

Responsible Entity
CPT Manager Limited
ABN 37 054 494 307



Centro Properties Limited
ABN 45 078 590 682
Centro Property Trust
ARSN 091 043 791

18 November 2011

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

Dear Sir

Centro Properties Group (ASX:CNP) - Update on Senior Lenders Schemes of Arrangement

The attached is the update on Senior Lenders Schemes of Arrangement.

Yours faithfully

A handwritten signature in black ink, appearing to read 'E. Hourigan'.

Elizabeth Hourigan
Company Secretary



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Dear Senior Lender

Update on Senior Lenders Schemes of Arrangement

1 Introduction

The Scheme Meetings for CPL and CPT RE (referred to together as the **Scheme Companies**) have been convened for Tuesday 22 November 2011, for Senior Lenders to consider approving the Scheme between CPL and the Senior Lenders and the Scheme between CPT RE and the Senior Lenders.

Under those Schemes, the Senior Lenders will receive Centro Retail Australia Stapled Securities and Centro Retail Australia Litigation Securities in consideration for the cancellation of the Senior Lenders' Scheme Debt.

The details of the Schemes are set out in the Senior Lenders' Explanatory Statement, dated 5 October 2011, which you should have received. Details of the Centro Retail Australia Stapled Securities (referred to as the 'New Stapled Securities' in the Disclosure Document) and Centro Retail Australia Litigation Securities (referred to as the 'CATS' in the Disclosure Document) are set out in the Disclosure Document, dated 5 October, and the Supplementary Disclosure Document, dated 4 November 2011, which you should have also received.

This document (**Letter**) supplements the Senior Lenders' Explanatory Statement and its purpose is to provide information to Senior Lenders, in accordance with Part 5.1 of the Corporations Act, about material new matters that have arisen since the Explanatory Statement was dispatched to Senior Lenders on 21 October 2011. It is intended that this Letter be read together with the Explanatory Statement.

Following feedback from a range of CER investors, the parties to the Aggregation as well as the Signing Senior Lenders re-negotiated certain of the Aggregation terms, to encourage all CER Securityholders to vote in favour of the CER Aggregation Resolutions. Approval of the CER Aggregation Resolutions by CER Securityholders is a condition precedent to Aggregation. Aggregation is a condition precedent to the Schemes. These material developments, so far as they are relevant to Senior Lenders, are explained in sections 2 and 3 below.

A copy of this Letter has been provided to ASIC. Neither ASIC nor any of its officers takes any responsibility for the content of this Letter.

Unless otherwise defined in this Letter, capitalised terms have the meaning given to those terms in the Explanatory Statement (section 18).

2 Decrease in Senior Lenders' aggregate interest in Centro Retail Australia

The parties to the Aggregation have agreed with the Signing Senior Lenders to amendments to the terms of Aggregation which have the effect of:

- as a result of the transfer under the Schemes of the Scheme Securities and, if applicable, the Delayed Scheme Securities, Interposing Delayed Scheme Securities and the Deferred Asset Sale Securities, decreasing the aggregate ownership of the Senior Lenders in Centro Retail Australia by 1.6% from 73.9% (as disclosed in the Explanatory Statement - see page 13, 15 and 108) to 72.3% (or from 68.5% to 66.8%,



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- depending on whether the Existing Put Option Units are held by CPT RE (or its nominee) or the Existing Put Option Lenders on Aggregation Implementation);
- increasing the aggregate ownership of “External CER Securityholders” in Centro Retail Australia by 1.4% from 14.5% (as disclosed in the Explanatory Statement - see page 15) to 15.9%; and
 - increasing the aggregate ownership of “DPF/DPF Investors” in Centro Retail Australia by 0.2% from 11.6% (as disclosed in the Explanatory Statement - see page 15) to 11.8% (or from 17% to 17.3% depending on whether the Existing Put Option Units are held by CPT RE (or its nominee) or the Existing Put Option Lenders on Aggregation Implementation)

The decrease in the Senior Lenders’ interest in Centro Retail Australia is due to the reduction of the purchase price of the “CPT Sale Property” (as defined in the CNP Asset Sale Agreement – CPT Assets) by approximately \$89.7 million (specifically by reducing the purchase price of the Karingal Assets referred to, and as defined, in Schedule 3 of the Implementation Agreement), with a corresponding reduction in the number of CER Stapled Securities to be issued by CER to CPT RE (**purchase price reduction**).

The purchase price reduction also results in the reduction of the number of Centro Retail Australia Litigation Securities that will be issued on Aggregation Implementation and, as a result of, the number of Centro Retail Australia Litigation Securities that will be transferred to the Senior Lenders under the Schemes.

3 Reduction in Cap on Centro Retail Australia Litigation Securities from 20% to 6.91% of the number of Centro Retail Stapled Securities on issue immediately after Aggregation Implementation

As explained in section 11.1(a) of the Explanatory Statement and section 10.1 of the Disclosure Document, Centro Retail Australia Litigation Securities, which are also referred to as “Class Action True-up Securities” or “CATS”, will be issued on Aggregation Implementation to the Scheme Companies and DPF (in respect of certain asset transfers) and to CAWF Unitholders and DHT Unitholders. As part of the Scheme Consideration in respect of the Schemes, the Senior Lenders will receive Centro Retail Australia Litigation Securities, which may be in the form of Scheme Securities, Delayed Scheme Securities or Deferred Scheme Securities.

As further explained in section 10.6.3 of the Disclosure Document, the issue of Centro Retail Australia Stapled Securities and cash payments are subject to the Share Cap (as defined in the Disclosure Document) and the Cash Cap (as defined in the Disclosure Document), respectively. The Share Cap was previously equivalent to 20% of the number of Centro Retail Australia Stapled Securities that will be on issue immediately following Aggregation Implementation (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cash Cap determines the maximum amount of cash which can be paid to holders of Centro Retail Australia Litigation Securities, having regard to the Share Cap and the theoretical Pro Forma NAV (as defined in the Disclosure Document) per Centro Retail Australia Stapled Security implied by the Share Cap.

The parties to the Aggregation and the Signing Senior Lenders have re-negotiated the Share Cap downwards to 6.91% of the number of Centro Retail Australia Stapled Securities that will be on issue immediately following Aggregation Implementation. There will be a corresponding decrease in the Cash Cap.

The impact of the reduction in the Cap is that potentially fewer Centro Retail Australia Stapled Securities will be issued (or less cash will be payable) to holders of Centro Retail Australia Litigation Securities should a Crystallisation Event (as defined in the Disclosure Document) occur.



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Under the original Cap of 20%, assuming that a number of Centro Retail Australia Stapled Securities equivalent to the Cap were issued, Senior Lenders (who would have in aggregate held 73.9% of Centro Retail Australia Stapled Securities immediately following Aggregation) could not have had their interest increased in Centro Retail Australia as a result of the issue of additional Centro Retail Australia Stapled Securities under the Centro Retail Australia Litigation Securities beyond 75.9% of Centro Retail Australia Stapled Securities on issue immediately after Aggregation.

Under the reduced Share Cap of 6.91%, again assuming that a number of Centro Retail Australia Stapled Securities equivalent to the Share Cap were issued, Senior Lenders (who under the revised terms will in aggregate hold 72.3% of Centro Retail Australia Stapled Securities immediately after Aggregation) cannot have their interest increased in Centro Retail Australia as a result of the issue of additional Centro Retail Australia Stapled Securities under the Centro Retail Australia Litigation Securities beyond 73.1% of Centro Retail Australia Stapled Securities on issue immediately after Aggregation.

As explained in the Disclosure Document (section 10.6.3), the potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the Centro Retail Australia Litigation Securities will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

You should refer to section 10 of the Disclosure Document for further information, in relation to the Centro Retail Australia Litigation Securities, although references to the 20% Share Cap should now be read as a Share Cap of 6.91%.

4 Voting and proxy information

You do not need to take any action if you have already lodged your Proxy Form for the Scheme Meeting for CPL and the Scheme Meeting for CPL RE and do not wish to change your vote as a result of the supplementary information.

If you have not yet voted, you simply need to take the supplementary information into account when making your decision.

The Supreme Court of New South Wales has made orders to extend the time for lodgement of Proxy Forms in respect of the Senior Lenders' Schemes until 4:00 pm on Monday, 21 November 2011.

If you have already lodged your Proxy Form and now wish to change your vote, please lodge a new Proxy Form by 4.00pm on Monday 21 November 2011. If you lodge a new Proxy Form, it will revoke your previous Proxy Form (to the extent both appointments cannot be validly exercised at the meetings).

It is recommended that Senior Lenders read this Letter, the Explanatory Statement, the Disclosure Document and the Supplementary Disclosure Document carefully and vote either in person, by proxy, by attorney or by corporate representative at:

- the Scheme Meeting for CPL which is to be held at Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria on 22 November 2011, commencing at 5.30pm; and
- the Scheme Meeting for CPL RE which is to be held at Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria on 22 November 2011, commencing at the later of 6.00pm and the conclusion of the Scheme Meeting for CPL.

For your proxy to be considered, the Proxy Form must be lodged by 4.00pm on Monday 21 November 2011. In addition to the methods of lodgement described in the Explanatory



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Statement, Proxy Forms may also be lodged by email to Elizabeth Hourigan, Company Secretary of the Scheme Companies at Elizabeth.Hourigan@centro.com.au.

As a clarification to the notes on the Proxy Form, the Proxy Form may be executed by the Senior Lender in any of the following ways:

- by common seal;
- by 2 directors or by a director and secretary, or if the company has a sole director who is also the sole secretary (or has no secretary), by that director;
- by its attorney; or
- by a duly authorised officer.

Except as set out in this Letter, the Explanatory Statement, the Disclosure Document and the Supplementary Disclosure Document, there is no other information material to the making of a decision in relation to the Scheme Meeting for CPL or the Scheme Meeting for CPL RE, being information that is within the knowledge of any director of CPL or CPT RE which has not been previously disclosed to Senior Lenders.

5 Further information

If you have any questions in relation to the Schemes, the Scheme Meetings or the lodgement of Proxy Forms please contact Adam Soffer, Centro Fund Manager and Executive Management Support, Centro Properties Group on +61 3 8847 0932 or alternatively at Corporate Offices, 3rd Floor, Centro The Glen, 235 Springvale Rd, Glen Waverley VIC 3150, or consult with an investment or other professional adviser.

Yours sincerely,

Paul Cooper

Chairman