and approval by Hybrid Lenders of the Hybrid Debt Schemes;

(b) approval by CNP Securityholders of the transfer of CNP's Centro Retail Australia securities to the Senior Lenders in return for cancellation of the Senior Debt;

(c) in respect of the Senior Debt Schemes, Aggregation is unconditional;

(d) in respect of the Senior Debt Schemes, the Signing Senior Lenders confirm the board nominees and chief executive officer for Centro Retail Australia;

(e) in respect of the Hybrid Debt Schemes, the Debt Cancellation is unconditional;

(f) in respect of the Hybrid Debt Schemes, the Convertible Bond Terms Amendment is unconditional by 8.00am on the Second Court Date;

(g) neither the Implementation Agreement nor any of the deed polls having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(h) approval of the Creditors' Schemes by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act which alterations are not intended to change the substance of the Creditor's Scheme;

(i) the satisfaction of such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Creditors' Schemes; and

(j) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Creditors' Schemes coming into effect, pursuant to section 411(10) of the Corporations Act on or before 14 December 2011.

6.4 Convertible Bond Terms Amendment Conditions

The Convertible Bond Term Amendments are conditional on and will have no force or effect until, the satisfaction of a number of conditions precedent, including the following:

(a) approval by the Convertible Bondholders of the Convertible Bond Terms Amendment;

(b) the Debt Cancellation is unconditional;

(c) the Hybrid Debt Schemes are unconditional; and

(d) approval by CNP Securityholders of the transfer of CNP's Centro Retail Australia securities to the Senior Lenders in return for cancellation of the Senior Debt.

SECTION 7 – Financial information

7.1 Introduction

This Section contains historical and pro forma historical financial information, (together, the '**Financial Information**').

The **Historical and pro forma Historical Financial Information** (Section 7.3) comprises the:

- Historical liquidation balance sheet of CNP as at 30 June 2011; and
- Historical balance sheet of CNP prepared on a liquidation basis as at 30 June 2011 pre-liquidation adjustments that largely relate to Senior Facility Debt.

assuming the Proposal proceeds.

Also summarised in this Section are:

- the basis of preparation of the Financial Information (Section 7.2);
- details of CNP's debt position as at 30 June 2011; and
- key accounting policies adopted in preparing the Financial Information (Section 7.4).

The Financial Information contained in this Section should also be read in conjunction with the risk factors set out in Section 2.3 and other information contained within this Explanatory Memorandum.

The Financial Information has been reviewed by Ernst & Young Transaction Advisory Services Limited (Ernst & Young Transaction Advisory Services), whose Investigating Accountant's Report is contained in Annexure B. Investors 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.

The Financial Information has been prepared on a liquidation basis as required by Australian Accounting Standards due to the expected material curtailment of CNP's operations, which would result from either a successful implementation of the Proposal or, if the Proposal does not occur and in the absence of a superior proposal, CNP's Board would be placed in a position where it is likely they would appoint an external administrator. The CNP Board believes this would be followed by the Senior Lenders appointing a receiver to CNP, a scenario in which it is unlikely CNP Securityholders would receive any value for their CNP Securities.

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less selling costs. The liquidation value of liabilities is their expected settlement amount. Any gains or losses resulting from measuring assets and liabilities at liquidation value are recognised in the Income Statement as liquidation value adjustments. The liquidation value adjustments do not affect or reduce CNP's contractual debt obligations.

Additionally, under the liquidation basis of accounting, all assets and liabilities previously classified as non-current are classified as current.

No income statement or income statement forecasts have been presented in this Explanatory Memorandum as the CNP Board believes that such information would not be relevant for CNP Securityholders in assessing the Proposal, and may be misleading because CNP will not continue to operate in its current state beyond 15 December 2011 for the reasons detailed in this Explanatory Memorandum.

Historical earnings information has also not been presented in this Explanatory Memorandum as the CNP Board does not consider that this information would be relevant to CNP Securityholders in forming a view on how to vote on the Resolutions.

The key accounting policies adopted in preparing the Financial Information are disclosed in Section 7.4.

7.2.1 Preparation of the Historical Financial Information

The historical balance sheet of CNP as at 30 June 2011, set out in Table 7.1, has been extracted from the audited statutory financial statements of CNP for the year ended 30 June 2011.

The 2011 Annual Report for CNP is available on www.centroinvestor.com.au and includes the statutory financial statements of CNP. These 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 and contingent liabilities. CNP adopted the liquidation basis of accounting for the year ended 30 June 2011.

The historical balance sheet presented in Table 7.1 does not contain all of the note disclosures required in statutory financial statements prepared in accordance with the Corporations Act.

CNP Securityholders should refer to the 2011 Annual Report available from the CNP website should they wish to obtain more detailed financial disclosures and commentary on the historical balance sheet in relation to CNP.

7.2.2 Preparation of the Pro Forma Historical Financial Information

The pro forma historical balance sheet for CNP that is set out in Table 7.1 has been prepared as if the Proposal occurred on 30 June 2011 and is derived from the audited statutory financial statements of CNP and the pro forma adjustments outlined in Section 7.3 and is based on the assumption that all necessary approvals are received and the Proposal can be implemented without undue delay.

The pro forma historical balance sheet presented in Table 7.1 is in abbreviated form and does not contain all of the note disclosures required in statutory financial statements prepared in accordance with the Corporations Act. Specifically it is noted that the assets and liabilities of REIT 9 &10 have been presented in one line item on an aggregated basis, since these assets have a limited recourse liability attached which exceeds the value of the assets.

7.3 Historical and Pro Forma Historical Financial Information

Set out in Table 7.1 are the historical balance sheet and pro forma historical balance sheet. The historical balance sheet, prepared on a liquidation basis, and the historical balance sheet prior to liquidation value adjustments, have been extracted from the audited statutory financial statements for the year ended 30 June 2011.

As detailed in Section 4.7 and illustrated in Table 7.1 note (c), if the Proposal is not implemented and an alternative solution supported by the Senior Lenders is not available, CNP will be unable to repay the full amount of Senior Facility Debt owed on the due date of 15 December 2011. CNP's Board would be placed in a position where it is likely they would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP.

The proceeds from the forced liquidation of assets (which would likely be lower than the carrying values currently reflected in the financial statements, but cannot be accurately predicted) would be used to settle amounts owed to creditors in order of seniority of security. Based on the current carrying values, the proceeds from the CNP assets are not sufficient to settle the amounts owing to Senior Lenders and other creditors that rank above CNP Securityholders.

As such, assuming the Proposal does not proceed, there will be no amount available for distribution to CNP Securityholders.

Set out in Table 7.1 below, is the historical balance sheet of CNP as at 30 June 2011, together with the pro forma adjustments required to derive the pro forma historical balance sheet assuming the Proposal proceeds.

As set out in Section 4.6, if the Proposal is implemented following the approval by CNP Securityholders and assuming all other approvals are obtained, the Senior Debt Schemes will be implemented to effect the cancellation of Senior Debt in return for substantially all of CNP's assets and interests.

Certain Senior Lenders have also agreed, subject to all relevant approvals and conditions, that $100 million will be made available from the Escrow Account on trust for allocation to CNP stakeholders who are junior to the Senior Lenders. Subject to certain approvals and conditions, as set out in Section 4, the CNP Board has determined to allocate the $100 million as follows:

- 5.03 cents per CNP Security or approximately $48.9 million in total to CNP Securityholders;
- 5 cents[7] in the dollar or approximately $21.1 million in total to Convertible Bondholders;
- $20.0 million in total to Hybrid Lenders, of which holders of approximately 49% of Hybrid Debt who also hold Senior Debt, have committed their support for this Proposal under the Implementation Agreement; and
- $10.0 million set aside for potential contingent liabilities (refer to Section 9 for further details), on the basis that any surplus not used will be returned to the Senior Lenders.

Additionally, certain Senior Lenders have agreed that the funds from the Escrow Account can be used to fund up to a maximum of $30 million of wind-up costs for CNP. This amount has been recognised in the pro forma historical balance sheet. Any surplus funds remaining once CNP is wound-up are required to be returned to the Senior Lenders. The Senior Lenders will retain their security to secure this payment. If the costs are higher than expected, CNP may not have sufficient funds to continue to operate and effect an orderly wind-up as planned, and the Directors of CNP may have to cause CNP to be wound-up earlier than anticipated.

[7] Rounded to the nearest cent and based on US$444m of face value in current A$ terms (A$427m) based on a FX rate of US$1:A$1.04

Table 7.1 Centro Properties Group Proforma Balance Sheet if Proposal is implemented

In $millions except as noted	Statutory historical balance sheet prepared on liquidation basis as at 30 June 2011	Reverse Australian liquidation value adjustments	Historical balance sheet prior to Australian liquidation value adjustments as at 30 June 2011	Payment of selling / restructure costs	Proposal with Senior Lenders	Position prior to settlement of junior stakeholder interests	Settlement of hybrid debt	Settlement of convertible bonds	Payment of capital to CNP securityholders	Pro Forma Historical Balance Sheet
Refer to notes on page 54-55	(a)	(b)	(a) + (b) = (c)	(d)	(e)	(c)+(d)+(e) = (f)	(g)	(h)	(i)	(f)+(g)+(h)+(i) = (j)
Cash assets and cash equivalents	888	-	888	(62)	(826)	-	-	-	-	-
Restricted cash / Escrow account	4	-	4	-	126	130	(20)	(21)	(49)	40
Trade and other receivables	181	-	181	-	(181)	-	-	-	-	-
Other current assets	28	-	28	-	(28)	-	-	-	-	-
Investment property	4,444	37	4,481	-	(4,164)	317	-	-	-	317
Investments in managed funds	971	-	971	-	(971)	-	-	-	-	-
Intangibles	200	-	200	-	(200)	-	-	-	-	-
Total current assets	6,715	37	6,752	(62)	(6,243)	447	(20)	(21)	(49)	357
Total non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	6,715	37	6,752	(62)	(6,243)	447	(20)	(21)	(49)	357
Trade and other payables	238	-	238	0	(198)	40	-	-	-	40
Interest bearing liabilities - Senior Lender & Hybrid	2,564	1,312	3,876	-	(2,872)	1,004	(1,004)	-	-	-
Interest bearing liabilities - Other	2,412	-	2,412	-	(2,095)	317	-	-	-	317
Other current liabilities	310	-	310	-	(310)	-	-	-	-	-
Puttable interests in consolidated finite life trusts	113	-	113	-	(113)	-	-	-	-	-
Total current liabilities	5,636	1,312	6,948	0	(5,587)	1,361	(1,004)	-	-	357
Total non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	5,636	1,312	6,948	0	(5,587)	1,361	(1,004)	-	-	357
Net assets	1,079	(1,275)	(197)	(62)	(656)	(914)	984	(21)	(49)	-
Equity - Ordinary	(498)	(1,275)	(1,773)	(62)	423	(1,412)	984	477	(49)	-
Equity - Preference units	498	-	498	-	0	498	-	(498)	0	-
Equity attributable to members	-	(1,275)	(1,275)	(62)	423	(914)	984	(21)	(49)	-
Non controlling interests	1,079	-	1,079	-	(1,079)	-	-	-	-	-
Total equity	1,079	(1,275)	(197)	(62)	(656)	(914)	984	(21)	(49)	-
Units in issue (millions)									972	
Expected cash settlement per unit (cents)									5.03	

Notes to Table 7.1

(a) The CNP historical balance sheet as at 30 June 2011, prepared on a liquidation basis, has been extracted from the audited statutory financial statements of CNP for the year ended 30 June 2011.

(b) Reverses the liquidation value adjustments relating to CNP's Australian net assets recorded in the statutory balance sheet. A liquidation value adjustment of $54 million related to CNP's remaining US assets has not been reversed as the disposal of these properties is not part of the settlement with the Senior Lenders.

(c) The CNP historical balance sheet prior to Australian liquidation value adjustments as at 30 June 2011 represents CNP member's actual interests prior to the Proposal being implemented and reflects the negative net equity (deficiency of net assets) attributable to CNP members.

(d) The payment of selling and other operational costs expected to be incurred between 30 June 2011 and implementation of the Proposal. Such costs include advisor fees, legal fees, and insurance premiums. There is a $6m payment of D&O insurance for the period up to the wind-up date of CNP. This amount could be recorded as an ongoing asset to CNP, however as there is no economic benefit to CNP post wind up, it has been expensed.

(e) The Proposal will cancel $2,872 million of Senior Facility Debt (as at 30 June 2011) (and other contingent amounts owing to Senior Lenders) in return for substantially all of CNP's assets and interests resulting in a reduction of negative equity attributable to CNP Securityholders of approximately $423 million based on 30 June 2011 balances. As part of settling the Senior Facility Debt and transferring substantially all of its Australian assets, CNP will lose control of most consolidated subsidiaries and deconsolidate an additional $2,095 million of debt that resides within controlled entities. It is also noted that the Proposal results in $100 million from the Escrow Account being made available on trust for CNP stakeholders who are junior to the Senior Lenders and up to $30 million for wind-up costs.

(f) Of the $100 million certain Senior Lenders have agreed will be made available from the Escrow Account (refer to Section 10.7 for more detail), the CNP Board has determined that, $90 million in aggregate will be allocated to settle the claims of Hybrid Lenders, Convertible Bondholders and CNP Securityholders, and $10 million will be set aside for potential contingent creditors. Certain Senior Lenders have also agreed to provide up to an additional $30 million to meet wind-up costs that will be incurred (refer to Section 10.7). Any balance of the $10 million set aside for potential contingent liabilities and up to $30 million for wind-up costs that ultimately is not required by CNP will be repaid to the Senior Lenders. Accordingly corresponding liabilities have been recognised for these amounts in full.

(g) Settlement of Hybrid Securities of $1,004 million[8] for $20 million, resulting in a reduction of negative equity attributable to CNP Securityholders of $984 million as at 30 June 2011 balances.

[8] Hybrid balance is prior to subordinated debt adjustments and also includes capitalised interest

(h) Settlement of Convertible Bonds recorded in equity at a historical value of $498 million, for approximately $21.1 million, resulting in a reduction of negative equity attributable to CNP Securityholders of $476.9 million as at 30 June 2011 balances.

(j) A capital return to CNP Securityholders of approximately $48.9 million equating to 5.03 cents per CNP Security. It is noted that CNP will hold assets and liabilities associated with REITs 9 and 10 and other investments in CNP residual entities. CNP Securityholders will have no ongoing economic interest in CNP following the payment.

(j) The Historical pro forma Balance Sheet represents the financial position of CNP after the implementation of the Proposal with Senior Lenders, settlement of Hybrid Debt, settlement of Convertible Bonds and the payment to CNP Securityholders. The remaining balances include $40 million of restricted cash ($10 million set aside for potential contingent liabilities and up to $30 million for wind-up costs) and property and debt relating to REITs 9 and 10 of which CNP has retained ownership. The net carrying value of those REITs 9 and 10 is nil and they are subject to tax indemnities as disclosed in the contingent liabilities note of CNP's financial statements.

7.4 Key Accounting Policies

Key accounting policies used in preparing the Financial Information 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 CNP in its statutory financial statements for the year ended 30 June 2011.

Principles of consolidation

CNP's financial report reflects the consolidation of all entities controlled by CPL, including CPT. The Articles of Association of CPL and the Constitution of CPT ensure that, as far as possible, shares in CPL and units in CPT are "stapled" together and are traded on the ASX together, effectively as a "stapled security", for so long as the two entities remain jointly quoted.

Controlled entities are those entities over which CNP has the power to govern the financial and operating policies of the entity so as to obtain benefits from their activities.

The effect of all transactions between entities controlled by CNP is eliminated in full.

Liquidation basis of preparation

As discussed in Section 7.2, the CNP Board has concluded that the going concern assumption is no longer appropriate and, accordingly, CNP's financial information is not prepared on a going concern basis. The CNP Board has applied the requirements of paragraph 25 of AASB 101 *Presentation of Financial Statements* and prepared the financial information on a liquidation basis.

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less selling costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in the income statement and described as "liquidation value adjustments". Specifically, the accounting policies applied in relation to the following assets and liabilities are affected by the adoption of the liquidation basis of accounting. The liquidation value adjustments do not affect or reduce CNP's contractual debt obligations.

a) *Investment property*

Investment properties are measured at their realisable amount less estimated costs of disposal.

b) *Interest bearing liabilities*

Interest bearing liabilities are measured at settlement amount. Any difference between the amortised cost and the settlement amount is recognised in the Income Statement as a liquidation value adjustment. Interest bearing liabilities are classified as current liabilities.

c) *Provisions*

Provisions are recognised when: CNP has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, which is the settlement amount. No adjustment has been recognised on the change to liquidation basis as the settlement amount approximates the present value of expected future payments

Under the liquidation basis of accounting, all assets and liabilities previously classified as non-current are classified as current. The impact of adopting the liquidation basis of preparation and measuring assets and liabilities to liquidation value is disclosed in Table 7.1 under Section 7.3.

SECTION 8 – Tax considerations

The comments in this section outline the Australian income taxation implications of the Proposal for CNP, and its Australian resident Securityholders who hold their investments on capital account. It does not attempt to address all of the Australian tax consequences that may be relevant to CNP Securityholders. In this respect, it does not cover the stamp duty or GST consequences arising from the Proposal. Different tax implications may apply to non-resident CNP Securityholders and CNP Securityholders whose investments are held on revenue account or as trading stock.

The comments below are general in nature because the tax implications for each CNP Securityholder may vary depending on their particular circumstances. Accordingly, it is recommended that each CNP Securityholder 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 CNP Securityholder.

8.1 Tax implications of the Proposal to CNP

8.1.1 Sale of CNP assets to Centro Retail Australia

CNP is proposing to sell substantially all of its Australian assets, including its Services Business but excluding its interests in CER, CAWF and DPF, to Centro Retail Australia in exchange for securities in Centro Retail Australia.

CNP will not derive an overall taxable gain from the sale of these assets to Centro Retail Australia.

8.1.2 Debt cancellation and transfer of Centro Retail Australia securities to CNP's Senior Lenders

The proposed creditors scheme of arrangement between CNP and its Senior Lenders will effect the cancellation of CNP's Senior Debt in exchange for CNP's securities in Centro Retail Australia (received by CNP in consideration for the sale of substantially all of CNP's Australian assets as described above and under Aggregation in respect of CNP's interests in CER, CAWF and DPF).

CNP will not derive taxable gains from the transfer of its Centro Retail Australia securities to the Senior Lenders or from the subsequent cancellation of the Senior Debt.

The commercial debt forgiveness rules will apply to CPT as a result of the cancellation of its Senior Debt. The effect of these rules is to reduce certain tax attributes of CPT such as prior year tax losses existing as at 1 July 2011. CNP will not derive taxable gains as a result of the application of the debt forgiveness rules.

8.2 Tax implications of the Proposal to CNP Securityholders

The Signing Senior Lenders have agreed that, subject to certain conditions (including all CNP Junior Stakeholder Approvals being obtained and the Court approving the Senior Debt Schemes), $100 million will be made available for the CNP Securityholders and other stakeholders who are junior to the Senior Lenders.

In this respect, it is proposed that CNP Securityholders will receive 5.03 cents per CNP Security if all conditions are met (being approximately $49 million in total). The payment of this amount to the CNP Securityholders should be recognised as a payment of capital amount in respect of their CNP Securities. This will have the effect of reducing the Capital Gains Tax (CGT) cost base of CNP Securityholders' holdings in their CNP Securities.

To the extent that the payment exceeds a CNP Securityholder's cost base in their CNP Securities, any excess will be regarded as a taxable capital gain. The CGT discount concession may be available to reduce any capital gain where such CNP Securityholders have held their securities for greater than 12 months. 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.

A class ruling has been sought from the Australian Taxation Office (ATO) to confirm the income tax implications of the capital payment of 5.03 cents per CNP Security to CNP Securityholders. It is anticipated that the class ruling will be finalised around the expected time of implementation of the Proposal. A link to the final class ruling issued by the ATO will be provided on the CNP website once it is received (www.centroinvestor.com.au). In the event that the ATO refuses to issue a class ruling or considers that the tax law applies in a different way, the taxation consequences for a CNP Securityholder may be different than as outlined in this Explanatory Memorandum.

It is expected that following any payment to CNP Securityholders, CNP will be wound up at a future point in time. At that point, CNP Securities will be fully redeemed or cancelled for nil consideration. To the extent that a CNP Securityholder has a remaining cost base in their CNP Securities, they will make a capital loss at that point in time. This capital loss may be used by CNP Securityholders to offset against any other future capital gains they may have.

SECTION 9 – CNP after the Proposal is implemented

9.1 Overview of CNP after the Proposal is implemented

Following implementation of the Proposal, CNP will continue to operate for the purpose of resolving its outstanding matters and winding up its remaining entities. The outstanding matters for CNP post-implementation are to:

- Continue to defend the CNP Class Action Litigation (unless settled earlier) (see Section 9.2 below); and
- Complete the wind-up of CNP's remaining entities (see Section 9.3 below).

Although CNP Securityholders will continue to own their CNP Securities following implementation of the Proposal and the payment of the relevant portion of the CNP Junior Stakeholder Amount to CNP Securityholders, CNP Securityholders will no longer receive any benefit from CNP because the Senior Lenders will be entitled to any surplus of assets at the time of winding up. Equally CNP Securityholders will not be impacted by the ongoing activities of CNP until such time as it is wound up, and none of the costs noted below will impact the amount or timing of the payment of 5.03 cents per CNP Security that will be made to CNP Securityholders as part of the Proposal.

The operational impacts on CNP of the Proposal include:

- CNP will no longer invest in or manage property, given it will have sold substantially all of its assets to Centro Retail Australia;
- Substantially all of CNP's staff will become employees of Centro Retail Australia, with the day-to-day management of CNP expected to be conducted by a small appropriate directly employed management team;
- CNP will have a service agreement with Centro Retail Australia under which Centro Retail Australia will provide administrative functions including accounting, tax, company secretarial and office services to CNP;
- CNP's Board will likely be reduced to three members; and
- CNP will be suspended from the ASX and likely delisted at some future point in time.

It is important to note that if Resolutions 1 and 2 are approved at the CNP Meeting and CNP Securityholders then support Resolution 3, CPL will change its name to **CNPR Limited.** CNP also intends to change the name of CPT to **CNPR Trust**, but it does not require a CNP Securityholder resolution in order to make that change. For the purposes of this document however, the name CNP is still used to describe CNP following implementation of the Proposal.

9.2 CNP Class Action Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against CNP. One proceeding is being conducted by Maurice Blackburn and the other by Slater & Gordon. The statements of claim in each proceeding allege that CNP 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 CNP's consolidated financial reports, which were published in CNP's Preliminary Financial Report and Annual Report for the year ended 30 June 2007;

- CNP's operating distributable profit per security (DPS) forecasts for the 2008 financial year;
- the refinancing of Australian and United States debt; and
- the treatment of Super LLC's debts in CNP's Preliminary Financial Report and Annual Report for the year ended 30 June 2007.

Similar proceedings were commenced against CRL and CMCS Manager Limited in its capacity as responsible entity of CRT.

The claims have been made on behalf of persons or entities who acquired CNP Securities, in the instance of the Maurice Blackburn conducted proceeding, between 9 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**), CNP'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 Centro America Shopping Trust (**CSF**) security holders against PricewaterhouseCoopers Securities Limited (**PwCS**). This proceeding relates to alleged misleading and deceptive statements in an 'Investigating Accountants Report on Financial Forecasts' prepared by PwCS in connection with the proposed merger between CSF and CER. CNP has been joined by PwC to this further proceeding.

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

In each of the representative proceedings to which it is a party CNP has cross claimed against PwC and PwC has cross claimed against CNP and also against persons who were directors and/or officers of CNP at the relevant time. These directors and/or officers have sought indemnity from CNP 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) and no amount has been provided for in CNP's financial report. The parties are completing various interlocutory steps ordered by the Court with a view to a trial commencing in March 2012.

9.3 Limited and orderly winding-up of remaining CNP group

A significant portion of CNP's legal structure will remain in place with limited continuing operations and an orderly winding -up of CNP to take place over time. CNP is not expected to have any substantial assets or liabilities (noting that certain contingent liabilities will remain) and the wind-up will be in accordance with the Corporations Act and constitutions of the trusts. The timeframe for the completion of this process will depend on the complexity of each entity's respective affairs. The payment of the 5.03 cents per CNP Security will not be impacted by any of the costs or arrangements for the winding-up, as the funding of these costs will be made available under the Proposal for the purpose of meeting expected costs to wind-up CNP. The functions which are anticipated to be undertaken include:

- Continued statutory corporate accounting and taxation filings;
- Liaison with and lodgement of applications with ASIC in regard to the eventual winding up of each of the companies in the remaining group;

- The collection and archiving of all records for the entities in the remaining group; and
- The winding-up of the entities in the remaining group.

9.4 Cash available to CNP subsequent to the Proposal

CNP has agreed with certain Senior Lenders that additional funds of up to $30 million in total (from the $70 million in the Escrow Account allocated for CNP accrued liabilities and wind-up costs) will be made available for the purpose of meeting expected costs to wind-up CNP. If the costs are higher than expected, CNP may not have sufficient funds to continue to operate and effect an orderly wind-up as planned, and the Directors of CNP may have to cause CNP to be wound-up earlier than anticipated.

SECTION 10 – Additional information

10.1 Summary of the terms of the Implementation Agreement dated 8 August 2011

This is a summary of the Implementation Agreement but does not purport to be comprehensive. The full Implementation Agreement including its definitions and Schedules were released by CNP to the ASX on 9 August 2011, and this summary should be read together with the full Implementation Agreement.

The Implementation Agreement is a further and more detailed agreement for the implementation of the transactions which were proposed in the Heads of Agreement with certain Senior Lenders and CNP managed funds which was announced on 1 March 2011.

As noted in the 1 March 2011 announcement, the debt cancellation (described in that announcement as the "Headstock Debt Restructure") which the parties to the Heads of Agreement agreed to undertake was subject to a number of matters including the amalgamation of certain CNP managed funds in a form acceptable to the Signing Senior Lenders.

The Implementation Agreement sets out the process, structure and conditions in relation to the proposed amalgamation (initially announced by CNP on 1 March 2011), described in this Explanatory Memorandum as "Aggregation", which is summarised as follows (in each case below subject to a number of conditions and approvals set out in full in the attached Implementation Agreement):

- CER, DPF Holding Trust and CAWF will be listed on the ASX and their securities stapled so that they trade as if they were a single security in Centro Retail Australia;
- CNP will sell into Centro Retail Australia its co-ownership Syndicate investments, direct property interests, related party loans, interest rate swap agreements and CNP Services Business (collectively, Transferring Assets) in return for Centro Retail Australia securities;
- the allocation of Centro Retail Australia Stapled Securities between the then holders of CER scrip, holders of DPF Holding Trust units, holders of CAWF units and CNP (as the vendor of the Transferring Assets) will be based on the value of assets contributed to Centro Retail Australia based upon 31 December 2010 valuations (with certain working capital and other items to be adjusted for 30 June 2011 or the date of Aggregation as appropriate), as set out in schedule 3 of the Implementation Agreement; and
- An entitlement to Centro Retail Australia Class Action True-Up Securities (CATS) will be provided to unitholders in CAWF, unitholders in DPF Holding Trust, CNP and DPF. CNP's CATS will be distributed to the Senior Lenders in conjunction with the distribution of Centro Retail Australia Stapled Securities. The CATS provide holders with an entitlement to further issues of Centro Retail Australia Stapled Securities or a cash payment to those securityholders as compensation in respect of the liability for Centro Retail Australia resulting from any settlement or judgment of the existing class actions against CER (if and when such settlement or judgment occurs).

Conditions and approvals to the Aggregation include the following. For more detail, refer to clause 6 of the Implementation Agreement including the relevant Schedules to that Agreement:

- Approvals or relief (as relevant) is granted by CAWF unitholders, the DPF Holding Trust unitholders CER securityholders, the Court, ASIC, ASX and FIRB;
- In the case of approval by CAWF unitholders, subject to ASIC relief, the resolution to amend the CAWF constitution requires the approval of all unitholders by written consent and the resolutions to remove CPT Manager Limited as RE of CAWF and appoint Centro Retail Australia RE require the approval of at least 50% of members, by written consent. Since all units in CAWF are owned by CNP, CER or the DPF, each of which has supported the Proposal by entering into the Implementation Agreement, these approvals are expected to be received;
- In the case of DPF Holding Trust unitholders, the resolution to amend the DPF Holding Trust constitution requires the approval of all unitholders, by written consent and the resolutions to remove CMCS Manager Limited as RE of DPF Holding Trust and appoint Centro Retail Australia RE require the approval of at least 50% of members, by written consent. Since the only units in the DPF Holding Trust are owned by DPF and CNP, each of which has supported the Proposal by entering into the Implementation Agreement, these approvals are expected to be received;
- In the case of approval by CER securityholders, although the approval thresholds for each resolution differ, the resolution to approve the CRL Members' Scheme requires a vote in favour by at least 50% of CRL shareholders by number in respect of at least 75% of CRL shares, present and voting;
- Approval by CNP Securityholders for the sale of the Transferring Assets by ordinary resolution. See explanation in Section 10.2 in relation to the Extended Aggregation Period if this approval is not granted;
- Execution of various deeds and agreements to be entered into as part of Aggregation, including the agreements for the sale of the Transferring Assets to Centro Retail Australia and all conditions precedent to those agreements being satisfied or (if permitted) waived, all necessary third party consents to Aggregation being obtained and the consent of the Centro Retail Australia RE to its appointment as RE of Centro Retail Australia being obtained;
- Independent Expert's Reports: the Independent Expert issues the Independent Expert Reports which conclude:
  - (1) that the Aggregation is in the best interests of each of:
    - e) CNP Securityholders;
    - f) CER securityholders;
    - g) DPF unitholders; and
    - h) CAWF unitholders;
  - (2) that, for the purposes of Listing Rule 10.1, the acquisition of the Transferring Assets is fair and reasonable to CER securityholders, other than CNP; and
  - (3) such other opinions in respect of the Proposal as may be required by law or ASIC
- ASX approval of the listing of DPF Holding Trust and CAWF and other matters required to establish Centro Retail Australia;

- No "Prescribed Occurrences" (e.g. capital raising, disposal of material assets, altering material contractual arrangements) occurring in relation to CER, DPF Holding Trust and CAWF prior to Aggregation and no restraints are in force preventing the Aggregation;
- Acceptable refinancing terms or standstill arrangements for the existing secured debt of CAWF, CER, CSIF and 90% of the Syndicates (by value of Funds Under Management (FUM)) being negotiated and the relevant agreements entered into;
- the management rights for Syndicates representing FUM of at least 90% of total Syndicate FUM being able to be transferred to Centro Retail Australia (this condition will be deemed to be satisfied if Aggregation occurs during the Extended Aggregation Period as described in section 10.2);
- Approval by the Court of the Senior Debt Schemes and the satisfaction of all conditions to the Senior Debt Schemes, separately summarised below; and
- Further, ASIC has provided relief to CNP's Signing Senior Lenders in relation to the entering into of the Implementation Agreement by them. It is a condition of this relief that CER securityholders approve an ordinary resolution necessary for Aggregation within 4 months after the date of the Implementation Agreement (or within such later period as may be approved by ASIC) (**4 Month Period**), with no votes being cast in favour of the resolution by CNP's Signing Senior Lenders, CNP, DPF RE or any of their associates. If this condition is not satisfied within the 4 Month Period, then the Implementation Agreement will automatically terminate at the end of the 4 Month Period.

Other circumstances described in the Implementation Agreement which can cause Aggregation not to proceed include the following Aggregation Review Events (see clause 8 of the Implementation Agreement for more detail):

- the Independent Expert determining that the Aggregation is not in the best interests of securityholders of any of CNP, CER, DPF or CAWF or that the Aggregation is not fair and not reasonable from the perspective of a relevant set of Securityholders;
- an insolvency event occurs in respect of CER, DPF, DPF Holding Trust, CAWF or their responsible entities in that capacity. The standstill and related arrangements are intended to prevent a CNP insolvency from triggering this condition;
- if an insolvency event occurs in respect of CNP or CAWF RE (if CPT Manager Limited is the responsible entity of CAWF) and any controller appointed to CNP or CAWF does not proceed with Aggregation; and
- any superior proposal emerges for CNP, CER, DPF RE, DPF Holding Trust RE or CAWF RE.

There are various consultation and other processes which apply before a termination on these grounds can occur. In addition, exclusivity arrangements require each party and its advisers to notify the other parties if it becomes aware of any approaches to acquire a substantial part of the business of CNP, CER, DPF, CAWF or any of their controlling bodies, or seek or gain control of or otherwise merge with any of those parties, or to enter into an agreement to abandon or fail to proceed with the Aggregation.

10.2 Extended Aggregation Period if all approvals are not obtained

- In the event that one or more of the CNP Junior Stakeholder groups do not approve the Senior Debt Schemes or the sale of the Transferring Assets to Centro Retail Australia, the parties which entered into the Implementation Agreement have negotiated a further period of 60 days agreed between the parties to allow for the Conditions Precedent to Aggregation to be satisfied or (if permitted) waived and for Aggregation to occur. The Extended Aggregation Period may be terminated by notice in writing by any of CER, CAWF and DPF Holding Trust on or after 14 December 2011 (unless extended by agreement of the parties). All parties will continue to use their commercially best endeavours to satisfy the conditions precedent during that period. Also, the Aggregating Funds may terminate the Extended Aggregation Period at any time during that period if the directors of the Boards or responsible entities of CER, DPF or CAWF determine 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) or upon a material adverse change in certain financial metrics of an Aggregating Fund or Centro Retail Australia (after having conferred in good faith for 10 business days as to whether Aggregation can proceed on varied terms which are acceptable to all parties);
- As noted above, it is a condition to Aggregation that CNP Securityholders approve by ordinary resolution the sale of the Transferring Assets. Similarly, it is a condition to the Senior Debt Schemes that CNP Securityholders approve by ordinary resolution the distribution of Centro Retail Australia securities held by CNP following Aggregation implementation to CNP's Senior Lenders in return for the cancellation of Senior Debt under the Senior Debt Schemes. However, if these approvals are not given, CNP's Board would be placed in a position where they would have to re-assess the solvency of CNP in view of the impending maturity of CNP's substantial Senior Facility Debt in December 2011 and in all likelihood the CNP Board would appoint an external administrator, which the CNP Board believes would be followed by the Senior Lenders appointing a receiver to CNP. It is expected that CNP Securityholder approval would consequently then not be required in order to implement the Aggregation and the Senior Debt Scheme as a waiver of the requirement for approval may be sought from ASX or where this waiver is not obtained, a receiver may waive this condition; and
- If the Senior Debt Schemes occur without the approval of CNP Junior Stakeholders being obtained, then a portion of CNP's Senior Debt will remain which it is expected will exceed any remaining assets in CNP.

10.3 Further detail of Senior Debt Schemes

Further details which have now been agreed in the Implementation Agreement in relation to the Senior Debt Schemes described in the 1 March announcement are as follows:

- CNP agrees to put forward, and Senior Lenders holding more than 83% of CNP's Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011 agree to vote in favour of, the Senior Debt Schemes, under which, if all relevant approvals are obtained, CNP's Senior Debt will be cancelled in return for CNP delivering to the Senior Lenders substantially all of CNP's assets following Aggregation. At that stage, substantially all of CNP's assets will comprise Centro Retail Australia securities.
- The Senior Lenders who have signed the Implementation Agreement, to the extent that they are Hybrid Lenders, have agreed to vote their interests in the Hybrid Debt in favour of the Hybrid Debt Scheme.

- $100 million is made available to CNP stakeholders who are junior to the Senior Lenders, and is proposed to be applied as described in this Explanatory Memorandum, subject to all necessary votes being passed and the Senior Debt Schemes and the Hybrid Debt Schemes becoming effective.
- As well as the conditions mentioned above in relation to Aggregation, which must be satisfied or (if permitted) waived for the Senior Debt Schemes to occur, conditions and approvals required for the Senior Debt Schemes to occur include the following:
  - FIRB approval
  - applicable court and ASIC approvals
  - CNP Securityholder approval (however, as mentioned above, it is expected that if all other consents were obtained but this, Aggregation could still proceed and the Senior Debt Scheme could still be implemented without the CNP Securityholder approval with applicable regulatory approvals)
  - the proposed board members and Chief Executive Officer of Centro Retail Australia being acceptable to the Signing Senior Lenders.
- Various measures have been agreed including entry into certain standstill arrangements and changes of responsible entity to give additional protections for the CNP Services Business and investors in certain CNP managed funds in the event of a CNP administration or receivership, including with a view to protecting those interests during the Extended Aggregation Period.

The Implementation Agreement also contains provisions for:

- the parties to progress the various documentation required to implement the various restructure elements; and
- Centro Retail Australia to provide services to CNP following implementation to facilitate its limited continued operations and wind-up.

10.4 Summary of the key terms of the CNP Asset Sale Agreements (relating to the Transferring Assets)

CNP and the Aggregation Funds have agreed to enter into the CNP Asset Sale Agreements in the form of the agreements which form Schedule 4 to the Implementation Agreement. 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 (other than interests in CER, CAWF and DPF). Completion of the sale under the CNP Asset Sale Agreements will occur on Aggregation.

The CNP Asset Sale Agreements comprise:

a. the CNP Services Business Sale Agreement;

b. the CNP Asset Sale Agreement – CPT Assets; and

c. the CNP Asset Sale Agreement – CSIF Securities.

The parties have the right to terminate the CNP Asset Sale Agreements if the conditions precedent are not satisfied or (if permitted) waived, Aggregation has not occurred by 14 December 2011 unless otherwise agreed, 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.

10.4.1 CNP Services Business Sale Agreement

The CNP Services Business Sale Agreement provides for the sale to CRL of assets and entities owned by CNP which are required to carry on the CNP Services Business.

a. Sale assets and liabilities

The entities and assets transferred to CRL include:

1. shares in the companies which carry on the funds and property management activities of the CNP Services Business;
2. the entity which employs the employees who carry on the CNP Services Business;
3. all contracts, business records, intellectual property rights, receivables and goodwill relating to the CNP Services Business;
4. all other tangible and intangible assets used in carrying on the CNP Services Business (other than certain cash amounts); and
5. related party loans provided by CPL to CNP managed funds (**CPL Related Party Loans**).

Liabilities relating to the CNP Services Business will also be transferred to CRL, including liabilities for employee entitlements and trade creditors of the CNP Services Business.

b. Conditions precedent to completion

Completion under the CNP Services Business Sale Agreement is subject to the satisfaction or waiver of a number of conditions including:

1. the CNP Securityholders approving the Asset Sale Resolution or ASX waiving the requirement for approval (provided that where this approval is not obtained and an administrator or receiver is appointed to CNP, this condition can be waived (if permitted) by the administrator or receiver);
2. the CER securityholders approving the acquisition of assets under the agreement;
3. the release of certain intra-group guarantees;
4. the title warranties given by CNP being true and correct in all material respects; and
5. all other warranties given by CNP in respect of the 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 CRL to conduct the CNP Services Business).

c. Purchase price

The purchase price under the CNP Services Business Sale Agreement comprises:

1. an amount of approximately $200 million reflecting the discounted forecast cash flow based valuation of the CNP Services Business as at 31 December 2010;
2. an amount of approximately $40 million (reflecting non-recurring fee receivables attributable to the CNP Services Business as at 30 June 2011); and

3 an amount representing the value of the CPL working capital amounts based on 30 June 2011 statutory valuations.

The purchase price is subject to limited adjustments to reflect events in relation to certain items since the relevant valuation date.

In the event of a failed CNP Junior Stakeholder vote, if immediately upon Aggregation implementation Centro Retail Australia does not own the responsible entity of all Syndicates, the purchase price will be reduced by an amount equal to 4.4% of the estimated funds under management for any such Syndicate (Deferred Syndicate Consideration), provided that if, within 6 months of implementation of Aggregation (or such later date as is agreed by the parties), a Centro Retail Australia entity becomes the responsible entity of the relevant Syndicate, then an amount equal to the Deferred Syndicate Consideration will become payable in the form of Centro Retail Australia securities.

d. Payment of purchase price

CNP will receive Centro Retail Australia securities equal to the value of the CNP Services Business and CPL working capital amounts in connection with the CNP Services Business Sale Agreement.

e. Warranties

CNP gives warranties in relation to the property transferred under the CNP Services Business Sale Agreement, the content of which is standard for an agreement of this nature.

However, all warranties other than title warranties terminate on completion, which means that the only recourse of CRL for a breach of warranty is to elect not to complete the sale.

f. Other matters

CNP is required to use best endeavours to change the names of CPL and CPT to names that do not include the word “Centro” within 6 months of Aggregation.

The costs and expenses associated with the CNP Services Business Sale Agreement (including any stamp duty payable) are borne by the parties in accordance with the Implementation Agreement.

The CNP Services Business Sale Agreement also contains standard provisions in relation to matters including the obligations of CNP in carrying on the CNP Services Business prior to Aggregation, confidentiality and public announcements.

10.4.2 CNP Asset Sale Agreement – CPT Assets

The CNP Asset Sale Agreement – CPT Assets provides for the transfer by CNP to CER and CRT Sub Trust of the following assets:

- ownership interests in certain CNP managed funds and Syndicates;
- direct freehold property interests;
- related party loans provided by CPT to certain CNP managed funds; and
- interest rate swap agreements between CPT and certain CNP managed funds.

CER also assumes certain liabilities, such as liabilities relating to the freehold property interests transferred.

a. 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:

1 the CNP Securityholders approving the Asset Sale Resolution or ASX waiving the requirement for approval (provided that where this approval is not obtained and an administrator or receiver is appointed to CNP, this condition can be waived by the administrator or receiver);

2 the CER Securityholders approving the acquisition of the assets under the agreement;

3 CNP, DPF and the Aggregating Funds having entered into a deed of indemnity under which the Aggregating Funds indemnify DPF, CNP and their controlled bodies for existing and future stamp duty liabilities in respect of certain historical transactions;

4 the title warranties given by CNP being true and correct in all material respects; and

5 all other warranties given by CNP 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).

b. Purchase price

The purchase price under the CNP Asset Sale Agreement – CPT Assets is determined:

1 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;

2 in the case of the related party loans and the interest rate swap agreements, based on 30 June 2011 statutory valuations,

subject to certain adjustments to reflect events since the relevant date. The purchase price is expected to be approximately $291 million.

c. Payment of purchase price

CNP will receive Centro Retail Australia securities equal to the value of the assets transferred in connection with the CPT Asset Sale Agreement.

d. 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.

e. 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 Services Business Sale Agreement outlined above.

10.4.3 CNP Asset Sale Agreement – CSIF Securities

The CNP Asset Sale Agreement – CSIF Securities provides for the transfer by CPT RE 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 Centro Retail Australia securities equal to the value of the CSIF units transferred (expected to be approximately $56 million.

The CNP Asset Sale Agreement – CSIF Securities 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.

10.5 Disclosure of CNP's potential conflicts of interests regarding the Proposal

Paul Cooper and Anna Buduls, both directors of CNP, are also directors of CMCS Manager Limited, the Responsible Entity of CER, DPF Holding Trust and certain other funds managed by CNP which are also subject to the Aggregation. Additionally, Robert Tsenin is Group Chief Executive Officer, Managing Director of CNP and CEO of CER.

CPT Manager Limited, which is the responsible entity of CPT, is also the responsible entity of CAWF, which is an Aggregating Party.

Governance protocols and memoranda of understanding between CNP and its managed funds setting out governance and due diligence measures were observed during the process including designated management personnel and separate legal and financial advisors acting for each fund. This has enabled each fund to assess the transaction as being in the best interests of its investors and to manage conflicts.

10.5.1 CNP Securities held by the CNP Directors

The CNP Directors and the number of CNP Securities in which they have a relevant interest as at the date of this Explanatory Memorandum are set out in the following table:

Name	Number of Securities
P Cooper	Nil
R Tsenin	450
A Buduls	Nil
J Hall	11,833
S Oliver	Nil
R Wylie	Nil

10.6 Total Number of Securities on Issue

The total number of securities in CNP on issue as at the date of this Explanatory Memorandum is 972,414,514.

10.7 CNP's sources of cash

The $100 million that will be made available to CNP stakeholders who are junior to the Senior Lenders, including CNP Securityholders, will be satisfied wholly in cash and will be sourced from an Escrow Account. There is also $70 million in that Escrow Account to meet estimated accrued liabilities and, if all CNP Junior Stakeholder Approvals are passed and the Senior Debt Schemes and the Hybrid Debt Schemes become effective, wind up costs of CNP.

The Escrow Account was established on the following basis:

An Escrow Deed was entered into on 8 August 2011 by CNP, Australia and New Zealand Banking Group Limited as Escrow Agent and the agent for the Senior Lenders (which entered into the Escrow Deed with the approval of a 'supermajority' of Senior Lenders holding more than 90% of the Senior Facility Debt, which means that all Senior Lenders were bound by the escrow arrangement).

Under the Escrow Deed, US asset sale proceeds which would otherwise have been paid to the Senior Lenders in partial repayment of their debt were instead paid into an Escrow Account. The funds in the Escrow Account are subject to the Senior Lenders' security. CNP cannot access the funds in the Escrow Account except where permitted by the Escrow Deed.

Of the $70 million set aside for accrued liabilities and wind up costs, up to $20 million may be withdrawn by CNP between 30 September 2011 and implementation of Aggregation to meet certain interest payments to the Senior Lenders and certain directors and officers and related insurance costs.

If all CNP Junior Stakeholder Approvals are obtained and the Senior Debt Schemes and Hybrid Debt Schemes become effective:

- $100 million will be released from the Escrow Account to CNP on trust for stakeholders who are junior to the Senior Lenders. This will include the $48,925,082 in aggregate required to distribute 5.03 cents per CNP Security to CNP Securityholders, which will be released from escrow to CNP on trust for the CNP Securityholders for the purpose of making that distribution;
- Of the $70 million set aside for accrued liabilities and wind up costs, up to $50 million (less cash on hand of CNP) may be released from the Escrow Account to CNP for the purpose of meeting estimated accrued liabilities of CNP and wind-up costs (which will be up to $30 million), including anticipated employee entitlements, and anticipated costs of running CNP and its controlled bodies on a scaled back basis until it can be wound up on a solvent basis. Any amount not used for these purposes must be paid to the Senior Lenders, who will retain their security in support of this obligation.

The Escrow Deed also provides for funds to be released from the Escrow Account to a receiver or liquidator of CNP on trust to meet anticipated accrued liabilities of CNP, including certain employee entitlements, if the CNP Junior Stakeholder Approvals are not obtained.

10.8 Transaction costs

Grant Samuel has received fees for performance of their work as Independent Expert. These fees are disclosed in the Independent Expert's Report in Annexure A.

Ernst & Young Transaction Advisory Services Ltd will receive approximately $25,000 for performance of their work on the Proposal including in regard to the preparation of their report in Annexure B. Ernst & Young will receive approximately $175,000 for performance of their work on the Proposal.

CNP's financial advisers, Moelis & Company, Lazard and KPMG have received fees in relation to their work on the Proposal. CNP's legal adviser, Freehills has received fees in relation to their work on the Proposal. CNP has also met the fees of certain Senior Lenders' advisers in respect of the Proposal.

The costs incurred above do not impact the amount which would be paid to CNP Securityholders under the Proposal or the value they will receive if the Proposal is approved.

10.9 Consents

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- Grant Samuel as Independent Expert;
- Ernst & Young Transaction Advisory Services Ltd as Investigating Accountant; and
- Link Market Services Limited as the CNP Security registrar.

Grant Samuel has consented to the inclusion of each statement they have made in the form and context in which the statements appear, including the Independent Expert's Report in Annexure A. Ernst & Young Transaction Advisory Services Ltd as investigating accountant has consented to the inclusion of each statement they have made in the form and context in which the statements appear, including the report in Annexure B.

Each person referred to in this section:

- Does not make or purport to make, any statement in this Explanatory Memorandum other than those reports referred to above as consented to by that person; and
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this Section with that person's consent.

10.10 Independent Advice

CNP Securityholders should consult their financial, legal or other professional adviser if they have any queries regarding:

- The Proposal or this Explanatory Memorandum;
- The recommendations and intentions of CNP in relation to the Proposal; or
- Any other aspect of this Explanatory Memorandum.

If you have any other questions in relation to the Proposal, please call CNP Investor Hotline on 1300 785 534 (+61 2 9191 5974 for overseas callers).

10.11 Supplementary Information

CNP will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of this Explanatory Memorandum and the CNP Meeting:

- a material statement in this Explanatory Memorandum is false or misleading;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter in this Explanatory Memorandum; or

- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if known at the date of this Explanatory Memorandum.

Depending on the nature of the timing of the changed circumstances and subject to obtaining any relevant approvals, CNP may, in addition to releasing the supplementary information on the ASX, circulate and publish any supplementary document by any one or more of the following methods:

- placing an advertisement in a prominently placed newspaper which is circulated generally throughout Australia;
- posting the supplementary document on CNP's website at www.centroinvestor.com.au; or
- sending the supplementary document to all CNP Securityholders.

SECTION 11 – Glossary

The meanings of the terms used in this Explanatory Memorandum are set out below:

ABN – Australian Business Number.

A$ or AUD – Australian Dollars.

AEST – Australian Eastern Standard Time

AFSL – Australian Financial Services Licence.

Aggregation – the aggregation of all, or substantially all, of the assets of CNP, CER, CAWF and DPF and certain assets of other CNP managed funds in accordance with the Implementation Agreement

Aggregation Approvals – the approvals as described in Section 10.1 of this document.

Aggregating Funds – CER, DPF Holding Trust and CAWF

ARSN – Australian Registered Scheme Number

ASIC – Australian Securities & Investments Commission

Asset Sale Resolution – the ordinary resolution put to CNP Securityholders in relation to the sale of substantially all of CNP's Australian assets including its Services Business (the Transferring Assets) to Centro Retail Australia in exchange for securities in Centro Retail Australia for the purposes of ASX Listing Rule 11.1 and/or 11.2 (being Resolution 1 as set out in the Notice of Meeting set out in Annexure C).

ASX – Australian Securities Exchange Limited.

ASX Listing Rules – a list of rules regulating ASX listed entities.

Blackstone - BRE Retail Holdings, Inc, an affiliate of Blackstone Real Estate Partners VI, L.P. ("Blackstone")

CATS – Centro Retail Australia Class Action True-Up Securities described in section 10.1.

CAWF - Centro Australia Wholesale Fund (ARSN 122 223 974)

CAWF RE – CPT Manager Limited (ABN 37 054 494 307) in its capacity as responsible entity of Centro Australia Wholesale Fund (ARSN 122 223 974)

Centro Properties Group, Centro or CNP – Centro Properties Group being Centro Properties Limited (ABN 45 078 590 682) and Centro Property Trust (ARSN 091 043 793) and all other entities controlled by each of them.

Centro Retail Australia – the new listed, stapled group formed as a result of the Aggregation, comprising CER, CAWF and DPF Holding Trust.

Centro Retail Australia Disclosure Document – the disclosure document issued by CRL, CRT RE, CMCS Manager Limited as RE of DPF Holding Trust, CAWF RE and DPF RE in relation to the Aggregation.

Centro Retail Australia RE – CRL (1) Limited ACN 149 781 322 (or, if CRL(1)

Limited does not hold an AFSL authorising it to act as the responsible entity of Centro Retail Australia by the Second Court Date, Wholesale Responsible Entity Limited ACN 145 213 654) which, following implementation of Aggregation, is proposed to be the new responsible entity for the managed investment schemes which are part of Centro Retail Australia.

Centro Retail Australia securities – the Centro Retail Australia Stapled Securities and the CATS

Centro Retail Australia Stapled Securities – following Aggregation, stapled securities quoted on ASX, each comprising:

- one CRL share;
- one CRT unit;
- one CAWF unit; and
- one DPF Holding Trust unit.

Centro Retail Group (CER) – the listed stapled entity comprising CRL and Centro Retail Trust (ARSN 104 931 928)

Change of Name Resolution - the special resolution put to CNP Securityholders in relation to the change of name of CPL (being Resolution 3 in the Notice of Meeting set out in Annexure C).

CMCS Manager Limited – Centro MCS Manager Limited (ABN 69 051 908 984).

CNP Asset Sale Agreements – means the agreements for the sale of the Transferring Assets as described in Section 10.4

CNP Board – The Board of Directors of CNP

CNP Class Action Litigation – means the following proceedings:

1 Kirby v Centro Properties Limited & others, proceeding VID 326 of 2008 in the Federal Court of Australia;

2 Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010 in the Federal Court of Australia;

3 Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008 in the Federal Court of Australia;

4 Vlachos & others v PricewaterhouseCoopers, proceeding VID 1041 of 2010 in the Federal Court of Australia; and

5 any related proceedings.

CNP Junior Stakeholder – CNP Securityholders, Hybrid Lenders and Convertible Bondholders

CNP Junior Stakeholder Amount - the sum of $100 million which the Signing Senior Lenders have agreed will be made available to CNP Securityholders and other stakeholders who are junior to the Senior Lenders.

CNP Junior Stakeholder Approvals – the approval of CNP Securityholders, Hybrid Lenders and Convertible Bondholders, which are required to implement the Proposal

CNP Junior Stakeholder Vote – each approval by CNP Securityholders of the Implementation Resolutions, the approval by Hybrid Lenders of the Hybrid Debt Schemes, and approval by the Convertible Bondholders of the Convertible Bond

Terms Amendment.

CNP Meeting or Extraordinary General Meeting or EGM – the meeting held in connection with the Notice of Meeting set out in Annexure C

CNP Registry – Link Market Services in its capacity as registry of CNP Securities.

CNP Securities – a fully paid ordinary share in CPL and a fully paid ordinary unit in CPT.

CNP Securityholders – a person who is registered as a holder of CNP Securities.

CNP Services Business - the business of providing property management, leasing, development management and funds management services, currently carried on by CNP.

Convertible Bonds – a nominally paid, perpetual subordinated deferrable and non-cumulative bond constituted by the Convertible Bond Terms.

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 JPMorgan Australia ENF Nominees No. 1 Pty Limited (ABN 124 343 148) as trustee of the JPMorgan Australia Exchangeable Note Funding Trust No 1, CPT RE and CPL dated 30 June 2010.

Convertible Bond Terms Amendment - the amendment of the Convertible Bond Terms to provide for the mandatory redemption of the Convertible Bonds in consideration for the payment of a portion of the CNP Junior Stakeholder Amount.

Court – Supreme Court of New South Wales.

Corporations Act – Corporations Act 2001 (Cth).

CPL – Centro Properties Limited (ABN 45 078 590 682)

CPT Asset Sale Agreement - the agreement described in Section 10.4.2.

CPT - Centro Property Trust (ARSN 091 043 793)

CPT Manager – CPT Manager Limited (ABN 37 054 494 307)

CPT RE - CPT Manager Limited (ABN 37 054 394 307) in its capacity as responsible entity of Centro Property Trust (ARSN 091 043 793)

Creditors' Schemes –

1 the Senior Debt Schemes; and

2 the Hybrid Debt Schemes.

CRL – Centro Retail Limited (ABN 90 114 757 783)

CRL Members' Scheme – a members scheme of arrangement between CRL and its members in a form required to implement Aggregation in accordance with this agreement

CRT - Centro Retail Trust (ARSN 104 931 928)

CRT RE - Centro MCS Manager Limited (ABN 69 051 908 984) in its capacity as responsible entity of Centro Retail Trust (ARSN 104 931 928)

CRT Sub Trust – CMCS Manager in its capacity as trustee of CER ST 1 ABN 777 007 413 771

CSIF – Centro MCS Syndicate Investment Fund (ARSN 124 855 465)**.**

CSIF Holder Syndicates - Centro MCS Manager Limited (ABN 69 051 908 984) in its capacity as responsible entity for Centro MCS 4 (ARSN 095 743 767), Centro MCS Manager Limited (ABN 69 051 908 984) as responsible entity for Centro MCS 14 (ARSN 095 502 622), CPT Manager Limited (ABN 37 054 494 307) as responsible entity for Centro MCS 25 (ARSN 097 223 259)

CSIF Securities Sale Agreement – the agreement described in section 10.4.3

Debt Cancellation – the cancellation of most or all of the Senior Debt under the Senior Debt Schemes.

Debt Cancellation Resolution – the ordinary resolution put to CNP Securityholders in relation to the transfer of all Centro Retail Australia securities CNP holds or is entitled to following Aggregation to the Senior Lenders in consideration for the cancellation of the Senior Debt for the purposes of ASX Listing Rule 11.1 and/or 11.2 (being Resolution 2 in the Notice of Meeting set out in Annexure C).

Directors – each of the members of the Board of Directors of CNP.

DPF - Centro Direct Property Fund (ARSN 099 728 971)

DPF Holding Trust - the unit trust known as the "Centro DPF Holding Trust" (ARSN 153 269 759).

DPF RE- Centro MCS Manager Limited (ABN 69 051 908 984) in its capacity as responsible entity of Centro Direct Property Fund (ARSN 099 728 971)

Escrow Account – the escrow account described in Section 10.7

Extended Aggregation Period – a further period of 60 days agreed between the parties which entered into the Implementation Agreement to allow for the Conditions Precedent to Aggregation to be satisfied or (if permitted) waived and for Aggregation to occur. The Extended Aggregation Period may be terminated by notice in writing by any of CER, CAWF and DPF Holding Trust on or after 14 December 2011 (unless extended by agreement of the parties).

FIRB – Foreign Investment Review Board

GST – Goods and Services Tax.

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:

1. CPT RE and the Hybrid Lenders; and
2. CPL and the Hybrid Lenders.

Hybrid Lenders – holders of 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 Centro, without any preference among themselves.

Hybrid Securityholders – holders of Hybrid Securities

Implementation Agreement - the implementation agreement between CPL, CPT Manager, CRL, CRT, CAWF, DPF, the CSIF Holder Syndicates and the Signing Senior Lenders dated 8 August 2011.

Implementation Resolutions – Resolutions 1 and 2

Independent Expert – Grant Samuel & Associates Pty Limited

Investigating Accountant – Ernst & Young

NTA – Net Tangible Assets

Proposal – the CNP restructure announced on 9 August 2011, including the proposed aggregation of the Australian assets and interests held by CNP, CER and certain other CNP managed funds and the cancellation of the Senior Debt in return for substantially all of CNP's assets following Aggregation and that $100 million will be made available to CNP Junior Stakeholders and potential contingent creditors.

RE – Responsible Entity

REIT – Real Estate Investment Trust.

Resolutions – the resolutions to be put at the CNP Meeting as set out in the Notice of Meeting in Annexure C.

Senior Debt – the debt the subject of the Senior Debt Schemes, including:

- the 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 Senior Facility Debt.

Senior Facility Debt – the Senior Debt facilities A, B, F and G which have a maturity date of 15 December 2011 totalling $2.9 billion as at 30 June 2011 and excluding any amounts contingently owing.

Senior Debt Schemes – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between:

1. CPT RE, the Senior Lenders and any other parties necessary to achieve the purpose of the scheme; and
2. CPL, the Senior Lenders and any other parties necessary to achieve the purpose of the scheme,

Senior Lenders or Senior Lender Group – holders of the Senior Debt

Services Business Sale Agreement - the agreement described in Section 10.4.1.

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 Senior Facility Debt (or 79% of Senior Debt) calculated as at 31 August 2011.

Syndicates – the property syndicates in respect of which the responsible entity is, as at the date of the Implementation Agreement, either CMCS Manager or CPT Manager.

Transferring Assets – the assets which CNP will sell to Centro Retail Australia in exchange for Centro Retail Australia securities as described in section 10.4.

US$ or USD – US Dollars.

SECTION 12 – Directors' statement

Board of Directors of Centro Properties Group

This Explanatory Memorandum has been duly signed on behalf of Centro Properties Group by its company secretary named below

Elizabeth Hourigan

Company Secretary

Dated: 5 October 2011

Annexure A – Independent Expert's Report

GRANT SAMUEL & ASSOCIATES

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5 October 2011

The Directors
CPT Manager Limited
as Responsible Entity of Centro Property Trust
3rd Floor, Centro The Glen
235 Springvale Road
Glen Waverley Victoria 3150

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

Dear Directors

Proposed Restructure of the Centro Properties Group

1 Introduction

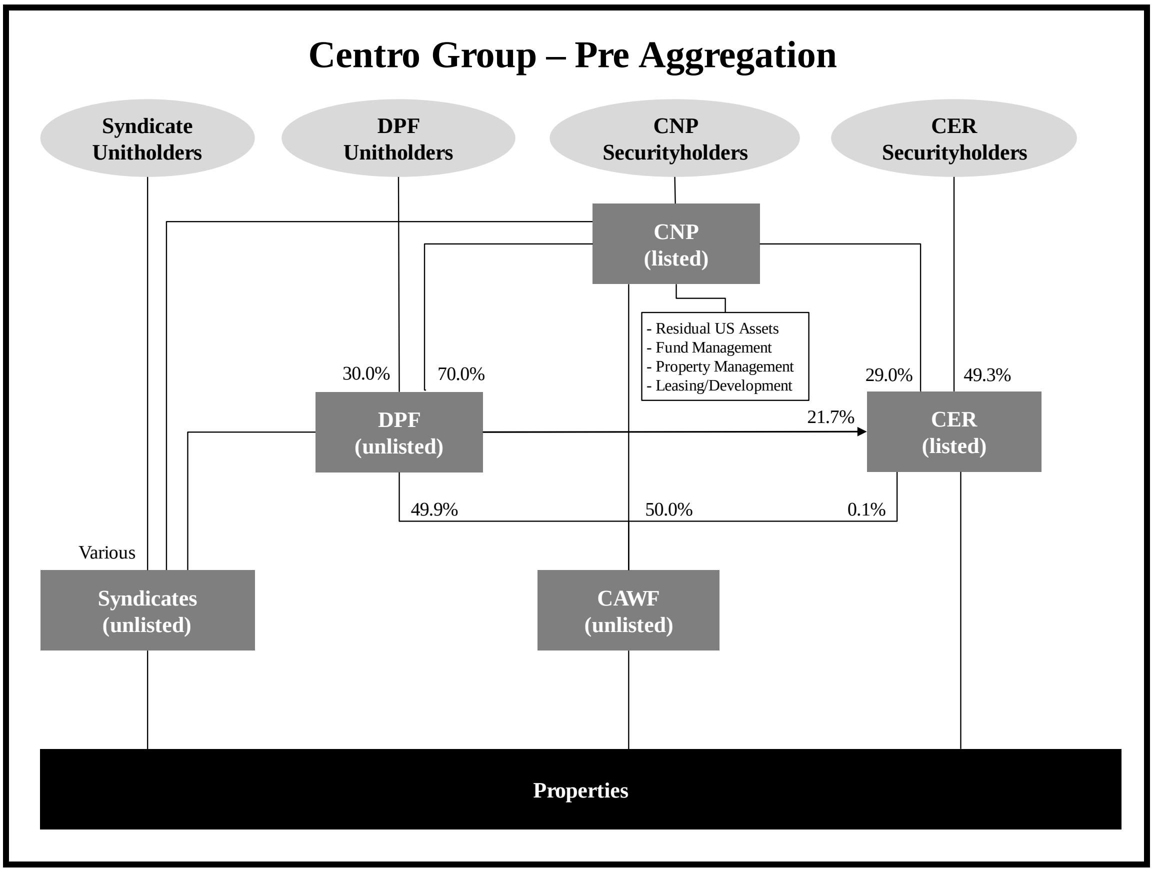
Centro Properties Group ("CNP") is a stapled security structure, consisting of stapled securities in Centro Property Trust ("CPT") and Centro Properties Limited ("CPL"). CNP is the head entity of a group of listed and unlisted wholesale and retail property funds ("Centro Group"), which own a portfolio 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 1 September 2011 of approximately $37 million.

The other significant entities within the Centro Group are:

- Centro Retail ("CER"), a stapled security structure consisting of stapled securities in Centro Retail Trust ("CRT") and Centro Retail Limited ("CRL"). Public investors hold 49% of the securities in CER, with the balance held by CNP and other 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.

Wholly owned 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: CNP
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.

The Centro Group currently has interests in 99 Australian properties (regional, sub-regional and neighbourhood shopping centres), of which 61 are held through Syndicates.

The Centro Group pursued an aggressive debt-funded growth strategy, including a major expansion into the United States 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[1]) plus junior debt[2] (approximately $1.4 billion) substantially in excess of the value of its assets (which had an estimated value at 30 June 2011 of $2.7-3.1 billion). All of CNP's senior debt falls 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 portfolio and services business in the United States was completed on 29 June 2011. On 9 August 2011 the Centro Group announced that agreement had been reached on the terms on which various entities within the group are to merge to create a single entity ("Aggregation") CNP's senior debt is to be cancelled in exchange for the transfer to its lenders of substantially all CNP's assets (together the "Proposal").

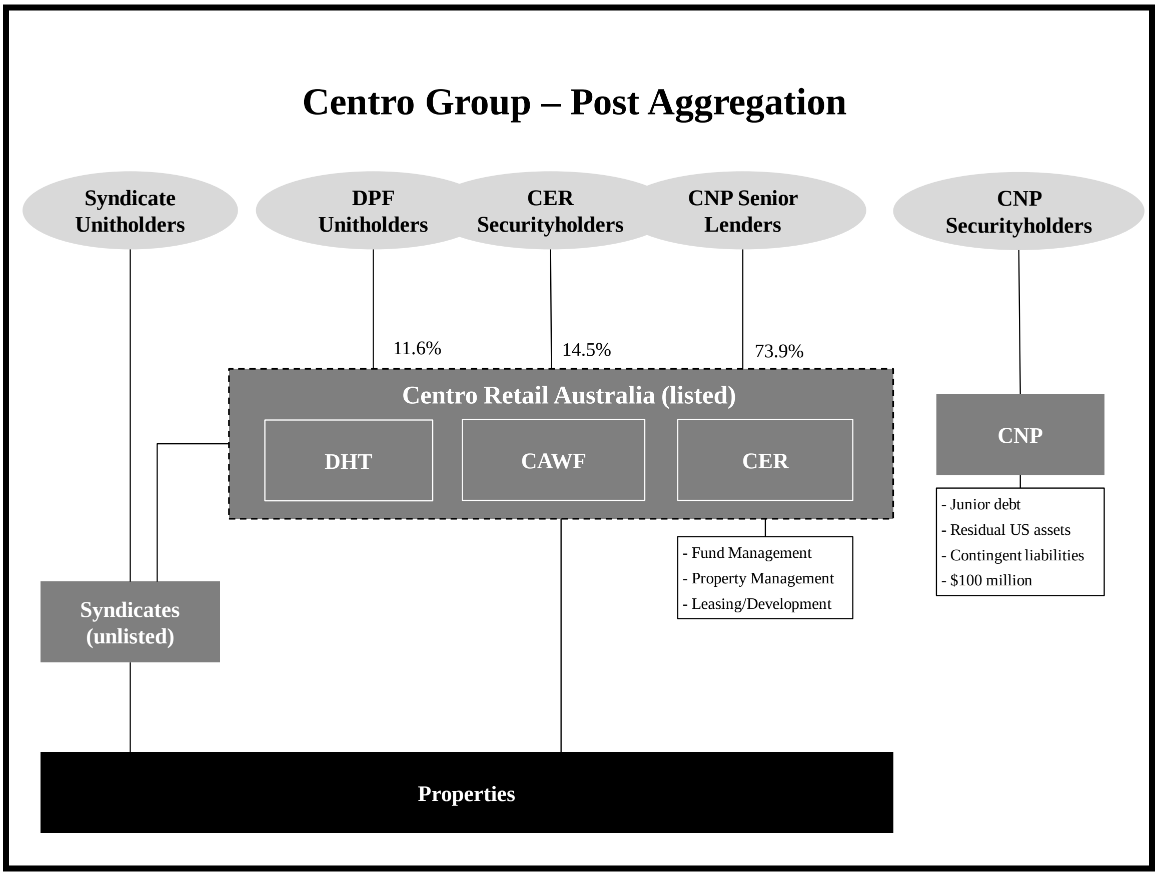
1 Including accrued interest and assuming that CNP debt funds certain obligations arising from the exercise of put options over DPF units

2 Junior debt includes Hybrid Securities and Convertible Bonds.

Under the Aggregation, securities in CER, CAWF and a wholly owned subsidiary of DPF ("DHT") are to be stapled together to form a new entity ("Centro Retail Australia"), which will hold all Centro Group's direct Australian property interests 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 full 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 ("Junior Stakeholders") and potential claimants pursuant to litigation in which CNP is involved. Of this amount, $48.9 million, representing 5.03 cents per security, will be paid to holders of CNP ordinary securities. The remaining cash will be paid to holders of Convertible Bonds (who will receive a total of $21.1 million, in full settlement of the $0.4 billion due to them) and to holders of Hybrid Securities (who will receive a total of $20 million in full settlement of the $1.0 billion due to them), with $10 million set aside for potential contingent creditors. Any surplus cash remaining will be returned to the CNP Senior Lenders. CNP will have no residual interest in Centro Retail Australia.

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



Source: CNP

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%.

As part of the Aggregation, CER will acquire CNP's property and funds management business ("Services Business") for $240 million (adjusted for working capital) and various other assets and liabilities from CNP for a further $347 million ("CNP Assets") (jointly referred to as the "Asset Divestment").

The Proposal will require the approval of CNP securityholders in relation to the Asset Divestment and in relation to the distribution of CNP's Centro Retail Australia securities to the CNP Senior Lenders in satisfaction of the amounts due to the CNP Senior Lenders. The Proposal is also conditional on numerous other approvals, including approvals by the holders of Convertible Bonds and Hybrid Securities and by the holders of CER securities.

If one or more of the Junior Stakeholders do not approve the Proposal, the Proposal will not be implemented in its current form. Instead, CER, the CNP Senior Lenders and other members of the Centro Group have agreed that they will pursue an alternative transaction that will deliver essentially the same outcome. In this circumstance, CNP will not have available to it the $100 million available under the Proposal and there will be no distribution to Junior Stakeholders and potential litigation claimants.

The directors of CNP 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 in the best interests of the holders of ordinary securities in CNP.

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

2 Summary of Opinion

CNP's debt is greater than the value of its assets by a margin of at least $1.6 billion. CNP's senior debt is repayable in December 2011. If the Proposal is not implemented, CNP will almost certainly be placed in insolvency administration. In those circumstances CNP securityholders could expect to realise zero value.

Under the Proposal, CNP securityholders will receive 5.03 cents per security. While this amount is not significant, it is marginally more than the price at which CNP securities were trading immediately before the announcement of the details of the Proposal. The receipt of 5.03 cents per security is clearly better than the alternative, which will almost certainly see securityholders receive nothing. Accordingly, in Grant Samuel's view, the Proposal is fair and reasonable to and in the best interests of the holders of CNP ordinary securities.

3 Key Conclusions

- **CNP's debt is greater than the value of its assets by a margin of at least $1.6 billion.**

  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 97% of 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 portfolios: 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
Adjusted net debt	(918)	(918)
CAWF equity value	**1,256**	**1,485**

The equity in CER has been valued in the range $927-1,099 million. The valuation analysis is summarised below:

CER – Estimated Underlying Value ($ millions)		
	Low	**High**
0.12% interest in CAWF	2	2
Direct property interests	1,635	1,807
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

The equity in DPF has been valued in the range $1,238-1.433 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 ($ per unit)	0.77	0.91

CNP's assets principally consist of its holdings in CAWF, CER and DPF. Their value is substantially less than CNP's debt. The value analysis is summarised below:

CNP – 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
Interest rate swaps	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	336	355
Services Business	230	260
Services Business net assets	14	14
CNP Assets and Services Business	**2,344**	**2,693**
Other investments	349	349
Other related party loans and payables	23	23
Cash (including distribution receivable from CAWF and US syndicates	84	84
Mark-to-market derivatives	(95)	(95)
Total net assets before senior and junior debt	**2,704**	**3,053**
Senior debt (including accrued interest)	(3,217)	(3,217)
Junior debt - Convertible Bonds and Hybrid Securities (including accrued interest)	(1,443)	(1,443)
Total net assets attributable to CNP ordinary securityholders	**(1,956)**	**(1,607)**

CNP's estimated net asset value (before senior and junior debt) is $2.7-3.1 billion. This is less than the face value of CNP's senior debt of $3.2 billion. After subtracting senior and junior debt, CNP has a net asset deficiency of $1.6-2.0 billion. This amount does not take into account any amounts that might ultimately be due to potential litigation creditors. It does not make any allowance for costs that would be incurred and asset value discounts that might apply if CNP's assets were realised through some form of insolvency administration.

- **If the Proposal is not approved CNP will almost certainly be placed in insolvency administration.**

  CNP's senior debt falls due on 15 December 2011. The Proposal will involve the CNP Senior Lenders' acceptance of securities in Centro Retail Australia in satisfaction of the senior debt. If the Proposal is not implemented, CNP will remain liable to repay its senior debt but will have no way to fund this repayment. The CNP directors have stated in the Explanatory Memorandum that, if the Proposal is not approved, CNP's Board 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".

- **Holders of CNP ordinary securities can expect to realise no value for their investments if the Proposal is not approved and CNP is placed in insolvency administration.**

  The CNP Senior Lenders, CER and other entities within the Centro Group have agreed that, if the Proposal is not approved by CNP securityholders, they will pursue a transaction that will deliver essentially the same outcome in terms of an aggregated Centro Retail Australia. However, the transaction will proceed in the context of a receivership of CNP. In this circumstance CNP will not have available to it the $100 million that is to be made available under the Proposal. Instead, 100% of the value in CNP will be captured by the CNP Senior Lenders. In addition, CNP securityholders will rank behind the Hybrid Securities and Convertible Bonds (who hold securities with a face value of $1.4 billion) and other creditors, including any potential contingent claimants. The asset values in CNP would need to increase by at least $1.6 billion relative to current estimates of value for there to be any surplus available for CNP securityholders. The position of CNP securityholders would be worse to the extent of the costs involved in an insolvency administration, litigation settlement or any discounts to assessed asset value that might apply in a forced realisation of the assets of the Centro Group.

In short, holders of ordinary CNP securities can expect to realise no value for their investments if the Proposal is not approved.

- **Holders of CNP ordinary securities will clearly be better off if the Proposal is implemented than if it is not.**

  The equity in CNP has no value. Implementation of the Proposal will at least allow securityholders to recover some value ($48.9 million in aggregate, or 5.03 cents per security). Given that the amount to be realised by securityholders is greater than the value of the equity in CNP, the Proposal is fair and reasonable. While the amount is not significant in the context of the overall asset and liabilities of CNP, it does represent a slight premium to the price at which CNP securities were trading immediately before the announcement on 9 August 2011 of the details of the Proposal. By contrast, if the Proposal is not approved then CNP securityholders should expect the appointment of insolvency administrators to CNP, with the consequence that CNP securityholders' investments in CNP will almost certainly be completely worthless.

  The Proposal will deliver only modest value to CNP securityholders. However, it is clearly preferable to the alternative, which would crystallise the loss of all CNP securityholder value. CNP securityholders will be better off if the Proposal is implemented than if it is not. Accordingly, the Proposal is fair and reasonable and in the best interests of the holders of ordinary securities in CNP.

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 CNP securityholders. Accordingly, before acting in relation to their investment, shareholders 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 CNP in relation to the Proposal.

Voting for or against the Proposal 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 should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in CNP 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 Proposal. 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 the restructure of Centro Properties Group

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

5 October 2011

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 Properties Group ("CNP") in relation to a Proposal involving an aggregation of Centro Group entities ("the CNP 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 6.3 of the CNP 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 CNP 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 6.3 of the CNP 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 Proposal.

Grant Samuel has also been appointed by other entities within the Centro Group to prepare independent expert's reports in relation to the Proposal. Grant Samuel has been engaged by:

- *the directors of CER to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CER securityholders and whether the Asset Divestment is fair and reasonable to CER securityholders not associated with CNP ("CER Report"). The CER Report is to be included in the explanatory memorandum to be sent to CER 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 Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, theProposal.

Grant Samuel had no part in the formulation of theProposal. 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 theProposal. 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 CNP 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.

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1 Terms of the Proposal

Centro Properties Group ("CNP") is a stapled security structure, consisting of stapled securities in Centro Property Trust ("CPT") and Centro Properties Limited ("CPL"). CNP is the head entity of a group of listed and unlisted wholesale and retail property funds ("Centro Group"), which own a portfolio of Australian regional and sub-regional shopping centre interests. Its stapled securities are listed on the Australian Securities Exchange ("ASX"). On 1 March 2011, the 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 will merge to create a single new entity ("Centro Retail Australia") holding, predominantly, 100% owned Australian regional and sub regional shopping centres ("Aggregation"). In addition, the senior debt in CNP will be cancelled in exchange for the transfer to its senior lenders of substantially all the of the assets in CNP. Holders of ordinary CNP securities will be paid 5.03 cents per CNP security. Following implementation of the Proposal, CNP ordinary securityholders will have no interest in Centro Retail Australia and no residual economic interest in CNP. Additional payments will be made to holders of other subordinated securities in CNP. The Aggregation, cancellation of CNP's senior debt in exchange for the transfer of CNP assets to its lenders and the payments to holders of ordinary CNP securities and other subordinated securities are collectively referred to as the "Proposal".

The major entities within the Centro Group that are relevant to the Proposal are:

- CNP, of which CPT Manager Ltd is the responsible entity;

- 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;

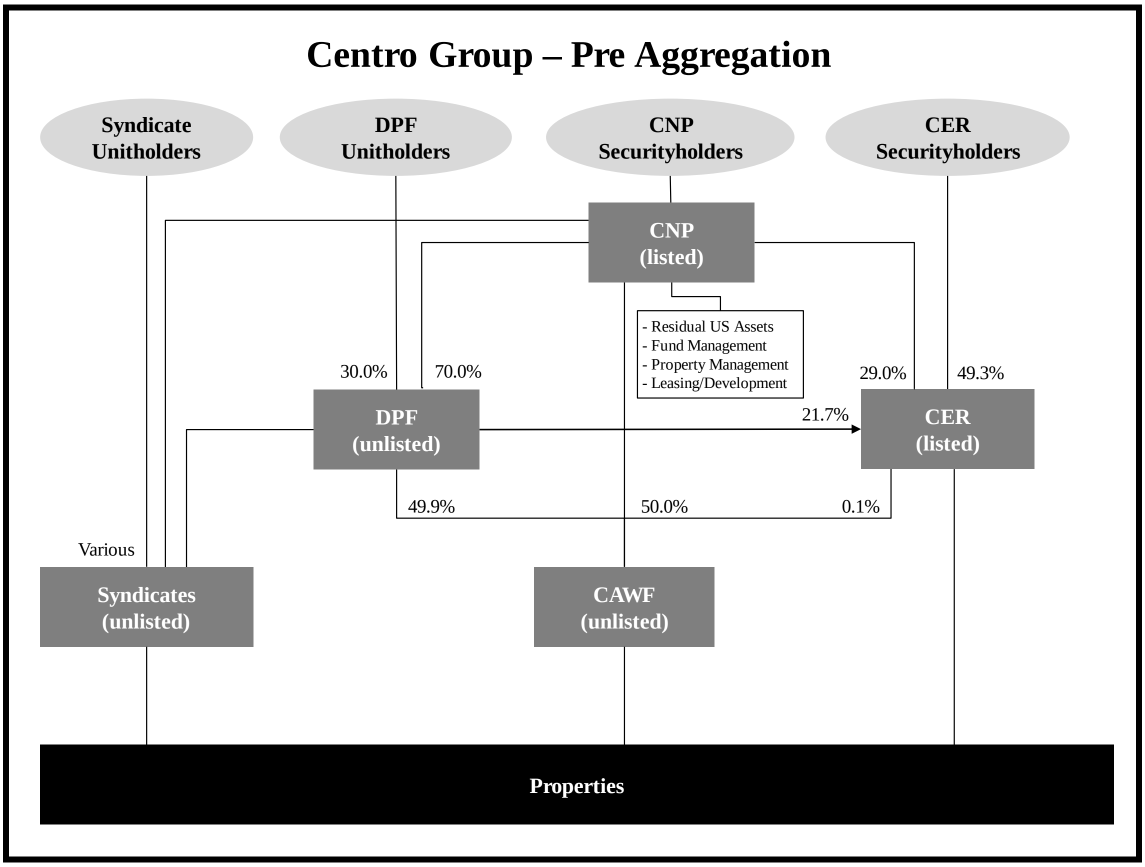
- Centro Direct Property Fund ("DPF"), of which Centro MCS Manager Ltd is responsible entity. DPF is an unlisted open ended fund, in which external investors hold 44% of the units and CNP (and its subsidiaries) holds the balance;

- 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".

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



Source: CNP
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.

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 (non 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.

Following the Aggregation, DPF's only substantial asset will be its interest in Centro Retail Australia. 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 will 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 CNP senior lenders ("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.

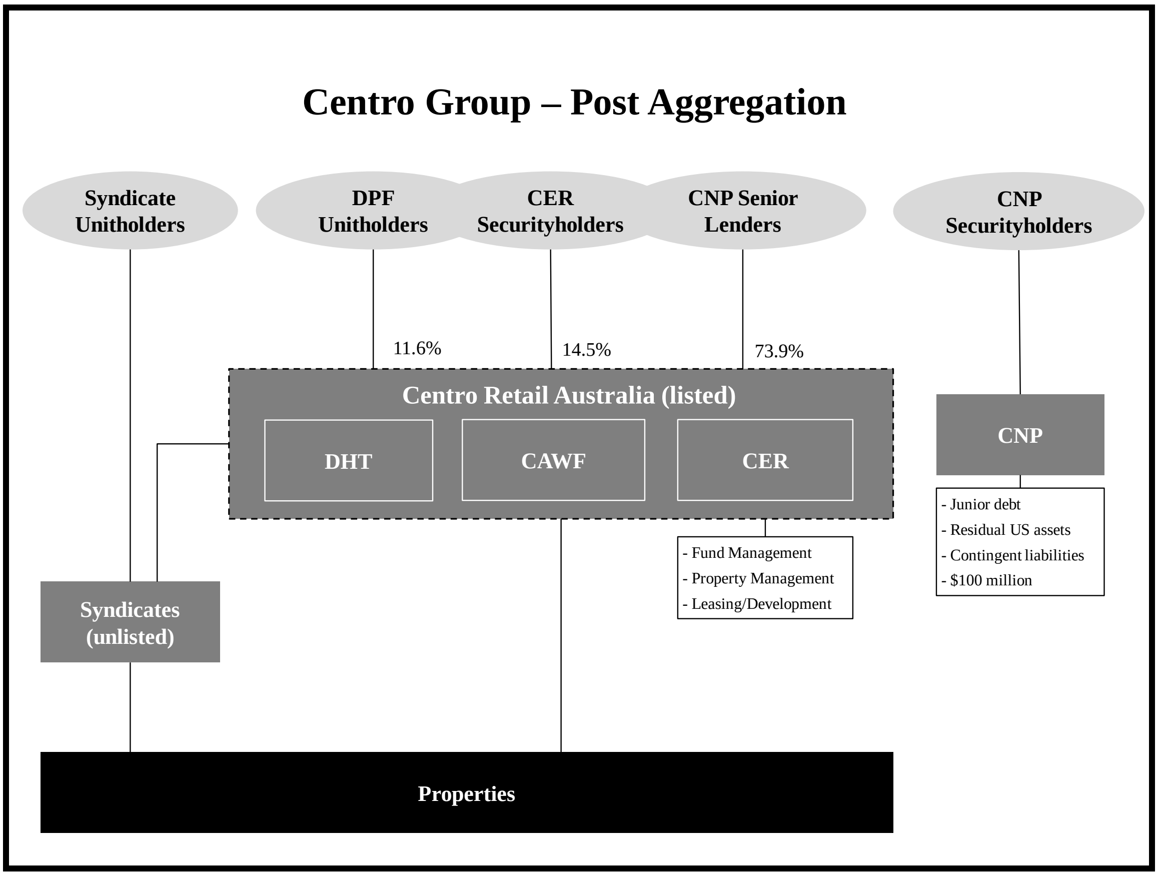
Under the Aggregation:

- CER external securityholders will receive one Centro Retail Australia security for every 5.8 CER securities;

- DPF unitholders will receive one Centro Retail Australia securities for every 3.1 DPF units, unless unitholders elect to redeem their units for cash; and

- CNP Senior Lenders will receive approximately 0.9 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: CNP
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%.

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 amendments to the constitutions of each of CRL, CPT, CAWF and DHT pursuant to sections 136 and 601GC of the Corporations Act.

As part of the Aggregation an internal restructure will be effected with the overall objective of transferring net assets within CNP to the entities that are to be stapled to form Centro Retail Australia. In exchange, CNP will receive additional securities 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, including direct property interests, interests in Syndicates, related party loans and derivatives and certain provisions; and

- CNP's Services Business will be transferred to Centro Retail Australia for approximately $240 million (subject to certain adjustments for working capital) in exchange for Centro Retail Australia securities.

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 all of its outstanding senior debt. Following this transfer, CNP will have no equity holding in Centro Retail Australia.

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 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 (excluding accrued interest) 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 Proposal 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 Stakeholder approval of the Proposal. If approved. CNP securityholders will not have any further economic interest or claims on CNP.

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 CNP ordinary securityholders in relation to the transfer to CER of various net assets for $347 million and the Services Business for approximately $240 million, as well as the approval of the transfer of Centro Retail Australia securities to the CNP Senior Lenders;

- the approval of CER external securityholders;

- the approval of CAWF unitholders;
- the approval of the DHT unitholders; and
- the approval of CNP creditors (CNP Senior Lenders and Hybrid Securityholders) and Convertible Bondholders to the settlement of amounts due to them, by way of the Senior Lender and Junior Creditors Schemes and changes to the terms of the Convertible Bonds.

It is proposed that a broadly similar transaction 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 the Junior Stakeholders ("Extended Aggregation"). 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 Proposal, 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 liabilities and up to $30 million set aside to fund the wind up costs of CNP. Any surplus capital, resulting from the sale of the US entities, lower than expected costs to settle contingent creditors or lower than expected costs to wind up 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

As part of the Aggregation, CNP will sell the CNP Assets and Services Business to Centro Retail Australia in exchange for Centro Retail Australia securities ("Asset Divestment") and CNP will transfer its Centro Retail Australia securities to the CNP Senior Lenders in full satisfaction of the amounts due to the CNP Senior Lenders. Both transactions require the approval of CNP securityholders.

There is no regulatory requirement for CNP to commission an independent expert's report in relation to the Proposal. However, the directors of CNP have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report in relation to the Proposal. The report will state whether, in its opinion, the Proposal is in the best interests of the holders of ordinary securities in CNP.

A copy of the report will accompany the Notices of Meetings and Explanatory Memorandum ("the Explanatory Memorandum") to be sent to securityholders by CNP. The report will be available on CNP's website or available to CNP 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:

- CER to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CER securityholders and whether the Asset Divestment is fair and reasonable to CER securityholders not associated with CNP ("CER Report"). The CER Report is to be included in the explanatory memorandum to be sent to CER securityholders;
- 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.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual CNP 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. CNP securityholders should read the Explanatory Memorandum issued by CNP in relation to the Proposal.

Voting for or against the Proposal 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 Proposal should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in CNP or Centro Retail Australia. This is an investment decision independent of a decision to vote for or against the Proposal. 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

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 Proposal is not a typical control transaction as control of CNP is not passing to a new controlling securityholder or group of securityholders and CNP securityholders will retain legal ownership of CNP. However, CNP securityholders are exchanging all of their economic interest in CNP for a cash payment (a capital return) such that they will have no economic interest in CNP following the Proposal. In this context, it is meaningful to assess fairness by comparing the "offer price" (i.e. amount to be paid to CNP securityholders) with the underlying value of CNP securities. The Proposal will be fair if the amount to be paid to CNP securityholders is greater than the underlying value of CNP securities.

In assessing whether the Proposal is reasonable, Grant Samuel has considered other advantages and disadvantages of the Proposal. The factors that have been considered include:

- the current financial position of CNP and the Centro Group;
- the impact on CNP securityholders if the Proposal is not approved;
- the likelihood of an alternative offer and alternative transactions that could realise fair value; and
- other advantages and disadvantages for CNP securityholders of approving the Proposal.

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 Centro Group

- Debt/equity model for the Centro Group;
- Centro Retail Australia merger 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 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 Proposal is in the best interests of CNP 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").

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 CNP 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).

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:

- 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 CNP 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 Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Proposal 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 Profile of Centro Properties Group

3.1 Background

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;

- the issue of Hybrid Securities with a face value of $1.05 billion to Australian senior lenders and US private placement noteholders (as a result of an amendment to a portion of the senior debt);
- 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 in exchange for additional collateral; and
- the imposition of a restraint on the payment of distributions to CNP securityholders.

Moreover, the senior lenders gained the right to approve any restructure or material transaction before it could proceed.

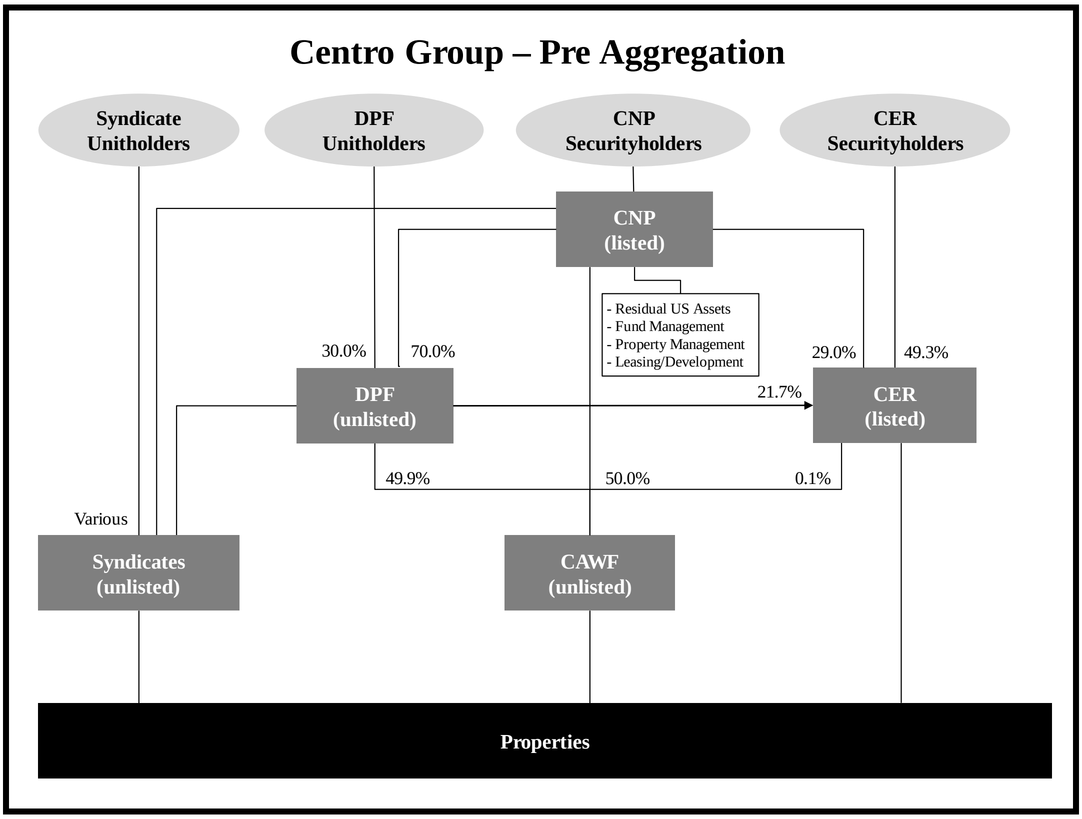
CER entered into a similar stabilisation agreement in relation to its US joint venture facilities, although no additional CER securities were issued.

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 and six separate syndicates. The transaction (slightly amended from the originally announced proposal) was completed in June 2011. Two US entities, 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 most was used to repay debt.

The Centro Group is still one of the largest property groups in Australia, with 104 shopping centres worth $7.0 billion at 30 June 2011. Following various assets sales the Centro Group currently owns 99 properties.

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:



Source: CNP
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.

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 unlisted funds and Syndicates.

3.2 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 1 September 2011, CNP had a market capitalisation of approximately $37 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's acquisition of 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.

More information regarding CER, CAWF and DPF is set out in Appendix 1. CNP's investments in Syndicates (including CMCS 3 and CSIF-A) are outlined in Appendix 2.

3.3 Syndicate Business

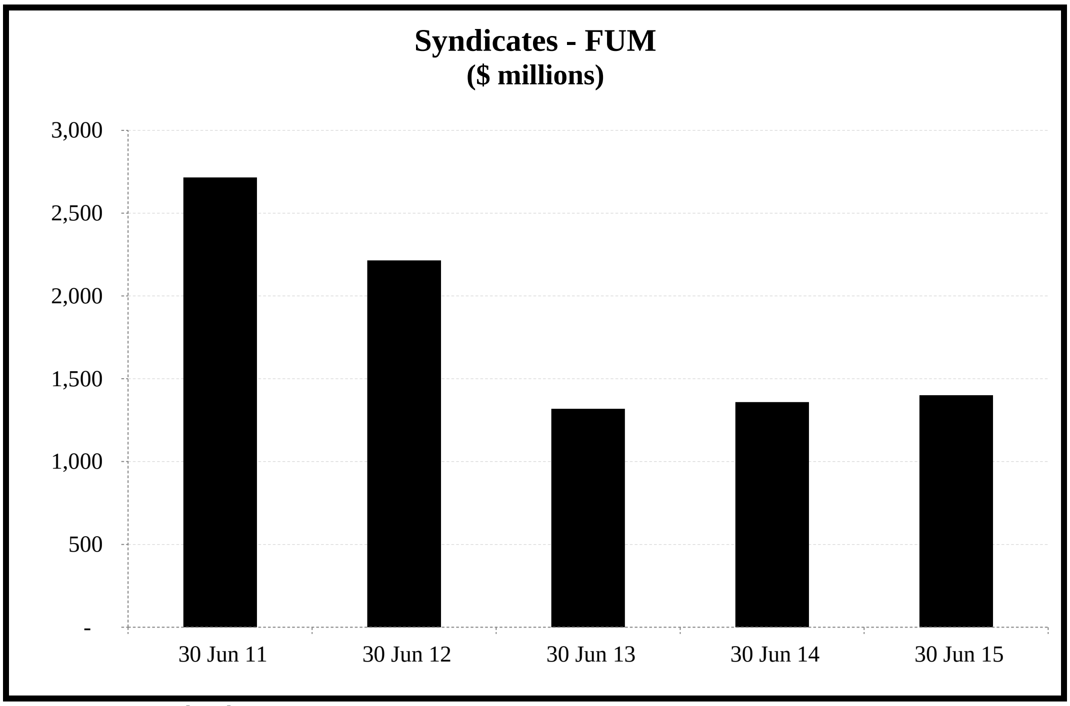
The Syndicates are unlisted investment trusts with fixed investment terms (generally between five and seven years) and generally pay quarterly distributions. Syndicate assets typically comprise one or more subregional or convenience shopping centres. As a Syndicate matures the responsible entity will 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 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[1] to which CNP subsidiaries provide fund 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:

[1] 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.



Source: Grant Samuel analysis
Note: Includes CMCS 3 in FUM at 30 June 2011 and excludes CSIF-A.

3.4 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[2]
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

[2] Includes CSIF-A.

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:

Centro Group - Responsible Entities	
Centro MCS 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. "Shared services" such as accounting, IT, legal and tax services are also provided to the funds 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 schemes' 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[3]. 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 99.5%, 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

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).

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3 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 (eg. CER and CPT) and appoint a new one. They are not able to vote in relation to an unlisted registered scheme if they have an interest other than as member of that scheme (eg. DPF and Syndicates).

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 reviews development opportunities within the portfolio, and, as financially feasible projects are identified and approved, project manages the development. Through this role, the development management team manages 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 Business 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 the syndicates except one (and excluding CSIF-A) reaching the end of their terms over the next three years.

3.5 Financial Performance

The historical and forecast financial performance of CNP for the five years ended 30 June 2011 is summarised below:

CNP - Financial Performance[4] ($ millions)					
	Year ended 30 June				
	2007 actual[5]	**2008 actual**	**2009 actual**	**2010 actual**	**2011 actual**
Property investment income	380.5	377.4	295.7	252.6	134.4
Services Business income	228.9	358.9	299.8	222.3	177.4
Total income	609.4	736.3	595.5	474.9	311.8
Overheads	(85.0)	(165.6)	(172.9)	(139.1)	(111.9)
EBIT[6]	**524.4**	**570.7**	**422.6**	**335.8**	**199.9**
Net interest expense	(189.1)	(295.6)	(199.0)	(162.0)	(185.3)
Preference Units	0.0	(33.1)	5.6	-	-
Underlying Profit Attributable to Members	**335.3**	**242.0**	**229.2**	**173.8**	**14.6**
Adjustments					
Investment property revaluations	-	(1,194.8)	(2,737.2)	(487.9)	276.1
Impairments of intangible assets	-	(772.0)	-	(331.2)	(34.9)
Foreign exchange gains/(losses)	-	336.1	(994.6)	49.8	286.7
Mark-to-market movements on derivatives	-	(517.3)	41.4	(27.9)	74.4
Restructuring costs & other adjustments	-	(149.2)	(82.7)	(29.3)	(20.4)
Liquidation value adjustments	-	-	-	-	1,329.3
Net gain on disposal of US assets	-	-	-	-	818.7
Total adjustments	134.4	(2,297.2)	(3,773.1)	(826.5)	2,730.0
Net Profit/(Loss) Attributable to Members	**467.9**	**(2,055.2)**	**(3,543.9)**	**(652.7)**	**2,744.6**
Statistics					
Earnings per security (cents)	58.4	(257.3)	(398.4)	(68.0)	284.5
Distributable income per security (cents)[7]	40.5	29.8	25.9	18.1	1.5
Distributions per security (cents)	39.8	-	-	-	-
- tax advantaged	31.2	-	-	-	-
- fully taxable	8.6	-	-	-	-
Tax advantage component of distributions	78.5%	-	-	-	-
Total income growth	41.4%	20.8%	(19.1)%	(20.3)%	(34.3)%
EBIT growth	41.5%	8.8%	(26.0)%	(20.5)%	(40.5)%
EBIT margin	86.1%	77.5%	71.0%	70.7%	64.1%
Interest cover[8]	2.8x	1.9x	2.1x	2.1x	1.1

Source: CNP and Grant Samuel analysis

CNP recorded substantial net losses for each of the 2008, 2009 and 2010 financial years. Operating earnings fell significantly. Property investment income declined, due to reduced operating income from the United Stated investments due to lower rental income, reduced income from Australian investments due to higher finance costs and the appreciation of the Australian dollar against the United States dollar which adversely impacted income from the United States.

4 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

5 CNP did not allocate adjustments prior to 2008.

6 EBIT is earnings before net interest, tax, investment income, and significant and non-recurring items.

7 Underlying profit has been used as a proxy for distributable income from the year ended 30 June 2008 onwards.

8 Interest cover is EBIT divided by net interest.

Services Business income fell due to a combination of property devaluations, assets sales and foreign exchange impacts.

Despite a reduction in net interest expense (as a result of lower interest rates and a full year impact of the benefits from the Stabilisation Agreement as well as the appreciating Australian dollar against the United States dollar), underlying profits for the 2010 financial year were little more than half underlying profits for 2007. Reported net profits were materially reduced as a result of a number of significant and non-cash items largely related to the recognition of reductions in the value of the property portfolio and related hedging impacts. In particular, the impairment of intangible assets in 2008, property revaluation decrements in the years 2008 to 2010, losses on mark-to-market derivatives in 2008 and 2009, and a large foreign exchange loss in 2009 contributed to total reported losses for the three years to 30 June 2010 of more than $6.2 billion.

CNP's financial statements for the year ended 30 June 2011 have been prepared on a liquidation basis, meaning that assets and liabilities are recorded at their liquidation value and presented as current assets and liabilities. The adjustment between CNP's performance as a going concern and on a liquidation basis is a $1,366 million write off of CNP's debt (to reflect the potential senior debt settlement amount) and $37 million write down of property assets values (to reflect the realisable value after transaction costs). The net adjustment totals $1,329 million.

CNP's underlying profit for the year ended 30 June 2011 was significantly lower than for the previous year, primarily as a result of:

- higher average Australian/US dollar exchange rates for the eight months to 28 February 2011 (when the US assets were divested) of 96 cents, compared to 88 cents for the year ended 30 June 2010. As a result the Australian dollar equivalent of US dollar denominated income (both property income and Services Business income) was significantly reduced in 2011;
- higher cost of debt in terms of interest rates as well as refinancing costs; and
- only eight months of contribution from the US assets and Services Business, which were sold on 28 February 2011.

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3.6 Financial Position

The financial position of CNP at 31 December 2010 and 30 June 2011 is summarised below:

CNP - Financial Position ($ millions)			
	As at 31 December 2010 actual	As at 30 June 2011 actual	
		Pre-liquidation value adjustments	Liquidation
Debtors and prepayments	311.6	189.2	189.2
Creditors, accruals and provisions	(431.4)	(237.3)	(237.3)
Net working capital	**(119.8)**	**(48.1)**	**(48.1)**
Investment properties	12,745.8	4,480.5	4,443.8
Investments accounted for using the equity method	690.5	658.0	658.0
Financial assets carried at fair value through profit and loss	329.6	313.0	313.0
Property, plant and equipment (net)	17.7	3.0	3.0
Goodwill and other net intangible assets	340.5	199.7	199.7
Assets held for sale	56.4	11.7	11.7
Deferred tax assets (net)	(32.1)	-	-
Puttable interest in consolidated finite trusts	(199.5)	(112.8)	(112.8)
Interest rate and FX derivatives (net)	(247.9)	(227.7)	(227.7)
Other assets/(liabilities)	(11.7)	(77.9)	(77.9)
Total funds employed	**13,569.5**	**5,199.4**	**5,162.7**
Cash and deposits (inc. restricted cash)	625.7	892.0	892.0
Bank loans, other loans and finance leases	(14,537.0)	(6,341.9)	(4,975.9)
Net borrowings	**(13,911.3)**	**(5,449.9)**	**(4,083.9)**
Net assets	**(341.8)**	**(250.5)**	**1,078.8**
Outside equity interests	(1,249.2)	(1,078.8)	(1,078.8)
Equity attributable to CNP members	**(1,591.0)**	**(1,329.3)**	**-**
Statistics			
Securities on issue at period end (million)	*972.4*	*972.4*	*972.4*
NTA[9] per security	*$(2.43)*	*$(2.00)*	*$(0.63)*
Gearing[10]	*102.5%*	*104.8%*	*79.1%*

Source: CNP and Grant Samuel analysis
Note: CNP Members include Convertible Bondholders and ordinary securityholders.

CNP's financial position at 31 December 2010 and 30 June 2011 reflects the consolidation of CER, CAWF, CSIF-A and a number Syndicates. Equity accounted investments include a number of properties and trusts in which CNP has a 50% interest. Financial assets represent CNP's minority interests in Syndicates.

At 31 December 2010, CNP's assets and liabilities were carried on its balance sheet at estimates of current market value. Accordingly, the negative equity of $1.6 billion shown on the balance sheet represents an approximation of the extent to which CNP's liabilities exceed the value of its assets. On this basis, CNP's assets would need to increase in value by of the order of $1.6 billion before any value was available for the holders of ordinary securities in CNP. At 30 June 2011, CNP's assets and liabilities were carried on the basis of liquidation value. As a result, $1,366 million of

9 NTA is net tangible assets, which is calculated as net assets less intangible assets.

10 Gearing is net borrowings divided by net assets plus net borrowings.

CNP's debt was written off and investment properties were written down by $37 million. Before these adjustments, net assets attributable to CNP securityholders were negative $1.3 billion.

CNP's property assets are recorded on its balance sheet as investment properties, equity accounted investments and financial assets. 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 almost all of CNP's Australian property portfolio is independently valued every year - 101 of 104 Centro Group Australian properties were independently value at 30 June 2011. CNP's property values at 30 June 2011 have also been adjusted for the costs that will be incurred to effect the liquidation, being CNP's Proposal transaction costs.

At 30 June 2011, the value of CNP's investment properties totalled $4.4 billion. This represents a significant reduction relative to the carrying value as at 31 December 2010, reflecting the sale of Centro Group's US assets to Blackstone.

Goodwill and other intangible assets relate primarily to the value of CNP's Services Business. The carrying value of this business is impairment tested every reporting period, and has been declining over the past few years as a result of the fall in the value of Centro Group's underlying property investments and the reduction in fee generating activities such as establishing new syndicates and undertaking developments. The value of the Services Business fell by $140 million between 31 December 2010 and 30 June 2011, principally due to the sale of the US assets.

Puttable interest in consolidated finite life trusts represents the interests that CNP does not own in Syndicates that CNP consolidates.

CNP's debt comprises CNP senior debt and hybrid securities as well as the consolidation of underlying property debt (i.e. debt held within CER, CAWF, CSIF-A). The debt facilities of CNP and other entities within Centro Group as at 30 June 2011 are summarised below:

CNP – Debt Facilities at 30 June 11 ($ millions)

Facility	Expiry	Drawn ($ million)
Senior Term Loan (100%)	15 Dec 11	2,872.2
Hybrid Securities (100%)	15 Jan 16	1,004.4
Other consolidated debt		
- CSIF-A (100%)	15 Dec 11	186.0
- CAWF (excl. joint ventures)	4 Dec 11 &15 Dec 12	760.9
- CER (excl. related party loans)	various	774.5
- Syndicates (consolidated)	various	340.3
- US entities (consolidated)		364.3
Total		**5,938.3**
Accounting adjustments		39.4
Liquidation adjustment		(1,366.0)
Total		**4,975.9**

Source: CNP

In reviewing the table above the following should be noted in relation to CNP's consolidated debt:

- the debt facilities relating to CAWF and CER are discussed in Appendix 1 of this report;
- the senior term loan facility comprises a number of tranches of facilities of which $1,503 million is denominated in Australian dollars and US$1,612 million ($1,503 million) is denominated in US dollars;

- the hybrid securities consist of 1,050,000 Hybrid Securities with a face value of $1,000 per security, which mature on 15 January 2016. Of the $1,004 million at 30 June 2011 (which includes accrued interest), $746 million is denominated in Australian dollars and US$277 million ($258 million) is denominated in US dollars. The Hybrid Securities were issued pursuant to the Stabilisation Agreement, and accrue interest at 5% per annum until 14 January 2012, and 7.5% per annum thereafter. Conversion of the Hybrid Securities is subject to a number of conditions, including the approval of CNP ordinary securityholders. Hybrid Security holders can request early redemption of the Hybrid Securities at any time from 15 January 2014. It is not an event of default if CNP is not able to redeem the Hybrid Securities following a request, but the interest rate will increase to 10% per annum until maturity.

These facilities described above exclude the debt facilities of the equity accounted entities.

CNP is party to a number of interest rate swap contracts to manage its (and the Syndicates') exposure to fluctuations in interest rates. Under these swaps, CNP receives variable rate interest and is obliged to pay fixed rate interest. The swap contracts are settled on a net basis, with the fair value of the contracts disclosed on balance sheet. As at 30 June 2011, the net mark-to-market liability of the interest rate swap contracts was $93 million. CNP's other derivatives represent put options on DPF unit held by previous equity noteholders. The aggregate net mark-to-market values of these arrangements at 30 June 2011 was $228 million.

CNP has a number of contingent liabilities, including the following:

- CNP is defending two separate representative proceedings comprising class actions led by Slater & Gordon Limited and Maurice Blackburn Pty Ltd, 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 debt in December 2007 were made against CNP in May 2008. Hearings are expected to start in March 2012. In relation to these cases CNP has cross-claims against PricewaterhouseCoopers, and PricewaterhouseCoopers has cross claims against CNP;

- CPT Manager and CMCS Manager have bank guarantees totalling $10 million ($5 million each) as at 30 June 2011 for capital adequacy purposes;

- the Victorian, South Australian and New South Wales State Revenue Offices are investigating entities within CNP relating to stamp duty allegedly payable on the acquisition of certain property interests and the establishment of certain funds. CNP has lodged written objections where assessments have been raised. CNP estimates its total exposure to these tax indemnities at approximately $135 million of which approximately $89 million was provided for at 30 June 2011; and

- CNP has provided tax indemnities of approximately US$170 million in relation to the seven US properties not sold to Blackstone.

3.7 Taxation Position

Each CNP security is a stapled share in CPL and a unit in CPT. CPL and CPT are separate tax entities. CPT is a trust and on that basis it distributes all its income and is not itself subject to tax. CPL is a company and is subject to tax on its taxable income at the corporate tax rate of 30%.

At 30 June 2011, CPL had approximately $203 million of carried forward income losses and approximately $2.5m of capital losses. CPT had approximately $672 million of carried forward income losses and approximately $851 million of capital losses.

At 30 June 2011, CPL had no accumulated franking credits.

3.8 Capital Structure and Ownership

As at 10 August 2011, CNP had 972,414,514 ordinary stapled securities each representing one unit in CPT and one share in CPL. 8,177,977 of CNP's stapled securities on issue represent securities held in CNP's Employee Securities Plan. Under the plan employees were provided the opportunity to acquire CNP securities through an interest free loan. Loan repayments were funded by security distributions. The last loans were issued in September 2007. Based on the current CNP security price the remaining securities held in the plan are well below the outstanding amount on the loans and, accordingly, have no value for employees.

At 29 July 2011 there were 26,897 registered securityholders in CNP. The top ten securityholders accounted for approximately 27.6% of the ordinary securities on issue:

CNP - Securityholders as at 29 July 2011		
	Number of Securities	**Interest**
JP Morgan Nominees Australia Limited	67,790,447	6.97%
HSBC Custody Nominees (Australia) Limited	31,734,546	3.26%
JP Morgan Chase Bank NA	28,945,667	2.98%
Vistal Group Limited	26,591,042	2.73%
Citicorp Nominees Pty Limited	24,192,877	2.49%
Mr. Lin Wang	22,994,479	2.36%
Mr. Jie Xu	19,344,479	1.99%
BNP Paribas	18,882,655	1.94%
Australia and New Zealand Banking Group Limited	17,050,939	1.75%
JP Morgan Nominees Australia Limited <Cash income A/C>	10,948,222	1.13%
Subtotal - Top ten shareholders	268,475,353	27.60%
Other shareholders	703,939,161	72.40%
Total	972,414,514	100.00%

Source: CNP

CNP has received notices from the following substantial securityholders:

CNP – Substantial Securityholders as at 10 August 2011		
Security Holder	**Number of Securities**	**Interest**
JP Morgan Nominees Australia Limited	67,790,447	6.97%

Source: CNP

CNP also has 45,559 preference units ("Convertible Bonds") on issue with a face value of US$444 million ($411 million). The Convertible Bonds rank ahead of ordinary stapled securities for both capital and income distributions and bear a fixed interest coupon of 3.50% per annum[11]. The Convertible Bonds are convertible to preference securities at CNP's discretion. The Convertible Bonds matured on 30 June 2010 and coupon payments have not been made since 31 December 2007. As a result, CNP is prohibited from paying capital and income distributions to ordinary stapled securityholders. CNP is also restricted from issuing further capital, paying distributions to ordinary securityholders or paying the coupon on the Convertible Bonds while the current senior debt facility is in place.

[11] As at 30 June 2011, no interest has been paid or accrued on the Convertibale Bonds.

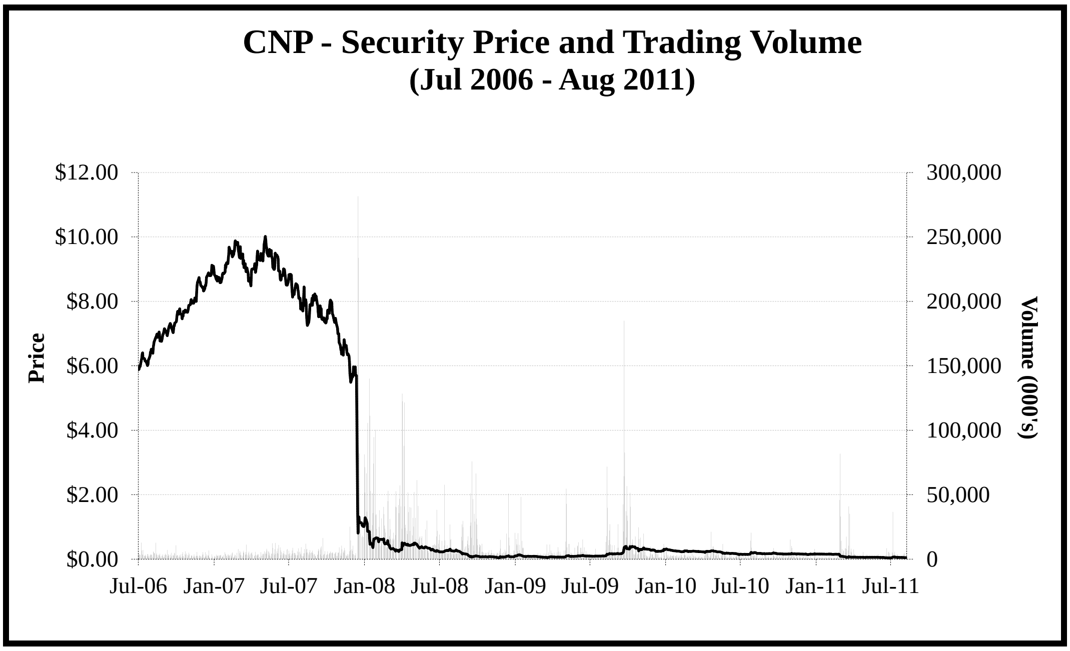
3.9 Share Price Performance

A summary of the price and trading history of CNP since 1 January 2006 is set out below:

CNP- Share Price History					
	Share Price ($)			Average Weekly Volume (000's)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2006	9.19	5.52	9.10	13,322	2,327
2007	10.06	0.42	1.01	38,958	7,485
2008	1.31	0.04	0.08	100,563	5,662
2009	0.52	0.05	0.29	42,144	1,411
2010	0.33	0.13	0.16	12,703	632
Quarter ended					
31 March 2011	0.18	0.05	0.06	31,492	879
30 June 2011	0.06	0.04	0.04	10,417	302
Month ended					
30 April 11	0.06	0.05	0.05	11,445	318
31 May 2011	0.06	0.05	0.05	6,913	226
30 June 2011	0.06	0.04	0.04	13,009	365
31 July 2011	0.08	0.04	0.05	18,728	423
30 August 2011	0.05	0.04	0.04	10,945	457

Source: IRESS

The following graph illustrates the movement in the CNP security price and trading volumes since 1 July 2006:



Source: IRESS

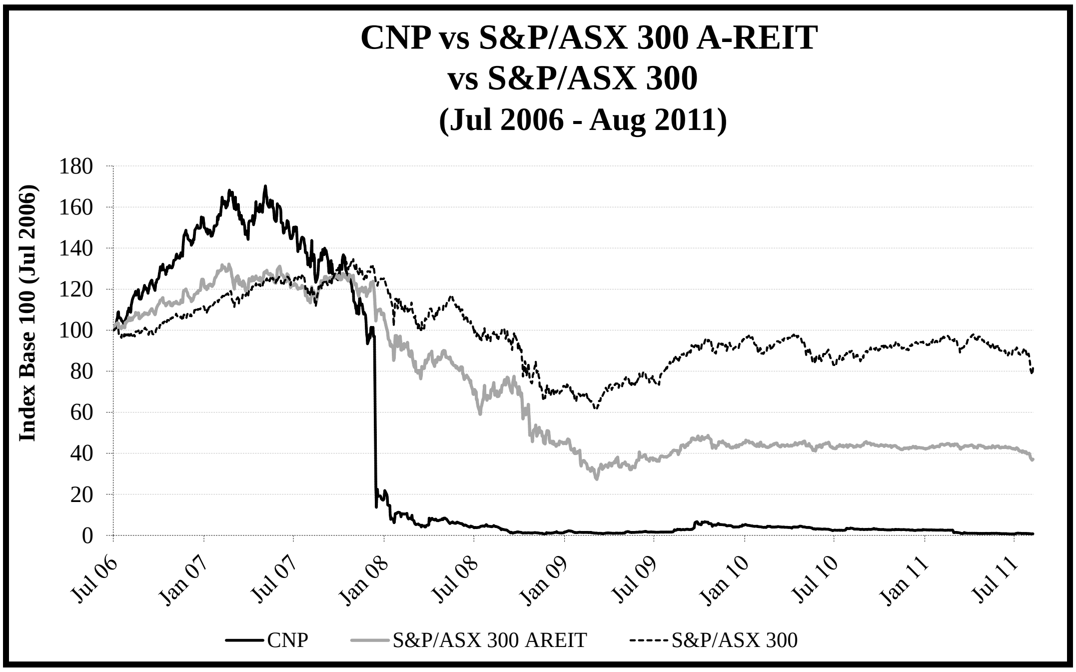
CNP securities performed well in the twelve months following July 2006, increasing, from $6.09 per security on 3 July 2006 to a high of $10.06 on 7 May 2007. However after 7 May 2007 CNP's security price began to decline.

On 13 December 2007, CNP securities were placed in a trading halt pending an announcement regarding a likely earnings guidance downgrade. On 17 December 2007, CNP announced projected earnings of 40.6 cents per security (down from 47.0 cents per security) and an update on CNP's refinancing, which highlighted CNP's inability to rollover $1.3 billion of debt on a long term basis with a renegotiated expiry of 15 February 2008. CNP's security price closed at $0.81 per security on 18 December 2008, $4.89 per security or 86% lower than the closing price prior to the trading halt on 13 December 2007.

CNP's securities were once again placed in a trading halt on 11 January 2008. On 15 January 2008 CNP announced that its US Private Placement Noteholders (representing US$450m) believed Centro to be in default and that CNP was unable to extend maturing foreign exchange hedges. CNP's securities fell from $0.86 per security at 10 January 2008 to $0.60 per security on 15 January 2008. Since then, CNP's securities have traded in the range of $0.04 to $0.78 per security. Post market close on 16 December 2008, CNP announced the Stabilisation Agreement. CNP's security price initially increased from $0.09 on 16 December 2008 to $0.15 per security on opening on 17 December 2008 but returned to $0.09 per security on 18 December 2008.

CNP securities fell from $0.16 per security to $0.13 per security on 1 March 2011 following the announcement that an agreement had been reached to sell Centro Group's US assets and services business to Blackstone and the Centro Group was investigating opportunities to amalgamate the Australian property portfolio into a single listed entity. The security price dropped a further $0.05 per security to close at $0.08 per security on 2 March 2011 and then traded down to a low of $0.04 per security. Following the announcement on 9 August 2011 that the terms of the Proposal had been finalised, CNP's security price closed at $0.04 per security, representing a market capitalisation of approximately $40 million. This security price represents a discount to the 5.03 cents per security payment attributable to CNP securityholders through the Proposal. The discount potentially reflects the market's perception of the risk that the Proposal may not be implemented, although the market has been significantly volatile over this period.

CNP 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 0.07 and less than 0.01 respectively. The following graph illustrates the performance of CNP shares since 1 July 2006 relative to the S&P/ASX 300 A-REIT and S&P/ASX 300 indices:



Source: IRESS

Since peaking in May 2007, CNP's securities have significantly underperformed against both the S&P/ASX 300 A-REIT and S&P/ASX 300 indices. CNP's underperformance accelerated in late 2007 and early 2008 following CNP's announcement of its earnings downgrade and the issues relating to its debt refinancing.

4 Valuation of Centro Properties Group

4.1 Summary

Grant Samuel has estimated that the underlying value of CNP is in the range of $(1,956)-(1,607) million. The valuation analysis was conducted by valuing CNP's assets and liabilities 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. 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 CNP. 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.

4.2 Methodology

Overview

The value of CNP 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 value of CNP.

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 of CNP except the Services Business.

4.3 Centro Retail Trust

The value of CNP's 29.0% interest in CER has been estimated to be in the range $269-319 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
Value attributable to CNP's 29.0% interest	**269**	**319**

Note: May not add up due to rounding.

In reviewing the value attributable to CER 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**
CER's 0.12% interest in CAWF	2	2
CNP's 50% interest in CAWF	628	742

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 windup 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.

4.4 Centro Direct Property Fund

The value attributable to CNP's 70.0% interest in DPF has been estimated to be in the range $866-1,003 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
Value attributable to CNP's 70.0% interest in DPF	**866**	**1,003**

Note: May not add up due to rounding.

In reviewing the value attributable to DPF 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 2. 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.

4.5 Centro Properties Group

The value of CNP has been estimated in the range $(1,956)-(1,607) million, summarised as follows:

CNP – 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 net assets	14	14
CNP Assets and Services Business	**2,344**	**2,693**
Other investments	349	349
Other related party loans and payables	23	23
Cash	84	84
Mark-to-market derivatives	(95)	(95)
Total net assets before senior and junior debt	**2,704**	**3,053**
Senior debt (including accrued interest and exercise of the put options)	(3,217)	(3,217)
Junior debt - Convertible Bonds and Hybrid Securities (including accrued interest)	(1,443)	(1,443)
Total net assets attributable to CNP ordinary securityholders	**(1,956)**	**(1,607)**

In reviewing the value attributable to CNP 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 2. 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 $2.5 million repayment after 30 June 2011 in relation to 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 of accrued interest;
- provisions represent stamp duty provisions at 30 June 2011;
- other investments and other related party loans and payable represent arrangements with US entities that are in the process of being wound up;
- cash includes distributions receivable from CAWF and US enitites and an adjustment for the acquisition of DPFI's interest in CER;
- mark-to-market derivatives represent interest rate swap arrangements. The swap arrangements included in the CNP Assets represents interest rate swap arrangements between

CNP and other Centro Group entities. The $95 million liability represents interest rate swap arrangements between CNP and external parties as at 30 June 2011; and

- other derivatives represent put option arrangements between CNP and certain direct and indirect DPF unitholders. The liability represents the different between the exercise price of the options and DPF's net assets at 30 June 2011.

The valuation of the Services Business is discussed in more detail below. The value of the Services Business has been adjusted for cash of $2.5 million and receivables of $11.3 million which are not considered part of ordinary working capital.

4.6 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 valuation represents the expected highest price that could be realised through a sale to a third party.

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)[12]	**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 windups.

The DCF analysis is based on the assumption that the Aggregation is implemented. 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

[12] As per the Centro Group plan.

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.

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 the 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 CNP and a number of other Syndicates had assets that were subject to their own 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 CNP 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, CNP 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 than for an arm's length third party purchaser, potentially by a significant margin.

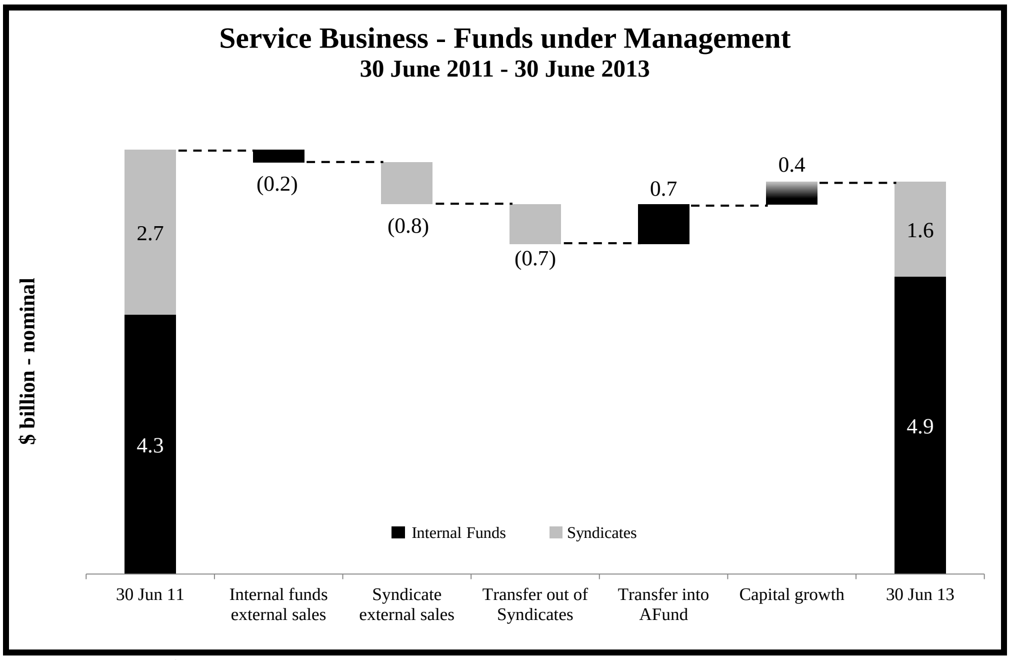
Discounted Cash Flow Analysis

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[13] 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 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);

13 Includes CMCS03, which is 100% owned by Centro entities.

- 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:

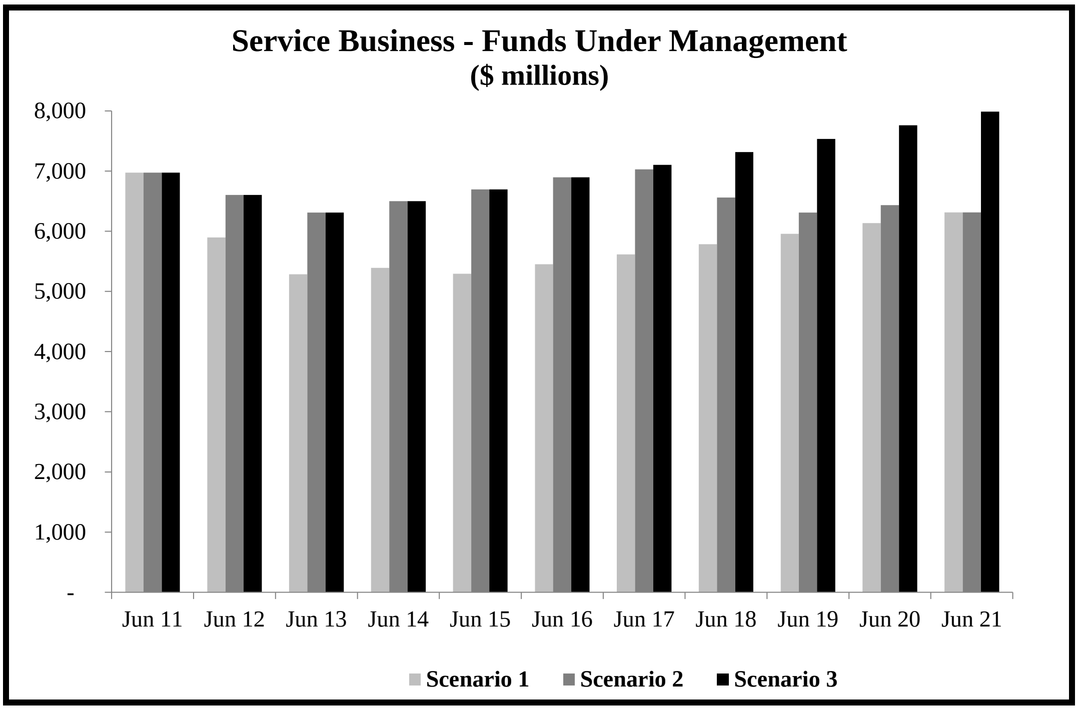
- a risk free rate of 5.0% based on the Commonwealth Government ten year Bond rate;
- a market risk premium of 6% as consistently adopted by Grant Samuel;
- a beta factor of 0.8-1.0 reflecting a judgement that the systematic riskiness of the Services Business should be marginally less than the systematic 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
- 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** 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 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 Services 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 Services 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 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[14] ($ millions)	FUM ($ millions)	Consideration /FUM (%)	EBIT Multiple[15] (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						

14 Implied value if 100% of company or business had been acquired.

15 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.

Recent Transaction Evidence						
- 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 3)

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.

5 Evaluation of the Proposal

5.1 Summary

CNP's debt is greater than the value of its assets by a margin of atleast $1.6 billion. CNP's senior debt is repayable in December 2011. If the Proposal is not implemented, CNP will almost certainly be placed in insolvency administration. In those circumstances CNP securityholders could expect to realise zero value.

Under the Proposal, CNP securityholders will receive 5.03 cents per security. While this amount is not significant, it is marginally more than the price at which CNP securities were trading immediately before the announcement of the details of the Proposal. The receipt of 5.03 cents per security is clearly better than the alternative, which will almost certainly see securityholders receive nothing. Accordingly, the Proposal is fair and reasonable and in the best interests of the holders of CNP ordinary securities.

5.2 Approach

The Proposal will result in the settlement of CNP's senior debt, the separation of CNP from Centro Retail Australia and the provision of $100 million to CNP, to be shared amongst Junior Stakeholders, and contingent creditors. Of this amount CNP securityholders will receive in aggregate $48.9 million, or 5.03 cents per CNP security. CNP securityholders will have no ongoing interest in the property investments and activities of Centro Retail Australia.

The Proposal is not a typical control transaction as control of CNP is not passing to a new controlling securityholder or group of securityholders and CNP securityholders will retain legal ownership of CNP. However, CNP securityholders are exchanging all of their economic interest in CNP for a cash payment (a capital return) such that they will have no economic interest in CNP following the Proposal. In this context, it is meaningful to assess fairness by comparing the "offer price" (i.e. amount to be paid to CNP securityholders) with the underlying value of CNP securities. The Proposal will be fair if the amount to be paid to CNP securityholders is greater than the underlying value of CNP securities.

In assessing whether the Proposal is reasonable, Grant Samuel has considered other advantages and disadvantages of the Proposal. The factors that have been considered include:

- the current financial position of CNP and the Centro Group;
- the impact on CNP securityholders if the Proposal is not approved;
- the likelihood of an alternative offer and alternative transactions that could realise fair value; and
- other advantages and disadvantages for CNP securityholders of approving the Proposal.

The Proposal will be in the best interests of CNP securityholders if it is fair or if, notwithstanding that it is not fair, CNP securityholders will be better off if the Proposal is implemented that if it is not.

5.3 CNP's Underlying Value

Grant Samuel has prepared valuations for each of the major participants in the Proposal (CER, CAWF, DPF and CNP). These valuations (set out in detail in section 4 of this report) have been prepared on the basis of independent property valuations as at 30 June 2011, which were commissioned by the Centro Group for almost all of the properties in the Centro 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 portfolios: 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.

CNP's assets principally consist of its holdings in CAWF, CER and DPF. Their value is substantially less than CNP's debt. The value analysis is summarised below:

CNP – Underlying Asset 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 deriviatives	25	25
Related party receivables	23	23
Provisions	(89)	(89)
Total CNP Assets	346	365
Services Business	230	260
Services Business net assets	14	14
CNP Assets and Services Business	**2,344**	**2,693**
Other investments	349	349
Other related party loans and payables	23	23
Cash (including distribution receivable from CAWF and US syndicates)	84	84
Mark-to-market derivatives	(95)	(95)
Total net assets before senior and junior debt	**2,704**	**3,053**
Senior debt (including accrued interest)	(3,217)	(3,217)
Junior debt - Convertible Bonds and Hybrid Securities (including accrued interest)	(1,443)	(1,443)
Total net assets attributable to CNP ordinary securityholders	**(1,956)**	**(1,607)**

CNP's estimated net asset value (before senior and junior debt) is $2.7-3.1 billion. This is less than the face value of CNP's senior debt of $3.2 billion. After subtracting senior and junior debt, CNP has a net asset deficiency of $1.6-2.0 billion.

Based on the valuation analysis set out above, the value of CNP's assets would need to increase by a minimum of $1.6 billion for there to be any value available to holders of CNP ordinary securities. Moreover, the valuation analysis does not take into account any amounts that might potentially be due to contingent creditors. The amount of any award by the Court in favour of the litigation creditors, or any amount due to the litigation creditors in terms of a settlement of the class action, would rank ahead of the CNP securityholders (and the Convertible Bondholders). The analysis does not make any allowance for costs that would be incurred and asset value discounts that might apply if Centro Group assets were realised in the context of some form of insolvency administration of CNP.

5.4 CNP Securityholder Proceeds

If the Proposal proceeds, $100 million will be made available to CNP to be shared between the Junior Stakeholders and contingent creditors and holders of ordinary securities. Of this amount:

- the holders of the Convertible Bonds, which had a face value as at 30 June 2011 of US$444 million, will receive approximately $21.1 million in full settlement of all amounts due to them;
- the holders of the Hybrid Securities, which had a face value as at 30 June 2011 of $1,027 million, will receive $20 million in full settlement of all amounts due to them; and

- $10 million will be set aside for contingent creditors.

The balance of $48.9 million, representing 5.03 cents per CNP security, will be paid to the holders of CNP ordinary securities as a capital return.

5.5 Alternatives

If CNP securityholders do not approve the Asset Divestment, the Proposal (in its current form) will not be implemented. The directors of CPL and CPT Manager Limited (as responsible entity for CPT) have stated that if the Proposal is not approved, CNP's Board 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".

The CNP Senior Lenders and DPF, CAWF and CER have agreed that, in these circumstances, they will jointly work to deliver an outcome similar to that contemplated under the Proposal. This would result in the establishment of a Centro Retail Australia identical to that proposed under the Proposal. CNP's holding of Centro Retail Australia securities would still be transferred to the CNP Senior Lenders in consideration for cancellation of the Senior Debt, pursuant to a creditors scheme of arrangement. However, the $100 million otherwise available to CNP for sharing between the holders of Hybrid Securities, Convertible Bonds, CNP ordinary securities and contingent creditors would no longer be available.

CNP would presumably ultimately be liquidated. The CNP ordinary securityholders would rank behind all creditors, including the junior lenders. Given that all of CNP's valuable assets (in the form of Centro Retail Australia securities) would have been transferred to the CNP Senior Lenders through the creditors scheme of arrangement, and that the amounts due to the junior lenders would exceed $1.5 billion, there appears to be no prospect that CNP ordinary securityholders would recover any value.

In short, the alternative to the Proposal would almost certainly be an insolvency administration of CNP, which would crystallise CNP's substantial negative net asset position. In this context, CNP ordinary securityholders could expect to realise zero value for their investments[16].

The choice for CNP securityholders is effectively between receiving 5.03 cents per security or realising nothing for their investment. The amount of 5.03 cents per security (or in total $48.9 million) is not material having regard to the scale of the assets and liabilities of CNP. However, the reality is that the underlying equity value attributable to CNP ordinary securityholders is zero. Given that the Proposal will deliver more value to securityholders than the underlying value of CNP, the Proposal is fair and reasonable. Holders of CNP ordinary securities will clearly be better off if the Proposal is implemented than if it is not. Accordingly, the Proposal is in the best interests of holders of CNP ordinary securities.

5.6 Securityholder Decision

The decision of each securityholder as to whether to vote in favour of the Proposal 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 CNP or Centro Retail Australia. This is an investment decision upon which Grant Samuel does

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16 Any other rights that CNP securityholders may have that are incidental to their securityholdings (eg any potential rights under the class action) would not be affected.

not offer an opinion and is independent of a decision on whether to vote for or against the Proposal. Securityholders should consult their own professional adviser in this regard.

6 Qualifications, Declarations and Consents

6.1 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.

6.2 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 Proposal is in the best interests of CNP securityholders. Grant Samuel expressly disclaims any liability to any CNP 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 CNP 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).

6.3 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 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 Proposal.

Grant Samuel has also been appointed by other entities within the Centro Group to prepare independent expert's reports in relation to the Proposal. Grant Samuel has been engaged by:

- the directors of CER to prepare a report setting out Grant Samuel's opinion as to whether the Aggregation is in the best interest of CER securityholders and whether the Asset Divestment is fair and reasonable to CER securityholders not associated with CNP ("CER Report"). The CER Report is to be included in the explanatory memorandum to be sent to CER 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 Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. 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 Proposal. 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.

6.4 Declarations

CNP 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. CNP 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 CNP are limited to an amount equal to two times 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 CNP and its advisers. Advance drafts of certain sections of this report were also provided to CER, 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.

6.5 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 CNP. 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.

6.6 Other

The accompanying letter dated 5 October 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
5 October 2011

Grant Samuel & Associates

Appendix 1

Overview of Other Centro Group Entities

1 Profile of Centro Retail Group

1.1 Overview

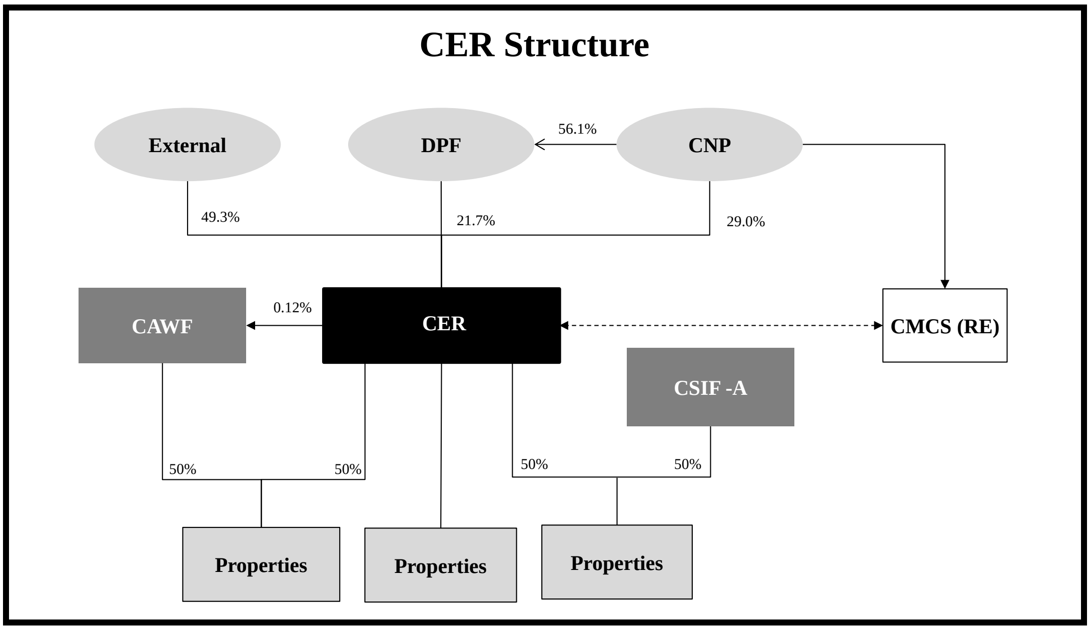
Centro Retail Group ("CER") is an A-REIT with interests in shopping centres located across Australia valued at approximately $1.7 billion as at 30 June 2011. CER is listed on the ASX and had a market capitalisation of approximately $740 million on 10 August 2011.

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, 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

As the responsible entity of CRT, CMCS 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' 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.

1.2 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[1] 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[1] 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[1] 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[1]	12.6	37.5	9.50	2.2
Victoria					
Centro Birallee[2]	CER[1] 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[1] 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[1] 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[1] 50%/CAWF 50%	6.0	14.4	8.00	0.8
Centro Mandurah	CER[1] 50%/CAWF 50%	39.7	118.0	7.25	6.9
Centro Warwick	CER[1] 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.

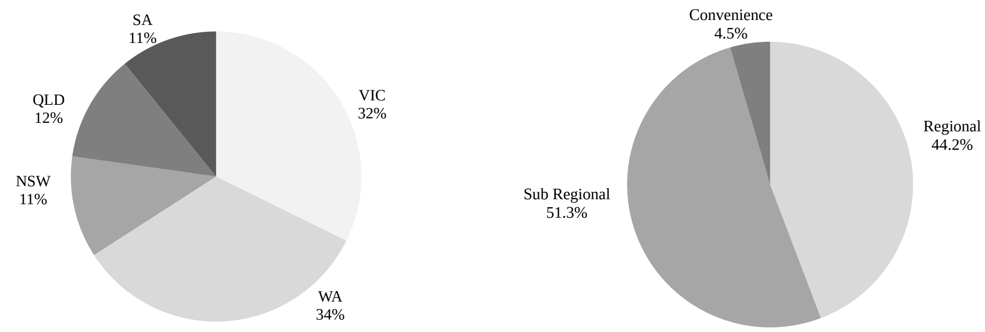
Victoria and Western Australia each account for over one third of CER's property interests by value, with Queensland, New South Wales and South Australia contributing the balance. CER's largest single property is Centro Galleria in Perth which represents 17.9% of the total portfolio. Sub-regional shopping centres represent slightly more than half of the portfolio (by value), while regional shopping centres make up most of the balance:

1 Properties owned through CSIF-B.

2 Sold in July 2011.

Property Portfolio at 30 June 2011

By State **By Type**



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.

1.3 Financial Performance

The historical and forecast financial performance of CER for the five years ended 30 June 2011 is summarised below:

CER - Financial Performance[3] ($ millions)[4]					
	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[5]	*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 expenses in 2009, 2010 and 2011 relating to withholding taxes on distributions made by the US entities to the Australian parent.

3 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

4 Items are shown net of tax.

5 Interest cover represents underlying profit before financing costs divided by financing costs.

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%.

1.4 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[6] per security	*$0.41*	*$0.44*
Gearing[7]	*58%*	*36.0%*
Gearing (look through[8])	-	*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

6 NTA is net tangible assets, which is calculated as net assets less intangible assets.

7 Gearing is net borrowings divided by net assets plus net borrowings.

888 Look through gearing represents total look through borrowings divided by look through assets

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;
- 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[9]**	**Facility Limit**
Consolidated			
CSIF-B club facility (St George/ING	11 Nov 11	209.0	209.0
Commercial bill facility (Westpac)	30 Nov 11	89.0	89.0
Syndicated finance facility (Macquarie)	16 Dec 11	171.0	171.0
CMBS 2006-1	20 Dec 11	155.4	155.4
Related party loans	-[10]	111.3	111.3
Total		735.7	735.7
Equity accounted			
CER/CAWF syndicated loan (GIC/Macquarie)	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

9 The drawn amount excludes $1.5 million in accounting adjustments.

10 Matures on the date the aggregation is implemented.

financial positions of certain entities within the Centro Group (i.e. the responsible entities) which can have an impact on CER's debt facilities.

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 (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.

1.5 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.

1.6 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:

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

CMCS holds interests in CER on behalf of CRIT, DPF and DPFI. CRIT, DPF, DPFI and CNP respectively hold a 23.0%, 1.8%, 1.2% and 24.6% interest in CER. The remaining 49.4% of securities in CER are mainly held by institutions, fund managers and hedge funds, both domestic and international.

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

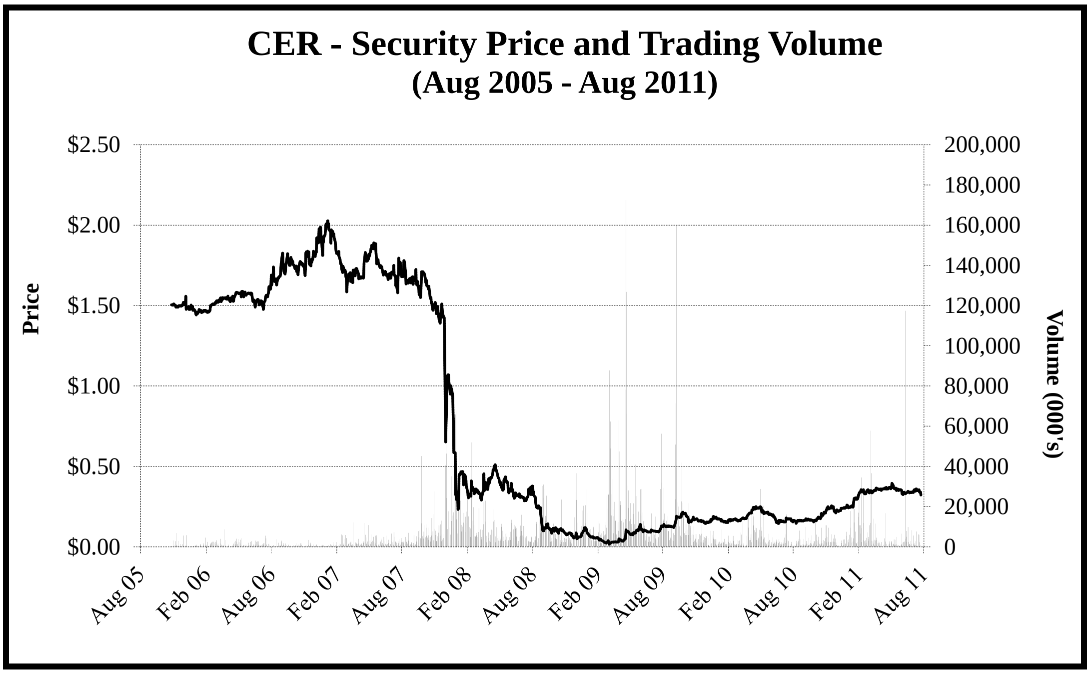
1.7 Security Price Performance

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

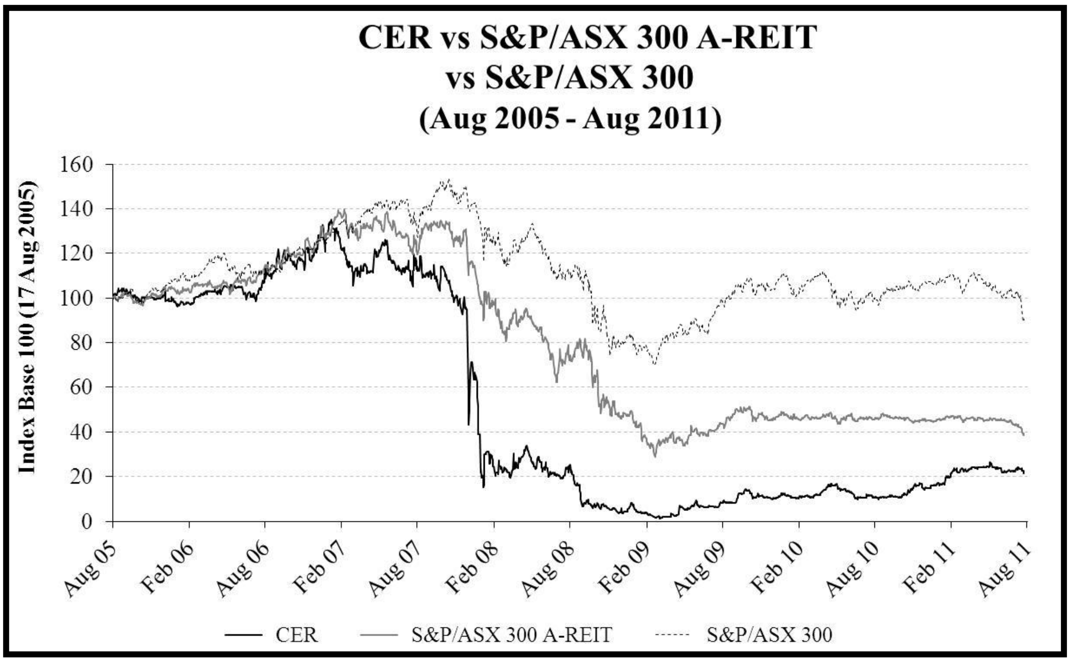
From listing on 17 August 2005 to 14 December 2007, CER traded in the range $1.39-$2.03 per security. CER securities then lost more than 75% of their value during the month ended 15 January 2008 and reached a low of 1.6 cents per security on 20 March 2009 before recovering to current levels around $0.30 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 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.

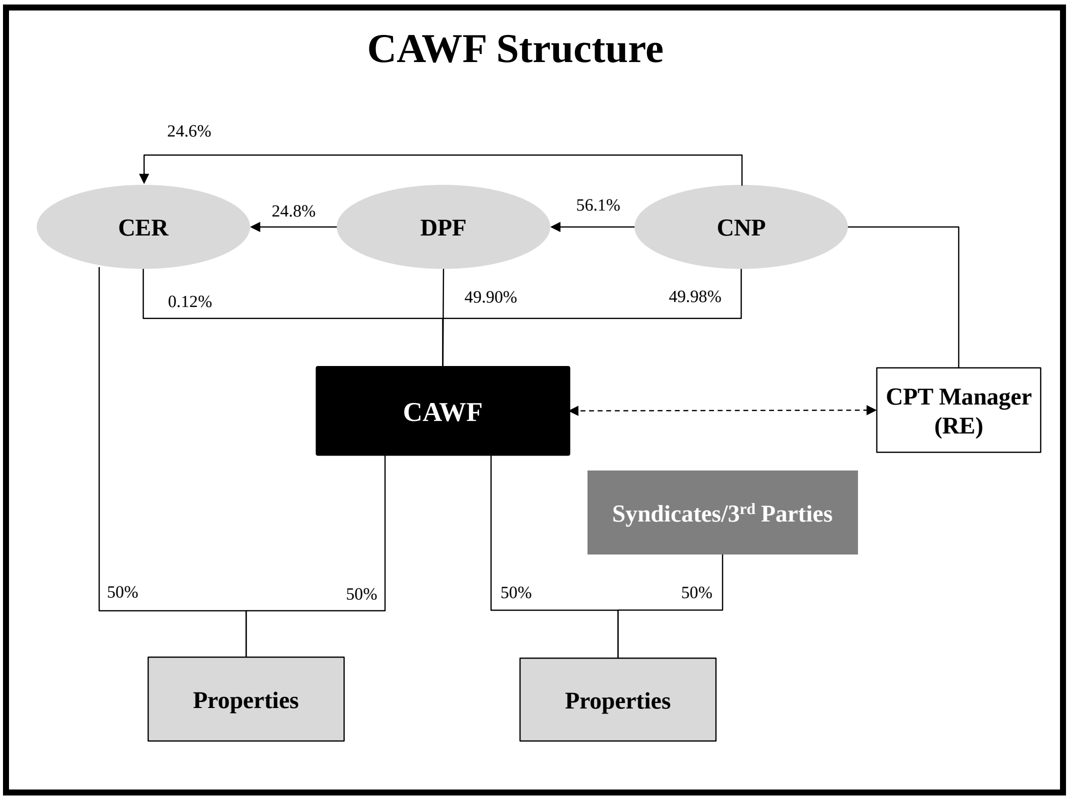
2 Profile of Centro Australia Wholesale Fund

2.1 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.

2.2 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:

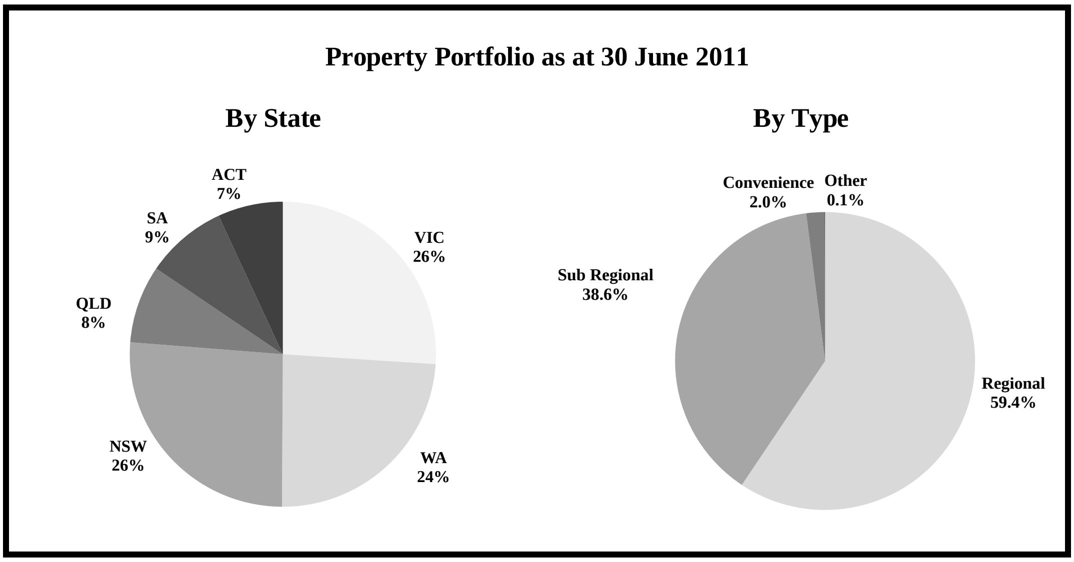
CAWF – Property Portfolio as at 30 June 2011

Name	Ownership	GLA (000's sqm)	Value ($m)	Cap Rate (%)	Share (%)
ACT					
Centro Tuggeranong[11]	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:

[11] 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.

2.3 Financial Performance

The historical financial performance of CAWF for the four and a half years ended30 June 2011 is summarised below:

CAWF - Financial Performance[12] ($ 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[13]	*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. Increased interest rates margins on CAWF's debt also resulted in a higher interest expense.

12 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

13 Interest cover is underlying profit before finance costs divided by finance costs.

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.

2.4 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[14]	**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[15] per security	*$0.77*	*$0.83*
Gearing[16]	*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.

14 CAWF's financial position at 31 December 2010 is based on management accounts and was not audited.

15 NTA is net tangible assets, which is calculated as net assets less intangible assets.

16 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.

2.5 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.

2.6 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:

2.1 Unit Price History

As a wholesale fund CAWF's unit pricing is determined on the basis of its prevailing net asset value.

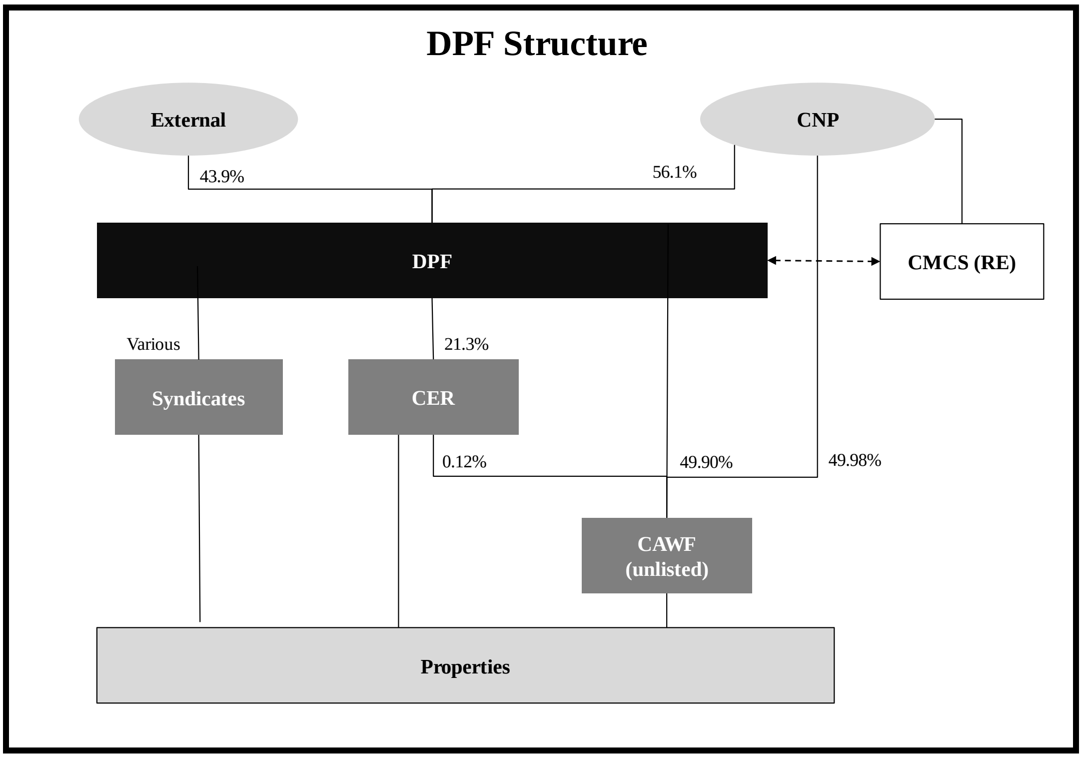
3 Profile of Centro Direct Property Fund

3.1 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.

DPF's structure is illustrated below:



Source: DPF

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.

CMCS acts as responsible entity for DPF. CMCS is accountable for the overall governance and strategy of the trust and receives a fee for these services. CMCS' 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;
- 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.

3.2 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 (incl. CRIT exposure)	21.4%	213.4
Syndicates	Various	419.2
Other assets	Various	90.4
Total		1,403.5

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. 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.

3.3 Financial Performance

DPF's historical and forecast financial performance for the five years ended 30 June 2011 is summarised below:

DPF – Financial Performance[17] ($ 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[18]	**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*[19]	*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[20]	*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 performance as a fair value gain or loss. Revenue from investments reflects distributions paid by the underlying funds.

17 Financial statements prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

18 EBIT is earnings before net interest, tax, investment income, and non-cash items.

19 Includes a 1.25 cent capital distribution.

20 Interest cover is EBIT divided by net interest.

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.

3.4 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[21] 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.

DPF has no debt. DPF's indirect debt exposure is related to the debt is held in DPF's underlying investments.

21 NTA is net tangible assets, which is calculated as net assets less intangible assets.

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.

3.5 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.

3.6 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%**

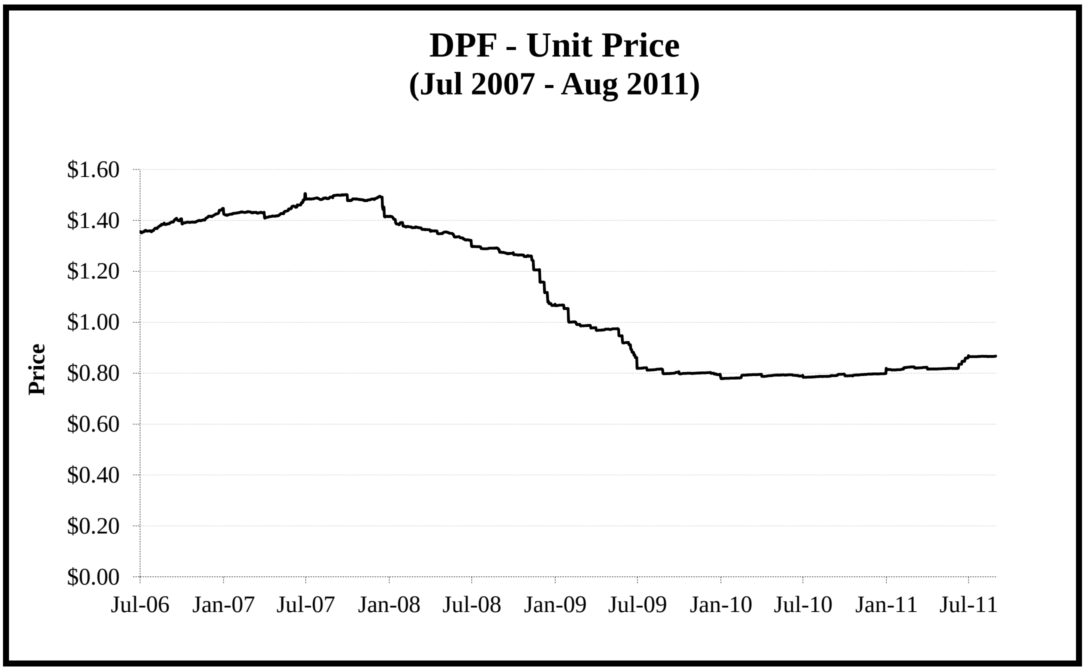
Source: DPF
Note: In August 2011, Merrill Lynch International transferred its interest in DPF to Silver Oak Capital LLC.

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).

3.7 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.

Appendix 2 – 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 CSIF–A (13.8%)	91.5 -	8.25% -	67.9%	15 Dec 11	0.6	11.2	Wind up	Dec 2012
CMCS 5	1.2%	23.3%	75.5%	Belmont Shopping Village Launceston[6] Kurralta New Town[7]	38.0 29.6 30.2 23.2	7.75% 9.00% 7.50% 9.00	42.2%	15 Dec 11	0.8	15.5	Roll over	Dec 2011
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 Albany	46.5 40.5	8.25% 8.25%	35.6%	15 Dec 11	0.2	3.1	Wind up	Dec 2011
CMCS 9	0.5%	10.2%	89.3%	Hollywood Gympie Dianella	77.0 61.5 58.5	8.75% 7.75% 8.50%	62.4%	15 Dec 11	0.4	7.1	Roll over	Aug 2012
CMCS 10	1.2%	24.3%	74.5%	Lennox Maitland Hunter Mall	48.5 12.0	7.75% 9.75%	51.7%	21 Dec 11	0.3	7.0	Roll over	Jun 2013
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 Glenorchy	41.5 19.0	8.50% 8.75%	8.5%	15 Dec 11	4.2	5.9	Roll over	Jun 2011
CMCS 14	1.7%	30.7%	67.8%	Stirlings Kalamunda Chapman Way Arcade CSIF-A (3.9%)	28.1 22.6 1.6 -	8.50% 8.75% n.a. -	31.1%	30 Sep 11	0.6	11.5	Roll over	Sep 2014
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.

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] Townsville Newcomb Albion Park	6.5 35.5 26.6 15.2	9.50% 8.38% 8.00% 8.63%	18.7%	27 Dec 11	0.3	6.3	Wind up	Apr 2012
CMCS 18	1.2%	22.9%	75.9%	Gateway Shopping Village Hilton	26.5 18.2	8.50% 7.25%	17.2%	16 Dec 11	0.4	8.2	Roll over	Mar 2012
CMCS 19 NZ/I	1.7%	33.1%	65.1%	Warners Bay (30%) Gladstone (30%)	23.5 16.6	8.25% 8.75%	(0.9)%	15 Dec 11	0.2	3.9	Wind up	Jun 2012
CMCS 19 UT	0.6%	12.4%	86.9%	Melville Plaza Kiama Altone Park Deniliquin Plaza Warners Bay (70%) Gladstone (70%)	24.3 24.2 15.7 8.0 23.5 16.6	8.25% 8.00% 9.25% 9.00% 8.25% 8.75%	32.0%	15 Dec 11	0.4	8.0	Roll over	Feb 2012
CMCS 20	0.8%	15.4%	83.8%	Porirua MegaCentre Kelston Shopping Centre	24.2 17.6	9.00% 8.50%	47.4%	15 Dec 11	0.2	3.3	Roll over	May 2013
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 Oxenford Karratha (50%) Emerald Village (50%) Emerald Market (50%) CSIF-A (11.0%)	27.0 21.6 94.0 25.3 15.0 -	9.00% 8.00% 7.75% 8.75% 8.50% -	49.1%	21 Dec 11	11.9	31.7	Roll over	Jun 2014
CMCS 26	53.9%	32.4%	13.7%	Maddington (76%) Indooroopilly Woolworths Tweed Heads	91.0 44.2 14.5	8.50% 8.75% 7.0%	40.5%	21 Dec 11	43.0	25.8	Roll over	Jul 2015
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%) City Central Perth (50%)	555.0 56.7	6.75% 8.50%	68.5%	15 Dec 11	1.4	27.5	Aggregate	Jul 2012

8 Sold in July 2011. Value reflects sale price.

9 Centro Retail Australia to acquire units in Syndicate.

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.

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.

Appendix 3

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

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.

Recent Transaction Evidence								
Date	Target	Transaction	Consideration[1] ($millions)	FUM[2] ($millions)	Consideration /FUM (%)	Revenue Multiple[3] (times) historical	EBIT Multiple[4] (times) historical	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%	5.7[8]	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%.

Recent Transaction Evidence								
Date	Target	Transaction	Consideration[1] ($millions)	FUM[2] ($millions)	Consideration /FUM (%)	Revenue Multiple[3] (times) historical	EBIT Multiple[4] (times) historical	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.

Annexure B – Investigating Accountant's Report

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29 September 2011

The Directors
Centro Properties Limited and CPT Manager Ltd as Responsible Entity for Centro Property Trust
Corporate Offices
3rd Floor, Centro The Glen
235 Springvale Rd
Glen Waverley, Victoria 3150

Dear Directors

Investigating Accountant's Report on 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 Properties Limited ("CPL") and CPT Manager Ltd as Responsible Entity for Centro Property Trust ("CPT") (together "CNP") for inclusion in the Explanatory Memorandum to be dated on or about 29 September 2011, and to be issued by CNP, in respect of a proposal to restructure the Senior Debt of CNP. The proposal also involves the potential amalgamation of Centro Australia Wholesale Fund's ("CAWF") Australian portfolio with the Australian portfolio of Centro Retail Limited and Centro Retail Trust (together "CER") and Centro Direct Property Fund Holding Trust ("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 (including CNP) 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.

2. Scope

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

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information comprises:

- the pro forma historical balance sheet of CNP as at 30 June 2011, as set out in section 7.3 of the Explanatory Memorandum

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

The Financial Information assumes completion of the proposed transactions 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 CPL and the responsible entity of CPT 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 sections 7.3 and the best-estimate assumptions as set out in sections 7.3 of the Explanatory Memorandum and the compilation process.

4. Our Responsibility for the Financial Information

Pro Forma Historical Financial Information

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 Explanatory Memorandum; and

c. The Pro Forma Historical Financial Information does not present fairly:

   - the Pro Forma balance sheet as at 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 as if the pro-forma transactions set out above had occurred at 30 June 2011;

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 of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the directors of CPL and the responsible entity of CPT, and analytical and other procedures applied to CNP'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 that given in an audit.

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

5. Review conclusion on the Financial Information

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 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 Explanatory Memorandum; and

c. The Pro Forma Historical Financial Information does not present fairly:

- the Pro Forma balance sheet of CNP as at 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 as if the pro-forma transactions set out above had occurred at 30 June 2011.

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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29 September 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 $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.

Annexure C – Notice of CNP Meeting

Notice of Meetings

Centro Properties Group (Centro)

Centro Properties Limited

ABN 45 078 590 682

Centro Property Trust

ARSN 091 043 793

Responsible Entity

CPT Manager Limited

ABN 37 054 494 307

Notice is hereby given that the Extraordinary General Meeting of Centro Properties Limited (**CPL** or **Company**) will be held in conjunction with a meeting of Unitholders of Centro Property Trust (**CPT** or **Trust**) (together with the Company, **Centro Properties Group** or **Centro**) at Melbourne Exhibition Centre ("Jeff's Shed") on 22 November 2011 at 2.30pm (Melbourne time).

Business

1. **Sale of assets to Centro Retail Australia**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for all purposes, including ASX Listing Rules 11.1 and 11.2, approval is given for the sale of assets by Centro to Centro Retail Australia under the CPT Asset Sale Agreement, CSIF Securities Sale Agreement and Services Business Sale Agreement."

Voting exclusion statement

Centro will disregard any votes cast on this resolution by the Senior Lenders, Hybrid Lenders and Convertible Bondholders, or any of their associates. However, Centro need not disregard a vote if:

(a) 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

(b) 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.

2. **Transfer of Centro Retail Australia securities to Senior Lenders**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for all purposes, including ASX Listing Rules 11.1 and/or 11.2, approval is given for the transfer of all the securities in Centro Retail Australia which Centro holds or is entitled to following Aggregation to the Senior Lenders in consideration for the cancellation of the Senior Debt, on the terms described in the Explanatory Memorandum which relates to this resolution."

Voting exclusion statement

Centro will disregard any votes cast on this resolution by the Senior Lenders, Hybrid Lenders and Convertible Bondholders, or any of their associates. However, Centro need not disregard a vote if:

(a) 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

(b) 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.

3. Change of name

To consider and, if thought fit, pass the following resolution as a special resolution:
"That, subject to each of the Resolutions under Items 1 and 2 being passed, approval is given for the name of Centro Properties Limited to be changed to **CNPR Limited**, subject to completion having occurred under the Services Business Sale Agreement."

Note that the Proposal cannot proceed if Resolution 1 or 2 is not passed, but can proceed if Resolution 3 is not passed (subject to satisfaction or (if permitted) waiver of the other conditions).

By order of the Board of Centro Properties Limited

Elizabeth Hourigan

Secretary

5 October 2011

By order of the Board of CPT Manager Limited as responsible entity of Centro Property Trust

Elizabeth Hourigan

Secretary

5 October 2011

1 **Terminology**

Terms which are defined in the respective Constitutions of CPL or CPT have the same meaning when used in this notice (including these notes and the Explanatory Memorandum) unless the context requires otherwise.

2 **Stapling**

The Shares in CPL and the Units in CPT are stapled together under the respective Constitutions of CPL and CPT. This means that all Members of CPL are Unitholders in CPT and each Member has the same number of Units in CPT as it holds Shares in CPL (Securityholder).

3 **Quorum**

The Constitution of CPL provides that three Members present personally or by representative, attorney or proxy shall be a quorum for a general meeting of CPL. The Constitution of CPT provides that a quorum for a meeting of Unit holders is two Unitholders.

4 **Resolutions**

Each of the Resolutions under Items 1. and 2. of Business will not be passed unless more than 50% of the votes cast by Members entitled to vote on the resolutions are in favour of the resolutions. The Resolution under Item 3. of Business will not be passed unless more than 75% of the votes cast by Members entitled to vote on the resolution are in favour of the resolution.

5 **Interconditional Resolutions**

For the Proposal to proceed, each of the Resolutions under Items 1 and 2 must be passed at the CNP Meeting. If those Resolutions are not passed, the Proposal will not proceed and the Resolution under Item 3 will not be put to CNP Securityholders.

6 **Voting**

The CPL Board and the Responsible Entity of CPT have determined that, for the purposes of the meetings, Shares and Units will be taken to be held by the persons who are registered as Members as at 7pm on 20 November 2011, Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meetings.

In the case of Stapled Securities held by joint holders:

- In respect of the Units comprising those Stapled Securities, only the person whose name stands first in the register may vote; and
- In respect of the Shares comprising those Stapled Securities, one of the joint holders may vote and 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 register will be counted.

7 **Admission to Meetings**

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the respective Constitutions of their company. Attorneys are requested to bring a copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

8 Proxies

A Member who is entitled to attend and vote at the meetings may attend and vote by proxy. A Member who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. A proxy need not be a Member and may be either an individual or a body corporate. A Member appointing a proxy may direct a proxy to vote "for", to vote "against", or abstain from voting on each resolution, or may leave the decision to the proxy following discussion at the meeting. Please refer to the enclosed proxy form for instructions on completion and lodgement.

If you do not specify a proportion or number, each proxy may exercise half of the votes. If you appoint two proxies to vote, neither proxy may vote on a show of hands if more than one proxy attends. On a poll, each proxy may only exercise votes in respect of those securities or voting rights the proxy represents.

If you appoint a proxy, you may still attend the meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the meeting.

Please note that proxy forms must be received at the address listed below no later than 2.30pm on 20 November 2011.

9 How the Chairman will vote undirected proxies

The Chairman intends to vote undirected proxies in favour of all of the resolutions. CNP encourages all CNP Securityholders who submit proxies to direct their proxy how to vote on each resolution.

10 Lodgements of proxies and queries

Proxy forms and authorities should be sent to the Registrar of CNP at the address specified on the enclosed reply paid envelope or to the address specified below:

Address:	c/- Link Market Services Limited
	Locked Bag A14
	Sydney South
	NSW 1235
Facsimile:	+612 9287 0309

CNP Securityholders should contact the Registrar of CNP at the above address or on telephone number 1300 887 890 (toll free) or +612 8280 7189 from outside Australia with any queries.

11 Questions to be put at the Meeting

CNP Securityholders are invited to submit questions that they would like raised at the Meetings using the enclosed question sheet or by visiting the CNP website facility established for this purpose.

www.centroinvestor.com.au

CNP will respond to as many of the more frequently asked questions as possible at the CNP Meeting.

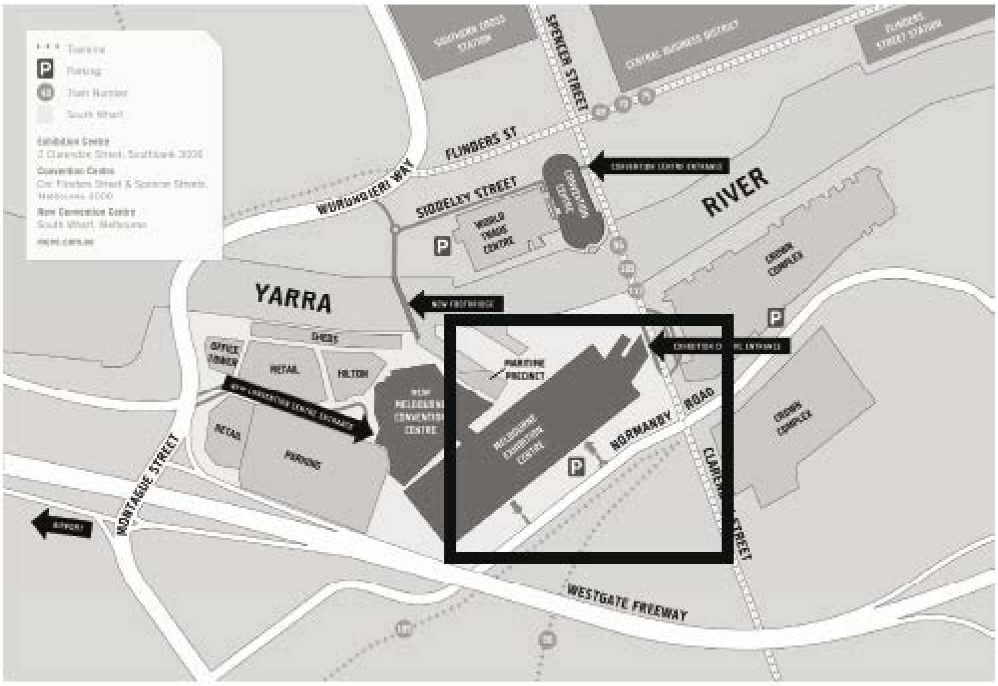
Please note that CNP will not be able *to respond personally to all questions.*

Questions may also be put at the meeting.

12 Venue, parking and transport

VENUE

The Auditorium, Level 2
Melbourne Exhibition Centre (“Jeff’s Shed”)
2 Clarendon Street
Southbank, Victoria



PARKING

Ample parking is available in the carpark located under the Melbourne Exhibition Centre for $8 per hour. Enter the carpark off of Normanby Road and park as close as possible to Door 1.

PUBLIC TRANSPORT

<u>Trams</u>

Tram routes for the Melbourne Exhibition Centre:

- Route 96 – St Kilda to East Brunswick
- Route 109 – Port Melbourne to Box Hill
- Route 112 – West Preston to St Kilda

<u>Trains</u>

Southern Cross and Flinders Street stations are both a short walk from the Melbourne Exhibition Centre. These stations are major hubs for suburban, regional and interstate rail services.

For tram and train timetables see www.metlinkmelbourne.com.au

Corporate Directory

Responsible Entity of Centro Property Trust
CPT Manager Limited
ABN 37 054 494 307

Board of Directors
Paul Cooper (Chairman)
Robert Tsenin (Managing Director)
Anna Buduls
Jim Hall
Susan Oliver
Rob Wylie

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 1802
Facsimile	+61 3 9886 1868
Toll Free (AUS)	1800 802 400
Toll Free (NZ)	0800 449 605
Email	investor@centro.com.au
Website	centro.com.au

Corporate Solicitors
Freehills
101 Collins Street
Melbourne Victoria 3000

Financial Advisers
Moelis & Company
Governor Phillip Tower
1 Farrer Place
Sydney, New South Wales 2000

Lazard Pty Ltd
Level 33, 101 Collins St
Melbourne Victoria 3000

KPMG
147 Collins St
Melbourne Victoria 3000

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