SUPPLEMENTARY TARGET'S STATEMENT

in respect of the offer by

EPN EDT Holdings II LLC

for units in

EDT Retail Trust (ARSN 106 570 352)

This document contains your Independent Directors' updated recommendation and the updated conclusions of the Independent Expert in response to EPN's increased Offer.

This document is the supplementary target's statement ("**Supplementary Target's Statement**") to the Target's Statement dated 6 May 2011 (**"Target's Statement**") issued by EDT Retail Management Limited ("**ERML**") as responsible entity for EDT Retail Trust ("**EDT**") and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 6 May 2011, in response to the offer by EPN EDT Holdings II LLC ("**EPN**") ("**Offer**") for the units in EDT.

This Supplementary Target's Statement is issued by ERML as responsible entity of EDT and is dated 19 May 2011. This Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement. Unless the context requires otherwise, defined terms in the Target's Statement have the same meaning in this Supplementary Target's Statement. This Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this Supplementary Target's Statement was lodged with ASIC on 19 May 2011. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Target's Statement.

EDT Retail Management Limited
ABN 16 101 743 926
AFS Licence No. 223190
Darling Park Tower 2
Level 20, 201 Sussex Street
SYDNEY NSW 2000
AUSTRALIA

Telephone 1300 308 875 (from within Aust)
Telephone `+61 2 9006 1467 (from outside Aust)
Internet www.edtretail.com.au
Fax +61 2 9006 1010

UNIT REGISTRY
c/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Telephone 1300 135 403
Email edtretail@linkmarketservices.com.au

Letter from the Lead Independent Non-Executive Director

19 May 2011

Dear Unitholder,

On 11 May 2011, EPN EDT Holdings II LLC ("**EPN**") announced that it had increased its cash Offer to acquire your Units in EDT Retail Trust ("**Trust**" or "**EDT**") to $0.09 (9 Australian cents) per Unit (the "**Revised Offer**"). The Revised Offer constitutes an increase of 15.4% (1.2 Australian cents per Unit) on EPN's initial Offer which was $0.078 (7.8 Australian cents) per Unit.

Consistent with the initial Offer, the Revised Offer is unconditional and EPN has declared that the Revised Offer is final as to price in the absence of a superior proposal. EPN's Revised Offer is currently due to close at 7.00pm (Sydney time) on 23 May 2011 ("**Closing Date**").

Recommendation

The Independent Directors have reviewed the Revised Offer and considered all the information which is currently available to them. Due to the short period between the date the Revised Offer was announced and the Closing Date, the Independent Directors have been unable to review thoroughly the other alternatives which may be available to Unitholders, including the winding-up of the Trust, that might deliver a superior return to Unitholders. These alternatives have risks associated with them which are identified in section 3 of this Supplementary Target Statement and section 6 of the Target's Statement issued.

Subject to the foregoing, the Independent Directors believe that the decision as to whether to accept or not to accept EPN's Revised Offer is finely balanced. The Independent Directors do not believe that the Revised Offer recognises the full underlying value of EDT's assets and its future opportunities to maximise the value of its properties.

However, on balance and after consideration of the Revised Offer and the various factors discussed in this Supplementary Target's Statement, the Independent Directors believe the Revised Offer is not fair but could be reasonable in the absence of a superior proposal.

Reasons to accept or reject the Revised Offer are detailed in sections 1 and 2 of this Supplementary Target's Statement respectively.

Unitholders should note that if the EPN Group gains a significantly greater holding in the Trust, there are various adverse implications which non-EPN Unitholders may experience. The risks associated with being a Unitholder where the EPN Group has a significantly greater holding are outlined in section 2 of this Supplementary Target's Statement.

Those Unitholders who intend to dispose of their Units should consider whether selling them on market (after allowing for brokerage) or accepting the Revised Offer would provide a higher net value.

As at the date of this Supplementary Target's Statement, the Independent Directors who own or control Units, being Steven Guttman and David Spruell, are undecided as to whether to accept or reject the Revised Offer in relation to the Units they own or control.

Updated Independent Expert's Report

Following the announcement of the Revised Offer, the Independent Directors requested a supplementary report from the Independent Expert, PKF Corporate Advisory (East Coast) Pty Limited, to supplement the Independent Expert's Report which accompanied the Target's Statement. A copy of the supplementary report is attached as Annexure A to this Supplementary Target's Statement ("**Supplementary IER**").

The Independent Expert has concluded that the Revised Offer is **<u>not fair but is reasonable</u>** to Unitholders. In the absence of a superior offer, the Independent Expert concluded that the Revised Offer is in the best interests of Unitholders not associated with the EPN Group, when taking the interests of those Unitholders as a whole.

The Independent Expert has concluded the Revised Offer is **<u>not fair</u>** as it is less than the Independent Expert's valuation range of A$0.1054 (10.54 Australian cents) to A$0.1055 (10.55 Australian cents) per Unit on a control basis.

In determining that the Revised Offer is reasonable, the Independent Expert has noted:

- The Revised Offer is comparable to, or in some cases better than, other AREIT takeover transactions, post GFC;
- The Revised Offer represents a significantly higher premium over historical pricing levels;
- It is possible that Units will trade below the Revised Offer, once the Revised Offer lapses; and
- It is unlikely that an offer from a party other than EPN will be made due to the EPN Group's significant ownership in the Trust.

You are encouraged to read the Supplementary IER attached as Annexure A in its entirety.

Requisition for Unitholders' Meeting

As announced on 13 May 2011, the ERML Board is reviewing the request from some Unitholders for ERML to convene a meeting of Unitholders to consider and vote on a resolution to wind up EDT in accordance with its constitution ("**Request for Meeting**"). ERML is required to call a meeting of Unitholders to be held within two months from the date of the Request for Meeting.

As at the date of this Supplementary Target's Statement, there is no certainty that the resolution for winding up will be passed or that a winding up would provide a superior outcome for Unitholders when compared to the Revised Offer. Information and risks surrounding the possible winding up of EDT are outlined in section 3 of this Supplementary Target's Statement.

In the attachment to EPN's announcement on 11 May 2011, there is a statement that EPN considers that it will be able to vote its units on any unitholder resolution. Whether or not EPN will be able to vote on the winding up resolution is a matter of law. Section 253E of the Corporations Act provides that:

> *"The responsible entity of a registered scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's members if they have an interest in the resolution or matter other than as a member."*

Your choices

As a Unitholder, you have the choice to:

- **reject the Offer**, in which case you do not need to take any action;
- **accept the Offer** for all or some of your Units; or
- **sell your Units on ASX**, unless you have previously accepted the Offer.

Unitholders should carefully consider the Supplementary IER and other important issues set out in this Supplementary Target's Statement and the Target's Statement.

We urge you to read this Supplementary Target's Statement in full, consult with your independent professional adviser and call the Unitholder Information Line if you have any queries.

We will continue to update you with any material developments in relation to the Offer.

Yours sincerely

David Spruell
Lead Independent Non-Executive Director
Chairman of the Independent Response Committee
EDT Retail Management Limited

1 Reasons to Accept the Revised Offer

1.1 Increased Offer is more attractive than the initial Offer

The cash amount to be received by accepting the Revised Offer represents a:

- **29% premium** to the last close price of $0.07 per Unit[1];
- **27% premium** to the one and three month volume weighted average price of $0.071 per Unit[1]; and
- **15% premium** to the initial Offer Consideration provided by EPN.

1.2 Liquidity in Units remains low

The liquidity in the Units traded on the ASX remains low and will likely reduce further with the EPN Group increasing their holding. The EPN Group has stated that it does not intend to sell any of its Units which would significantly reduce the free float of the Trust.

1.3 Unlikely to receive a superior proposal

On 18 May 2011 the EPN Group disclosed a relevant interest in 52.98% of the Units on issue (reflecting the change in relevant interest on 17 May 2011). Due to the EPN Group's significant holding in the Trust, it is unlikely that a higher offer will be received as the EPN Group has stated that it does not intend to sell any of its Units.

1.4 Units may trade below the Revised Offer once it lapses

There is a risk that Units will trade at a discount to the Revised Offer following the Closing Date. The Independent Expert is of the opinion that Units are likely to trade below the Revised Offer once the Revised Offer lapses. The Independent Expert notes *"This drop would in part reflect the difference between the value of EDT units on a 100% control basis and the trading price of EDT units in the listed market, on a minority basis."*

1.5 The Independent Expert has concluded that the Revised Offer is not fair but reasonable

The Independent Expert has concluded that the Revised Offer is **not fair but is reasonable** to Unitholders. In the absence of a superior offer, the Independent Expert concluded that the Revised Offer is in the best interests of Unitholders not associated with the EPN Group, when taking the interests of those Unitholders as a whole.

1.6 Taxation risks

As outlined in the Target's Statement, if EPN's holding in the Trust was to exceed certain thresholds there would be adverse tax consequences to the remaining Unitholders. These risks are described in detail in Section 6.2.8 of the Target's Statement.

1.7 Business risks

The Independent Directors reiterate that they believe the Trust will be able to deliver attractive returns over the medium term. However, as detailed in the Target's Statement, the ability to deliver these returns is subject to risks including the ability to refinance near term debt maturities and overall economic conditions in the United States. Section 6 of the Target's Statement sets out key risks in relation to the Trust.

[1] As at 8 March 2011 being the last day on which Units traded on ASX prior to the announcement of the Offer

2 Reasons to Reject the Revised Offer

2.1 The Revised Offer remains opportunistic at a significant discount to the NTA of the Trust

The Revised Offer consideration represents a **14.8% discount** to the NTA per Unit of the Trust as at 31 December 2010.

The Trust's current NTA continues be impacted by movements in property valuations, the AUD:USD exchange rate as well as cash earnings received. Based on the draft financial accounts for the three months ended 31 March 2011 it is anticipated that during that period there has been an increase in valuations of approximately US$18.3 million or 1.3% and retained core earnings for the period of approximately A$9.4 million.

Based on the anticipated movements in property valuations, retained core earnings for the period and an exchange rate of AUD:USD 1.0334, the anticipated NTA per Unit as at 31 March 2011 is expected to be $0.1089, which is an increase of 3.1% compared with the NTA per Unit as at 31 December 2010.

In addition to the above, the Revised Offer consideration represents a:

- **17.4% discount** to the anticipated NTA per Unit of the Trust as at 31 March 2011 of 10.89 Australian cents; and

- **15.2% discount** to the anticipated NTA per Unit of the Trust as at 31 March 2011 of 10.67 cents, adjusted for the AUD:USD exchange rate of 1.060 as at 18 May 2011.

2.2 The Revised Offer does not completely reflect the quality and growth characteristics of the Trust's assets

The Independent Directors believe that the Revised Offer remains opportunistically timed to take advantage of depressed Unit prices, as a result of factors which may include the dilution created by the Recapitalisation, uncertainties in relation to US property markets during and following the global financial crisis and the level of gearing in the Trust and near term maturities.

2.3 The Independent Expert has concluded that the Revised Offer is not fair

The Independent Expert has concluded the Revised Offer is **not fair** as it is less than the Independent Expert's valuation range of $0.1054 (10.54 Australian cents) to $0.1055 (10.55 Australian cents) per Unit on a control basis.

2.4 Possible alternatives may deliver a superior outcome

The Independent Directors intend to raise with the ERML Board various alternative strategies to enhance the net asset value of the Units and potential measures to close the gap between the trading price of Units and the net asset backing per Unit. Alternatives which could be considered range from the continued focus on the Trust's previously stated initiatives, including further deleveraging, the possible reinstatement of distributions and improving property fundamentals coupled with capital management and increasing general investor awareness of the Trust, to the winding up of the Trust in an orderly manner.

As announced on 13 May 2011, the ERML Board is reviewing the Request for Meeting. Information and risks surrounding the possible winding up of EDT are outlined in section 3 of this Supplementary Target's Statement and in the Target's Statement.

3 Winding up of the Trust

Overview

The constitution of EDT does not give ERML the right to terminate EDT. Termination under the constitution can only occur if EDT is delisted, an extraordinary resolution of the Unitholders is passed to wind up EDT or EDT otherwise terminates by law. Any amendment to the constitution of EDT to include a power for ERML to terminate EDT requires approval by a special resolution of Unitholders (that is, 75% of total votes cast in favour of the resolution). An extraordinary resolution of the Unitholders to wind up EDT requires that at least 50% of all Units which are able to be voted are voted in favour of the resolution.

EPN GP is the current 50% owner of the US Manager, EDT Management LLC, who owns and controls ERML and is entitled to management fees. EPN GP has the right to nominate the majority of directors of ERML. This control may mean EPN GP may be considered an “associate” of ERML within the meaning of the Corporations Act. The indirect entitlement to management fees appears to give EPN GP an interest other than as a Unitholder in relation to a winding up resolution. Accordingly, EPN GP may be prohibited by section 253E of the Corporations Act from voting on an extraordinary resolution for the winding up of EDT, for so long as EPN GP holds Units in EDT and remains an associate of ERML. However, the ultimate application and interpretation of the Corporations Act is a legal matter based on the position at the time of the meeting, on which the Independent Directors are unable to opine.

Notwithstanding the above, EPN has stated in the Second Supplementary Bidder’s Statement that it considers that it will be able to vote its units on any unitholder resolution, and that EPN will, if necessary, take action to ensure its ability to vote, so that it can protect the value of Units.

Whether or not EPN will be able to vote on the winding up resolution is a matter of law. The interpretation of section 253E is uncertain and it may be that EPN would not be entitled to vote.

Considerations

A winding up of the Trust would likely involve seeking bids for pools of assets, the US REITs or the US LLCs. Such a sale process would incur costs including, but not limited to, marketing and sales fees, possible debt break costs, potential tax liabilities and fees owing to the US Manager under the current management agreements. The amount of these fees would be dependent on the structure of the transaction and which entities are being sold. A proposed transaction will involve negotiations with lenders and other third parties, which may impose additional costs.

Contrary to EPN’s Second Supplementary Bidder’s Statement, a wind up would provide the ability for an acquirer to manage the properties or appoint a third party property manager. The property management agreements between various EDT entities and DDR can be terminated upon the sale of properties.

As the majority of the Trust’s debt is transferrable, if any acquisition was structured such that the new buyer was to assume the existing debt in entities controlled by the Trust, the US REITs or US LLCs, it is likely that the costs involved would be substantially lower than selling individual assets. Under this scenario, the acquirer would be required to meet lender requirements, and a fee would be required to effect the transfer.

If individual asset sales were undertaken, breaking up the loan portfolios would likely have a material impact on the value returned to Unitholders. In addition, the most recently refinanced loans are unable to be prepaid until late 2011 or 2012 and would be required to be sold as a portfolio, which could reduce the overall value.

4 Consents

(a) Consent to inclusion of a statement

Each of the persons listed below has given and has not, before the lodgment of this Supplementary Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Supplementary Target's Statement that are specified below in the form and context in which the statements are included and to the inclusion of all references in this Supplementary Target's Statement to those statements in the form and context in which they are included:

(i) The Independent Expert – to being named as Independent Expert, and to the inclusion of the Supplementary IER and statements based on the statements made in the Supplementary IER.

(ii) The Independent Directors, Steven Guttman and David Spruell - to the inclusion of statements made by them.

(b) Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Supplementary Target's Statement:

(i) does not make, or purport to make, any statement in this Supplementary Target's Statement or any statement on which a statement in this Supplementary Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Supplementary Target's Statement with the consent of that person; and

(ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Supplementary Target's Statement with the consent of that party.

5 Authorisation

This Supplementary Target's Statement has been approved by a resolution passed by the Independent Directors of ERML.

Signed on behalf of ERML.

David Spruell
Lead Independent Non-Executive Director

19 May 2011

The Directors
EDT Retail Management Ltd
as responsible entity for
EDT Retail Trust
Darling Park Tower 2
Sydney NSW 2000

Dear Sirs

REVISED TAKEOVER OFFER FROM THE EPN GROUP

1 INTRODUCTION

PKF Corporate Advisory (East Coast) Pty Limited ("**PKFCA**") has been engaged to prepare this supplementary report to their independent expert's report dated 26 April 2011 ("IER"). The abbreviations and terms defined in the IER apply equally to this supplementary report.

The purpose this supplementary report is to opine on a revised offer received by the Directors from the EPN Group. Unless otherwise stated, the information included in our IER, including report requirements and basis of evaluation, remains unchanged by the revised offer from the EPN Group.

This supplementary report should be read in conjunction with our IER, where there is a detailed analysis of the advantages and disadvantages, and a valuation of EDT units were completed.

2 THE EPN GROUP'S REVISED OFFER

The EPN Group issued a Second Supplementary Bidder's Statement ("SBS") dated 12 May 2011. The SBS relates to and supplements the EPN Group's Bidders Statement dated 14 April 2011.

In the SBS, the EPN Group increased their off market takeover bid for EDT units upwards, as follows:

- The cash offer was revised to 9 cents per unit in EDT ("the Revised Offer").
- The Revised Offer is unconditional.
- The Revised Offer has been declared by the EPN Group as final, in the absence of a superior proposal.

The Revised Offer is scheduled to close at 7.00pm Sydney time on 23 May 2011.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF Corporate Advisory (East Coast) Pty Limited | Australian Financial Services Licence 247420 | ABN 70 050 038 170
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

3 CONCLUSION

The Revised Offer is not fair but is reasonable to Unitholders. In the absence of a superior offer we conclude that the Revised Offer is in the best interests of Unitholders not associated with the EPN Group, when taking the interests of those Unitholders as a whole.

4 VALUATION OF EDT

As set out in Section 8 of our IER, we assessed the value of EDT units on a 100% control basis, at AUD 10.54 cents to AUD 10.55 cents per unit.

For the purposes of this supplementary report, we have considered if any amendment to that valuation is required. In this regard, the Directors have provided PKFCA with certain additional financial information relevant to the assessment of EDT's assets and liabilities. Having reviewed this financial information we believe that the assessed valuation range in our IER remains appropriate.

We note in particular that any increases in EDT's NTA (in USD) have been offset by movements in the AUD/USD exchange rate from 31 December 2010 to the date of this supplementary report. This exchange rate continues to be subject to significant volatility.

5 FAIRNESS ASSESSMENT

ASIC Regulatory Guide 111 states that an offer is fair if the value of the offer price or consideration is equal to or greater than the value of securities the subject of the offer. We have completed this comparison below:

Table 1: Fairness Assessment

	Per EDT Unit	
	Low AUD cents	High AUD cents
PKFCA assessed value of EDT on a controlling basis	10.54	10.55
Revised Offer	9.00	9.00
Extent to which value of EDT units exceed Revised Offer	1.54	1.55
Percentage discount of Revised Offer to assessed value (midpoint)	<15%>	
Percentage discount of original offer to assessed value (midpoint)	<26%>	

As the Revised Offer is less than our assessed valuation range of EDT units, on a control basis, in our opinion, the Revised Offer is not fair.

6 REASONABLESS ASSESSMENT

ASIC Regulatory Guide 111 also states that an offer may be reasonable if despite not being fair, there are sufficient reasons for Unitholders to accept the offer in the absence of any higher offer. We have assessed that all advantages and disadvantages of accepting the takeover offer from the EPN Group as detailed in our IER remain appropriate.

However, the following Sections 6.1 to 6.5 represent factors considered in our IER that have changed as a result of the Revised Offer from the EPN Group, from AUD 7.8 cents to AUD 9 cents.

6.1 Comparison To Recent AREIT Transactions

An important consideration for Unitholders is to compare the Revised Offer to other takeover transactions in the market, particularly those that have occurred post GFC. The GFC has significantly affected the price at which takeover transactions have been accepted by security holders in AREITs. Most AREITs continue to trade at significant discounts to their NTA. This has meant that successful takeover transactions have been almost exclusively priced at a level below NTA (but above ASX pricing) in a post GFC environment. The case is no different under the Revised Offer.

We have revised the table in Section 10.2.1 of the IER to reflect the Revised Offer and its affect on the discount and premium to EDT's NTA and ASX trading price respectively.

Table 2: Comparable REIT Transactions post GFC

Comparable Transactions	Date	Offer Premium to ASX Price (Pre announcement) [1]	Offer Premium/ (Discount) to NTA [2]
EDT Takeover Offer	April 11	10%	(26%)
EDT Revised Offer	**May 11**	**27%**	**(15%)**
Challenger Kenedix Japan Trust (all cash offer)[3]	Dec 09	46%	(36% to 39%)
ING Industrial Fund	March 11	4%	(6%)
Aevum Limited[3]	Sep 10	5%	(11%)
Westpac Office Trust	Jul 10	14%	2%
MacarthurCook Industrial Property Fund[3]	Jun 10	47%	(30% to 31%)
Mirvac REIT (Cash Scrip offer)[3]	Nov 09	66%	(31% to 33%)
Orchard Industrial Property Fund (no offer, but placement to new unitholder)	Jul 09	7%	(11%)

Source: Bloomberg, ASX Announcements

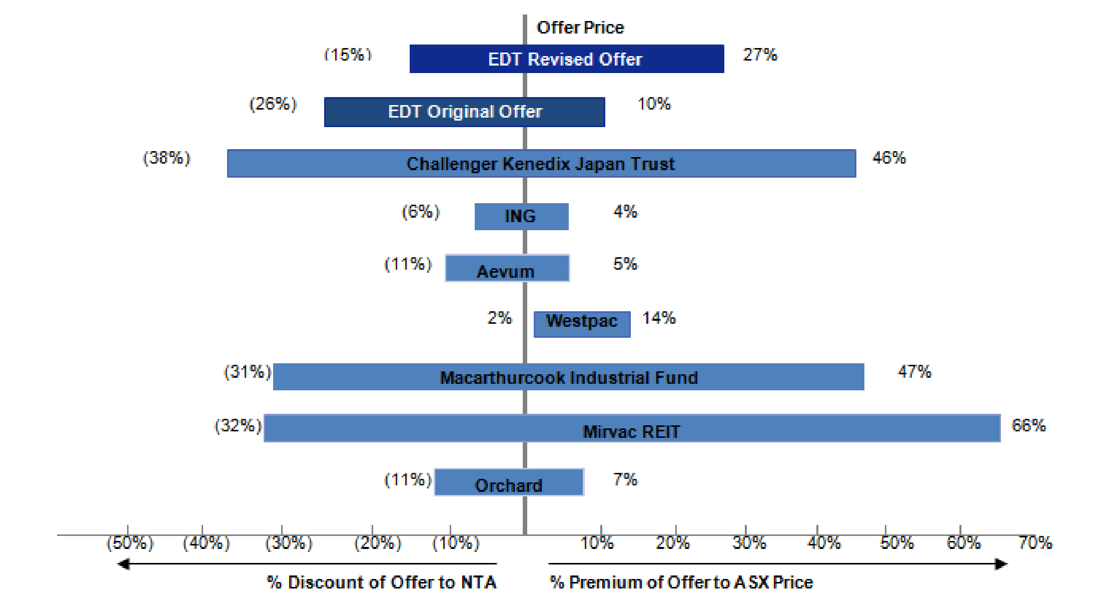
Note 1: In all cases, the one month VWAP ASX price was used.

Note 2: In all cases, the latest available NTA was used other than EDT, where our NTA on a going concern valuation has been used.

Note 3: Pricing is based on final (higher) offers made in these transactions, which were accepted by Unitholders.

In four of the above comparable AREIT transactions, a second higher offer was made by the acquiring party. In these four cases, the higher offer was accepted by security holders. The following is a graphical representation of the information set out in the table above.

Figure 1: Comparable REIT Transactions post GFC



Source: Bloomberg, Market Announcements, Explanatory Memorandums of other REIT transactions and PKFCA analysis

In our IER we considered that the initial AUD 7.8 cent per unit offer was less favourable for EDT Unitholders when compared to pricing in most other comparable takeover transactions. The graph above indicates that the Revised Offer is now relatively more favourable for EDT Unitholders compared to a number of precedents in the market.

The following three takeover transactions could be considered as being priced at a more attractive level than the Revised Offer:

- Mirvac REIT
- Macarthur Cook Industrial Property Fund
- Westpac Office Trust

In two of the above three cases, the offer included scrip in the acquiring party as well as a cash component. Particularly post GFC, all cash offers provide an attractive alternative to offers where scrip is included. Accordingly, scrip based offers need to be priced at more attractive levels than 100% cash offers, to entice security holders to accept scrip rather than cash. The Revised Offer is a total cash offer. This is a relevant factor in understanding why two of the three comparable transactions above were priced more favourably than the Revised Offer.

While all transactions analysed in Figure 1 are post GFC, some occurred soon after the GFC and may therefore have been influenced to a greater extent by the negative effects of the GFC on their pricing. However, we believe all have relevance in assessing the Revised Offer.

We therefore conclude that the Revised Offer is comparable to, or in some cases better than, other AREIT takeover transactions, post GFC.

6.2 Wind Up Alternative

Since the date of our IER, on 13 May 2011, ERML disclosed to the market that it had received a request from an EDT unitholder.

This unitholder, is a manager of a number of funds, and holds approximately 6.2% of the units in EDT. The unitholder has requested that ERML convene a meeting of EDT Unitholders to consider and vote on a resolution to wind up EDT in accordance with its Constitution. It would appear that this unitholder believes that a wind up is preferable to accepting the Revised Offer, notwithstanding the delays and execution risks that are inherent with such wind ups. Should the EPN Group be precluded from voting in a meeting to propose the wind up of EDT, then it is possible that a wind up of the trust may proceed.

PKFCA completed a high level analysis of the wind up alternative in Section 10.4.1 of the IER, comparing this alternative to the original AUD 7.8 cents per unit offer. In this regard, we note that the SBS makes the observation that the IER adopted the assumption that assets would be sold at book value or not materially different to book value. This is not correct. PKFCA has made no such assumption regarding sale value of assets under a wind up as it has no way of assessing what the likely future property sale values would be, in a wind up scenario.

Rather than attempting to assess potential property sale values that may be achieved under a wind up scenario, PKFCA in its IER completed an analysis to give Unitholders some guidance as to a "breakeven" point under a wind up. This breakeven point represented the percentage fall in property sale values on wind up that could occur, while still providing Unitholders with a net cash return equal to the initial offer of AUD 7.8 cents per unit. Our analysis concluded that property sale values could fall by up to 14% under a wind up and still provide a result equal to the then AUD 7.8 cents per unit cash offer.

We have re-calculated our theoretical discounted cash flow analysis to assist Unitholders in deciding on the merits, or otherwise, of a wind up scenario compared to the Revised Offer. This analysis is based on the same assumptions as stated in the IER and is subject to the same limitations. It has been provided as high level guidance only.

The Revised Offer has reduced the amount by which property sale values could fall on sale under a wind up scenario and still provide Unitholders with proceeds equal to AUD 9 cents per unit (on a present value basis). The reduction in the breakeven headroom is summarised as follows:

Table 3: Wind Up Scenario

	Percentage Reduction in property values to "breakeven" with offer
Under original offer (AUD 7.8 cents per unit)	14%
Under Revised Offer (AUD 9 cents per unit)	8%

Source: PKFCA Analysis

The above revised percentage implies a greater risk that property values may fall to a level on wind up that leaves Unitholders with less proceeds than if they accepted the Revised Offer.

In Section 10.4.1 of our IER, we have detailed execution risks inherent in a wind up, which will continue to apply, but now have greater significance given the lower "breakeven headroom" detailed above, under the Revised Offer.

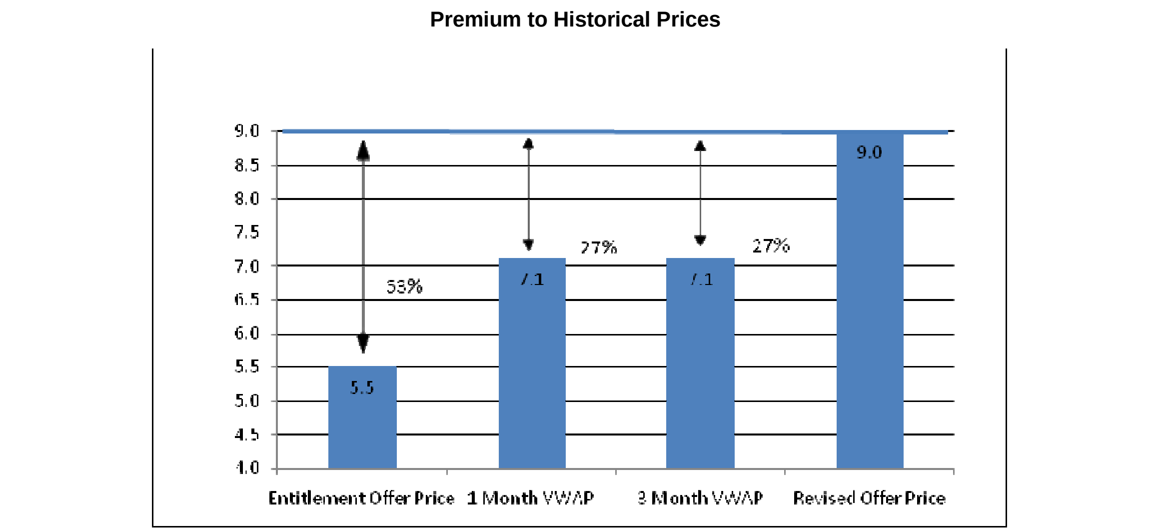
Unitholders that are prepared to accept the execution risks and the delay in timing under a wind up, may consider rejecting the higher Revised Offer and seek the wind up alternative.

Based on the above analysis, when taking the interests of all Unitholders into account, our opinion is that on balance, the risks under a wind up outweigh the potential benefits, in light of the Revised Offer now available to Unitholders.

6.3 Increased Premiums to Historical Pricing

In Section 10.1.3 of our IER we summarised the premiums of the original offer over various historical pricing of EDT units. The table below updates this analysis to take into account the Revised Offer:

Figure 2: Comparison to Historical Prices



Source: Bloomberg / PKFCA analysis

The above premiums under the Revised Offer represent significantly higher premiums over historical pricing, making the Revised Offer more compelling to Unitholders.

The IER highlighted the very low level of liquidity in trading of EDT units. Given this lack of liquidity, Unitholders may consider that the above premiums provide an acceptable result, notwithstanding the (now lower) level of discount to underlying EDT unit value. The Revised Offer allows Unitholders an immediate exit option at this new price level.

6.4 Potential for other Offers

The EPN Group has stated in the SBS that the Revised Offer is a final offer. As detailed in Section 10.4.2 of the IER, EPN Group's 48% ownership in EDT, at the date of the IER, means that an offer from another party remains unlikely. The EPN Group continues to state that it remains a long term investor in EDT and has no intention of selling any of its units. Such a large blocking unitholding limits the ability of any other party to successfully lodge a counter offer.

We note that, since the date of our IER, the EPN Group has now acquired effective control of EDT, having increased its ownership from 48% to 52%. Now that the EPN Group owns in excess of 50% of EDT, but less than 90% it is possible that it may make a further takeover at a later date to enable it to gain 100% control of EDT.

However, the prospect of a further offer from The EPN Group, including timing and pricing of such offer, remain uncertain and in our view should not be relied upon by Unitholders.

6.5 Likely Fall in price Post Revised Offer

It is possible that EDT units will trade below the Revised Offer, once the Revised Offer lapses. This drop would in part reflect the difference between the value of EDT units on a 100% control basis and the trading price of EDT units in the listed market, on a minority interest basis. It could also reflect the lack of liquidity in EDT units, as well as the level of financial stress that EDT operates under, as detailed in our full IER..

We are unable to forecast the extent of the potential decrease in EDT trading price that may occur, however, we note the following in this regard:

- The 1 month volume weighted average price of EDT units immediately pre takeover announcement was AUD 7.1 cents, compared to the Revised Offer of AUD 9 cents per unit.
- The S+P/ASX 200 A-REIT Index has fallen from its 9 March 2011 level (pre EDT takeover announcement) to 13 May 2011, as follows:

Table 4: Movement in A-REIT Index

Date of Assessment	S+P/ASX 200 A-REIT Index
9 March 2011 (pre EDT Takeover announcement)	882.0
13 May 2011	845.7
Percentage Fall	(4%)

Source: Bloomberg

This fall in the broader AREIT market since the EPN Group first announced its takeover offer for EDT units is likely to create further downward pressure on potential post Revised Offer pricing of EDT units.

6.6 Conclusion on Reasonableness

Having considered the above and the other factors detailed in our IER, we believe the Revised Offer is reasonable, in the absence of a superior offer, notwithstanding that it is unfair.

7 OVERALL CONCLUSION

In determining whether the Revised Offer is in the best interests of Unitholders, we have assessed both fairness and reasonableness factors in Sections 4 to 6 of this supplementary report.

We conclude that the Revised Offer is in the best interests of Unitholders not associated with the EPN Group, in the absence of a superior offer.

It is our view that the Revised Offer now provides sufficient reasons for Unitholders to accept.

Apart from the factors considered in this supplementary report, we note the following issues facing EDT, as detailed in the IER:

- High gearing with continuing debt maturity and re-financing risk.
- Lower occupancy levels than historically the case and lower levels than peers.
- Very low levels of liquidity in EDT units.
- No distributions to Unitholders forecast in the foreseeable future.

There may be Unitholders who are prepared to wait for potential upside in value of EDT units, if the US retail property market improves. Some Unitholders may also find the wind up scenario attractive, having regard to their own views on risk and reward under that option, and their ability to wait longer for a return on their investment.

However, when considering the interests of all Unitholders, we believe that it is in their best interests to accept the Revised Offer.

8 OTHER MATTERS

Acceptance or rejection of the Revised Offer is ultimately a matter for individual Unitholders in EDT to consider and decide upon, having regard to their personal circumstances and their own views as to value, future US property market conditions, their risk profile and liquidity preference. We recommend that Unitholders obtain their own professional advice tailored to their own individual circumstances, when deciding what action to take in relation to the revised offer.

The taxation consequences of accepting the Revised Offer will also differ for each individual Unitholder. We therefore also recommend that each Unitholder obtains their own professional advice in relation to the tax implications for them, should they accept the Revised Offer.

This supplementary report has been prepared at the request of the Directors to consider the impact of the Revised Offer on the conclusions reached and recommendations made in our initial, full IER.

PFKCA hereby consents to this supplementary report being included in the Supplementary Target's Statement to EDT Unitholders. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in, or attached to any document without the prior written consent of PKFCA.

The contents of Section 12 of our IER, "Qualifications, Declarations and Consents", apply equally to this supplementary report. As a condition of PKFCA's agreement to prepare this report, ERML, in its capacity as responsible entity of EDT, agree to indemnify PKFCA in relation to any claim arising from or in connection with PKFCA's reliance on information or documentation provided by ERML which is false, misleading or omits material particulars, or arising from any failure to supply relevant documents or information.

PKFCA takes no responsibility for the contents of the Supplementary Target's Statement other than this supplementary report.

Yours faithfully

Ed Psaltis
Director

Financial Services Guide

This Financial Services Guide is issued in relation to a supplementary report ("**Report**") prepared *by PKF Corporate Advisory (East Coast) Pty Limited (ABN 70 050 038 170) ("**PKFCA**")* at the request of the Board of Directors ("**Directors**") of EDT Retail Management Limited ("**ERML**") in relation to the proposed acquisition of all the remaining units in EDT Retail Trust ("**EDT**") by EPN EDT Holdings II LLC under a revised offer ("**Revised Offer**"). The Report is intended to accompany a Supplementary Target Statement that is to be provided by the Directors to Unitholders of EDT to assist them in deciding how to deal with the Revised Offer*.*

Engagement

PKFCA has been engaged by the Directors to prepare the Report expressing our opinion as to whether or not the Revised Offer is fair and reasonable under the requirements of Section 640 of the Corporations Act 2001. The directors have also requested PKFCA's opinion as to whether or not the Revised Offer is in the best interests of Unitholders of EDT.

Financial Services Guide

PKFCA holds an Australian Financial Services Licence (License No: 247420) ("**Licence**"). As a result of our Report being provided to you, PKFCA is required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services PKFCA is licensed to provide

The Licence authorises PKFCA to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

PKFCA provides financial product advice by virtue of an engagement to issue the Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Revised Offer described in the Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that PKFCA may receive

PKFCA has charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and our fees will be paid by, the person who engaged us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

PKFCA will receive a fee based on the time spent in the preparation of this Report in the amount of approximately $27,000 (plus GST and disbursements). PKFCA will not receive any fee contingent upon the outcome of the Revised Offer and accordingly does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Revised Offer.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

Referrals

PKFCA does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that PKFCA is licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF (East Coast Practice), Chartered Accountants and Business Advisers. The directors of PKFCA may also be partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF (East Coast Practice), Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

Complaints resolution

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 product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("**FOS**"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001

Toll free: 1300 78 08 08
Email: info@fos.org.au