



5 OCTOBER 2011

Disclosure Document

In relation to Centro Retail Limited ABN 90 114 757 783 (CRL)
Centro Retail Trust ARSN 104 931 928 (CRT)*
Centro Australia Wholesale Fund ARSN 122 223 974 (CAWF)
and Centro DPF Holding Trust ARSN 153 269 759 (DHT)

2011

If you hold Securities in any of CRL and CRT (together CER), CAWF or DHT, you should read this Disclosure Document in full, together with any Explanatory Memorandum for the relevant entity in which you hold Securities before deciding whether or not to vote in favour of Resolutions to facilitate the Aggregation of those entities that is referred to in that Explanatory Memorandum

Unitholders in Centro Direct Property Fund ARSN 099 728 971 (DPF) should read this Disclosure Document together with any Brochure for DPF redemptions in full before making any decision to receive New Stapled Securities and CATS if they request redemption of their DPF Units

* At the date of this Document CRL and CRT are listed on ASX and their stapled securities are quoted together as 'CER'

IMPORTANT NOTICES

Definitions

Certain terms used in this Document have meanings which are set out in the Glossary in Section 16.

References in this Document to "Centro Retail Australia" assume that Aggregation has occurred.

This Disclosure Document

Date: This Document is dated 5 October 2011.

Lodgement: It was lodged with the Australian Securities and Investments Commission (ASIC) on 5 October 2011 as required by sections 727 and 1015B of the Corporations Act. In accordance with the Corporations Act, this Document is subject to an exposure period of seven days (or any extended period up to 14 days) from the lodgement.

Prospectus and PDS: This Document is:

- a prospectus for the purposes of Chapter 6D of the Corporations Act prepared by Centro Retail Limited ABN 90 114 757 783 (CRL) in respect of fully paid ordinary CRL shares and CATS; and
- a product disclosure statement (PDS) for the purposes of Part 7.9 of the Corporations Act in respect of fully paid ordinary units in each of:
 - Centro Retail Trust ARSN 104 931 928 (CRT);
 - Centro Australia Wholesale Fund ARSN 122 223 974 (which will cease to be 'wholesale' if Aggregation proceeds) (CAWF); and
 - Centro DPF Holding Trust ARSN 153 269 759 (DHT), and CATS.

This Document is given by the issuers being:

- the Issuers of the New Stapled Securities and CATS, such Issuers being CRL and the following responsible entities (REs):
 - Centro MCS Manager Limited ABN 69 051 908 984 as the RE of CRT and RE of DHT; and
 - CPT Manager Limited ABN 37 054 494 307 as the RE of CAWF;
- and
- the transferor of New Stapled Securities and CATS to redeeming DPF Unitholders, DPF RE being Centro MCS Manager Limited as the RE of the Centro Direct Property Fund ARSN 099 728 971 (DPF).

This Document has been prepared by them or on their behalf.

What it contains

This Document contains the following information:

- New Stapled Securities** – information about the new issues and "Stapling" of Securities (**New Stapled Securities**) in each of CRL, CRT, CAWF and DHT (together referred to in this Document as the **Aggregation Funds**) on Aggregation. As background information, Aggregation is described in Section 3.
- Centro Retail Australia** – information about Centro Retail Australia (comprising the Aggregation Funds) assuming that Aggregation occurs. This includes information about the assets and liabilities, financial position, performance and distributions and prospects of Centro Retail Australia and the rights and liabilities attaching to the New Stapled Securities. This includes an Investigating Accountant's Report prepared by Ernst & Young Transaction Advisory Services Limited about certain financial information of Centro Retail Australia.
- Class Action True-up Securities (CATS)** – information about CATS, which are to be issued on Aggregation by the Aggregation Funds. CATS are to be issued to CAWF Unitholders and DHT Unitholders (as at the Aggregation Record Date), to DPF (in respect of certain assets transfers and to Centro Properties Group (being Centro Properties Limited (CPL) and the RE of Centro Property Trust and their controlled bodies) (CNP) in connection with the transfer of substantially all of CNP's Australian assets (excluding interests in CER, CAWF and DPF) by CNP to Centro Retail Australia. They will entitle their holders to the issue of additional New Stapled Securities should CRL and CRT (which are at the date of this Document a Stapled group traded on ASX as **CER**) be liable to pay certain amounts in respect of the CER Class Action Litigation which has been brought against them.

Recipients of this Document

CER, CAWF AND DHT MEMBERS PRIOR TO AGGREGATION

You should also have received an accompanying Explanatory Memorandum for your Aggregation Fund.

Your Explanatory Memorandum contains important information and requires your immediate attention.

Your Explanatory Memorandum tells you about resolutions for the proposed Aggregation on which you can vote and includes Notices of Meeting and proxy and voting forms.

What Securityholders need to do

Please read the Explanatory Memorandum for your Aggregation Fund in conjunction with this Document before making a Decision on how to vote on the Aggregation Resolutions.

In particular, please make sure that you understand the information in the Explanatory Memorandum about the proposed Aggregation (including the proposed Stapling of the Securities of the Aggregation Funds) and Centro Retail Australia, should Aggregation occur.

PLEASE REFER TO THE EXPLANATORY MEMORANDUM FOR THE DOCUMENTS THAT YOU NEED TO RETURN, THE DEADLINES AND PLACE FOR RETURN OF THOSE DOCUMENTS AND THE TIMES FOR ANY MEETINGS ABOUT AGGREGATION THAT YOU MAY BE ABLE TO ATTEND AND RESOLUTIONS ON WHICH YOU CAN VOTE.

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

If you would like a copy of the Explanatory Memorandum you can download a copy from www.centro.com.au or if you would like it sent to you free of charge or you have any further questions in relation to the Aggregation or voting please call toll free number 1300 785 534 (+61 2 9191 5974 for overseas callers) between 9:00 am and 5:00 pm (AEST), Monday to Friday, and consult with your investment or other professional advisers.

FOR DPF UNITHOLDERS WHO HAVE RECEIVED A REDEMPTION BROCHURE FROM THE DPF RE

If you have received a notice about requesting redemption of your DPF Units that tells you that you can elect to receive Centro Retail Australia securities instead of cash when redemption occurs, this Document provides you with information about the Centro Retail Australia securities (being New Stapled Securities and CATS) so that you can consider that election.

What DPF Unitholders need to do

Please read this Document together with the Redemption Brochure and accompanying letter from the DPF RE before making any decision as to whether to request redemption of any of your DPF Units and, if you request redemption, whether to elect to obtain New Stapled Securities and CATS rather than cash.

If you do not want to redeem your DPF Units then as soon as practicable after Aggregation (should it occur) you do not need to do anything at this time.

If you do want your DPF Units redeemed as soon as practicable then carefully consider all information about the New Stapled Securities and CATS in this Document and all information in the Redemption Brochure before making any election.

No Cooling Off

Cooling off rights do not apply to an acquisition of New Stapled Securities or CATS. This means that anyone who is issued New Stapled Securities or CATS will not have the right to return them to their Issuer or be paid any amount if they do not want them.

Issuers' responsibility for this Document

This Document covers multiple financial products and relates to the issue of CRL Shares by CRL, CRT Units by CRT RE, CAWF Units by CAWF RE, DHT Units by DHT RE and the issue of CATS by each of CRL, CRT RE, CAWF RE and DHT RE.

This Document also relates to any transfer by DPF RE to DPF Unitholders of New Stapled Securities and CATS, in relation to redemption of DPF Units and accordingly this Document has also been prepared by DPF RE.

The Issuers each take full responsibility for the contents of this Document.

This Document contains information from the following independent parties:

- The information concerning the Senior Lenders, to the extent that it relates to Signing Senior Lenders (**Signing Senior Lenders Information**) contained in Sections 1.5, 2 (to the extent that the information relates to the question titled "What will the ownership structure of Centro Retail Australia look like after Aggregation implementation?"), 3.2 and 5.5.3 is the responsibility of the Signing Senior Lenders. No Issuer, DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Signing Senior Lenders' responsibility for the accuracy or completeness of any Signing Senior Lenders Information.
- Ernst & Young Transaction Advisory Services Limited has prepared the Investigating Accountant's Report set out in Section 12 of this Document, and takes responsibility for that report. No Issuer or DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Investigating Accountant's responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report, except that each of those parties remains responsible to the extent of factual information given by it to Ernst & Young Transaction Advisory Services Limited.
- KPMG has prepared the Taxation Adviser's Report set out in Section 13 of this Document, and takes responsibility for that report. No Issuer or DPF RE or any of their respective representatives, officers, employees or advisers assumes any of the Taxation Adviser's responsibility for the accuracy or completeness of the information contained in the Taxation Adviser's Report, except to the extent of factual information that it has given to the Taxation Adviser.

Please refer to Section 15.5 for further information about the persons who have given their consent in respect of statements that they have made or that are based on statements made by them and that are included in this Document.

Regulatory information

A copy of this Document together with the CER Explanatory Memorandum has been lodged with ASIC. Copies of the CAWF and DHT Explanatory Memoranda have also been provided to ASIC and copies of all documents have been provided to Australian Securities Exchange (ASX). None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Document or any Explanatory Memorandum referred to in this Document.

This Document and the CER Explanatory Memorandum together comprise the explanatory statement for the proposed scheme of arrangement under Part 5.1 of the Corporations Act between CRL and CRL Shareholders (**CRL Members' Scheme**), for the purpose of section 412(1) of the Corporations Act. These documents are required to be sent to CRL Shareholders in relation to the CRL Members' Scheme. A draft copy of this Document and the CER Explanatory Memorandum were provided to ASIC on 31 August 2011 for the purposes of section 411(2) of the Corporations Act.

Statement of Past Performance

This Document includes information regarding the past performance of the Centro Retail Australia property portfolio and Centro Retail Australia (on a pro forma basis). Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-looking statements

This Document contains forecast financial information along with forward-looking statements in relation to the financial performance and strategy of Centro Retail Australia. The forward-looking statements included in this Document are made only as at the date of this Document. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Issuers and their Directors. Such statements reflect the current expectations of the Issuers concerning future results and events, and are not guarantees of future performance. The actual results of the Aggregation Funds and Centro Retail Australia may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements or forecasts. In particular you should note that Aggregation entails a number of changes to the assets and operations of each of the Aggregation Funds that comprise Centro Retail Australia, and they have not previously operated with common memberships and stapled listed securities in this form.

Other than as required by law, although they believe that there is a reasonable basis for the forward-looking statements, no Issuer or any other person gives any representation, assurance or guarantee that the occurrence of these events expressed or implied in any forward-looking statements in this Document will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

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

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

No Issuer or any other person (including any officer or employee of the Issuers, any person named in this Document or any person involved in the preparation of it) gives any representation, assurance or guarantee (express or implied) that the results, performance or achievements expressed, implied or projected in the forward-looking statements in this Document will actually occur.

Notice to foreign persons

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

Senior Lenders who receive this Disclosure Document should refer to the foreign jurisdiction disclaimers in the Explanatory Statement for the Senior Debt Scheme.

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

This Document does not constitute an offer of securities for sale in the United States and the New Stapled Securities may not be offered or sold in the United States absent registration or exemption from registration. No offering of New Stapled Securities is made in the United States by any Issuer.

For the purposes of the Aggregation, Ineligible Overseas Securityholders are those Securityholders whose address as at the Aggregation Record Date as shown on the register of the Aggregation Fund Securityholders is a place outside of Australia and New Zealand and their respective external territories (and this exclusion applies to all United States Securityholders).

Ineligible Overseas Securityholders should refer to the Explanatory Memorandum for their Aggregation Fund that accompanies this Document. It explains that if Aggregation occurs then on the Aggregation Implementation Date, their existing shares and units (and all rights and entitlements) in the Aggregation Funds will be compulsorily transferred to a sale nominee for sale without the need for any act by the Ineligible Overseas Securityholder. The Aggregation Funds will also issue any securities to which an Ineligible Overseas Securityholder would otherwise have been entitled under Aggregation to the sale nominee appointed by the Aggregation Funds. The sale nominee must sell those securities in such manner and at such price and on such other terms as the sale nominee determines and at the risk of the Ineligible Overseas Securityholders. There is no assurance as to the amount that may be realised by any such nominee. Any sale will be subject to the risks associated with listed securities (including volatility in trading prices) and potential dilution as a result of any issues of New Stapled Securities under the CATS (subject to the Caps described in Section 1.5). The sale nominee will pay to each Ineligible Overseas Securityholders their proportion of the net proceeds of those Securities after deducting any applicable brokerage, stamp duty and other taxes and charges.

Electronic Document

This Document may be viewed online at www.centro.com.au. If you access the electronic version of this Document you should ensure that you download and read the entire Document as well as the relevant Explanatory Memorandum.

A paper copy of this Document can be obtained, free of charge, by calling toll free 1300 785 534 (+61 2 9191 5974 for overseas callers).

Warning to New Zealand Investors

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

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

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

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

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

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

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

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

Voting decisions and investment

The information contained in this Document is general information only and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Securityholder or any other person. The information in this Document should not be relied upon as the sole basis for any investment decision in relation to the CRL Members' Scheme, your Securities or New Stapled Securities. Before making any investment decision in relation to the CRL Members' Scheme, your Securities or New Stapled Securities, including any decision to vote in favour or against by CRL Shareholders on the CRL Members' Scheme, by CER Securityholders on the CER Aggregation Resolutions at the CER Securityholder and CRL Members' scheme meetings (to be held on Tuesday 22 November 2011) or for DPF Unitholders making any decision as to whether to request redemption of their DPF Units and elect to receive New Stapled Securities and CATS, you should consider whether that decision is appropriate in light of your particular needs, objectives and financial circumstances. If you are in any doubt about what you should do, please consult your financial, taxation or other professional adviser(s).

Update of information

Information in this Document may need to be updated by the Issuers from time to time. Any updated information which is not materially adverse to Securityholders will be made available on the following website: www.centro.com.au. Where updated information about Aggregation requires the issue of a supplementary prospectus or product disclosure statement in accordance with the Corporations Act, a supplementary document will be issued.

Where updated information is materially adverse to investors, the Issuers will issue a supplementary document.

Where the Aggregation Fund in which you hold Securities is listed on ASX you should check for any announcements made to ASX.

The Issuers will provide a copy of the updated information on www.centro.com.au or you can obtain a copy free of charge by calling freecall number 1300 785 534 (+61 2 9191 5974 for overseas callers).

Privacy

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

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

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

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

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

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

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

Currency references

All monetary references in this Document are references to Australian dollars unless otherwise noted.

Key dates

Important dates in relation to the proposed Aggregation are set out in the Explanatory Memoranda for CER, CAWF and DHT. Securityholders in those Aggregation Funds should refer to their relevant Explanatory Memorandum for details of key dates.

There are also relevant dates that relate to DPF Unitholders, including in relation to the redemption of their DPF Units. DPF Unitholders should refer to the Redemption Brochure sent to them by the DPF RE for details of these dates.

Expiry date

No New Stapled Securities will be issued on the basis of this Document later than 13 months after the date of this Document.

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Chairman's letter

Dear Securityholder

I am pleased to provide you with information about Centro Retail Australia, which is anticipated to be a leading owner and manager of high-quality Australian retail property.

Centro Retail Australia provides an attractive opportunity to invest in Australian retail property via an ASX-listed vehicle featuring:

- a \$4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further 7 Australian shopping centres;
- an experienced and dedicated management team and over 600 staff directly employed by Centro Retail Australia;
- one of Australia's largest unlisted retail property syndicate businesses comprising \$0.5 billion of co-investments in, and management of, 27 Centro MCS Syndicates¹ which collectively own interests in 61 properties² valued at \$2.6 billion;
- a clear investment strategy, a stable capital structure with gearing³ of approximately 40% and a weighted average maturity⁴ of three years for its debt facilities; and
- forecast pro forma 2012 financial year earnings of 15.3 cents per New Stapled Security, earnings yield on equity⁵ of 6.1% and a forecast distribution of 6.4 cents per New Stapled Security for 2012 financial year (equivalent to 12.4 cents on a pro forma full year basis).

If the Aggregation proceeds, Centro Retail Australia is expected to have net book equity of \$3.4 billion based on book value as at the Aggregation Implementation Date, making it one of the largest Australian REITs. It is also expected that Centro Retail Australia would become part of several A-REIT indices that are significant in attracting institutional investors and will have a strong governance structure and Board with relevant industry credentials.

As an investment class, Australian retail property has delivered comparatively strong returns to investors over many years and proven to be relatively resilient through economic cycles. Investment interests in Australian retail properties have stabilised during the past year with strong interest in high-quality shopping centres from both local institutional investors and offshore groups, including sovereign wealth and major pension funds.

Centro Retail Australia's strategy will be to deliver strong, consistent returns to investors from its portfolio of Australian shopping centres and to maintain its position as a leading manager of unlisted retail property funds. Centro Retail Australia's property management, development and leasing teams will pursue opportunities to add value through developments and selective acquisitions and disposals.

I am confident that the following strengths will underpin the successful execution of Centro Retail Australia's strategy:

- **The quality of properties** – A \$4.4 billion portfolio of directly owned properties comprises predominantly regional⁶ and sub-regional⁶ shopping centres situated in major capital cities and other significant regional locations across all mainland States of Australia. The \$2.6 billion portfolio owned by the Centro MCS

1 Expected Syndicates at Aggregation. Refer to Section 4.6.5 for details of Syndicates that have reached or are nearing their maturity dates and anticipated actions.

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

3 Gearing is defined as total borrowings divided by total property and equity-accounted investment interests as at 30 June 2011 (as described in Section 7).

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

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

6 Refer to Section 4.3 beneath the map for descriptions of these terms.



Syndicates comprises interests in predominantly sub-regional and convenience⁶ shopping centres located across most Australian States. Both portfolios are anchored⁷ by retailers focused on non-discretionary consumer spending⁸. Strong portfolio occupancy levels (at or in excess of 99%) and growth in portfolio net operating income (averaging 3.7% for the three years to 30 June 2011) have been sustained despite challenging recent economic conditions.

- **A dedicated team with strong retailer relationships**

– A dedicated team of over 600 staff has done an excellent job in maintaining the strong performance of the CNP Group's Australian property portfolio through a period of significant uncertainty for the CNP Group and challenging economic conditions. Our property management, development and leasing teams have strong relationships with Australia's major and specialty retailers, which positions us well for the future.

The agreement to establish Centro Retail Australia marks the successful conclusion of a complex restructuring process which, if approved, will align the interests of various stakeholders in an internally managed, large ASX-listed REIT that will be better positioned to capitalise on opportunities.

This Document contains important information about Centro Retail Australia and the proposed Aggregation, including risks that you should be aware of, as described in Section 5. The risks include the absence of a prior trading history in this Aggregated form, Centro Retail Australia's funding requirements not being met, the exposure to existing litigation including CER Class Action Litigation and the possible issue of further New Stapled Securities or cash

to the holders of CATS (subject to Caps)⁹ if any of the CER Class Action Litigation results in a liability for CRT or CRL. There are risks associated with listed securities, such as trading price volatility and liquidity, particularly where there may be holders of significant stakes whose actions can have significant effects on the trading price.

Further risks also include Centro Retail Australia's obligations in respect of flexible exit mechanisms for certain syndicates, whether all or only part of possible syndicate management rights will be obtained by Centro Retail Australia and risks associated with retail property investments and co-ownership arrangements. Please read this Document in conjunction with any Explanatory Memorandum issued to you if you are already a Securityholder in CER, CAWF or DHT. I urge you to carefully read these documents and seek any financial and legal advice that you may need about what it means for you personally. DPF investors are encouraged to read the information provided to them by the DPF RE including any Redemption Brochure provided by the DPF RE.

I look forward to welcoming you as a Centro Retail Australia investor.

Yours sincerely,

W. Peter Day
Chairman, CER

7 An "anchor" in a shopping centre is a large retailer (often a supermarket or department store) with a lettable area greater than 1,000 sqm.

8 In this context, non-discretionary focused retailers include supermarkets, discount department stores and certain specialty retailers that sell essential day-to-day items (e.g. fresh food).

9 See Sections 1.5, 3.4, 7.3.10 and 10.



1. Centro Retail Australia Highlights

1.1. INVESTMENT OVERVIEW

HIGH-QUALITY \$4.4 BILLION AUSTRALIAN RETAIL PROPERTY PORTFOLIO

- 36 properties with 100% ownership interests and a further 7 with 50% ownership interests;
- Forecast property net operating income of \$328 million for the financial year ending 30 June 2012 accounting for 81% of total forecast Centro Retail Australia income for that financial year;
- Predominantly regional¹⁰ and sub-regional¹⁰ assets tenanted by non-discretionary retailers that sell essential day-to-day items;
- Australia's largest manager to the leading supermarket operators¹¹, Woolworths and Coles;
- Geographically diversified across all mainland Australian States with strong representation in Victoria and Western Australia;
- 99.4% occupancy as at 30 June 2011 and occupancy consistently at or over 99% during the last three years; and
- Potential for long-term value enhancement through strategic management of the existing portfolio including an approximate \$400 million potential development pipeline (partially subject to financing).



¹⁰ These terms are used by the property industry in Australia – and are described in Section 4.3 beneath the map.

¹¹ Based on 99 properties (which includes Centro MCS Syndicates properties).



1. CENTRO RETAIL AUSTRALIA HIGHLIGHTS

1.1. INVESTMENT OVERVIEW

EXPERIENCED TEAM WITH INTERNALISED MANAGEMENT STRUCTURE

- One of the largest managers of Australian retail property;
- An experienced management team has maintained portfolio performance through the recent global financial crisis;
- Strong relationships with Australian major and specialty retailers; and
- An internalised management structure¹² enhancing alignment of interests between management and Securityholders and with no fees payable to an external manager¹³.



¹² Internalised management structure refers to Centro Retail Australia directly employing fund and property management specialists rather than paying management fees to an external manager (which historically was the case for the Aggregation Funds where fees were paid to CNP).

¹³ With the exception of Tuggeranong Hyperdome which is externally managed.



1.1. INVESTMENT OVERVIEW

UNLISTED RETAIL PROPERTY SYNDICATE BUSINESS

- One of Australia's largest unlisted retail property syndicate managers with up to 27 Centro MCS Syndicates¹⁴, which collectively own \$2.6 billion of Australian retail property (61 properties);
- Adds to the scale of Centro Retail Australia's business and provides an opportunity to enhance return on equity of Centro Retail Australia;
- Pre-emptive rights over certain Centro MCS Syndicate properties providing a pipeline of potential acquisitions for Centro Retail Australia; and
- Potential opportunity to acquire additional interests in Centro MCS Syndicates upon expiry of Syndicate term.



¹⁴ Subject to any Syndicates appointing an entity other than Centro Retail Australia RE (or a related body corporate) as manager – see Section 4.6 for details. While this could affect the number of Syndicates and therefore number of properties and funds under management, Centro Retail Australia would still be expected to be one of the largest managers of Australian retail property and unlisted retail property funds.



1. CENTRO RETAIL AUSTRALIA HIGHLIGHTS

1.1. INVESTMENT OVERVIEW

STABLE CAPITAL STRUCTURE AND MARKET RELEVANCE

- Gearing of 40% and a full look-through gearing of 43% based on Pro Forma balance sheet as at 30 June 2011¹⁵;
- Staggered debt maturity profile, with a weighted average maturity of three years¹⁶ and no maturities¹⁷ until December 2013; and
- Expected to become part of several indexes that are significant in attracting institutional investors.



Gearing – Gearing is a measure of the level of financial indebtedness of Centro Retail Australia. This Document references three separate measures of gearing as follows: Gearing is total borrowings divided by investment property and equity accounted investments; Book gearing is total liabilities (excluding puttable interests) as a proportion of total assets; Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments divided by Centro Retail Australia's proportionate share of all property investments.

¹⁵ Refer to notes to Table 1.3 for explanations of what gearing and full look-through gearing mean.

¹⁶ The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years. Refer to Section 7.3.6 for a summary Centro Retail Australia's Pro Forma borrowings as at 30 June 2011.

¹⁷ Excludes debt within certain joint ventures and Centro MCS Syndicates which is non-recourse to Centro Retail Australia.



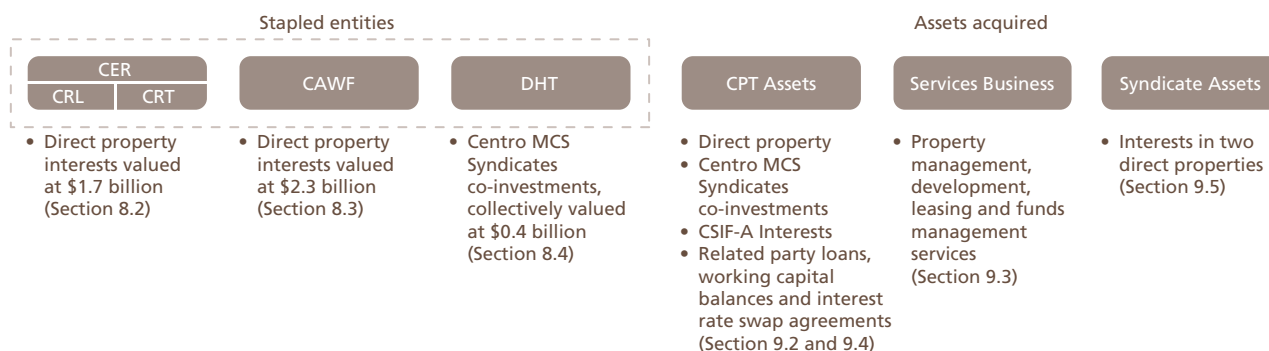
1.2 CENTRO RETAIL AUSTRALIA OWNERSHIP AND OPERATIONAL STRUCTURE

TABLE 1.1 CENTRO RETAIL AUSTRALIA OWNERSHIP AND OPERATIONAL STRUCTURE

OWNERSHIP¹



RESPECTIVE CONTRIBUTION BY AGGREGATION FUNDS



CENTRO RETAIL AUSTRALIA ASSETS AND INCOME COMPOSITION³



Notes

- Expected ownership percentage of New Stapled Securities following implementation of the Aggregation and the CNP Debt Cancellation. Senior Lenders and DPF (and any DPF Unitholders who redeem DPF Units for a transfer from DPF) will also hold CATS.
- Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF Unitholders acquire under Aggregation because they are also CER Securityholders.
- Income figures in Table 1.1 above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. The Directors believe this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, services business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in Table 7.9).

1. CENTRO RETAIL AUSTRALIA HIGHLIGHTS

1.3. PROPERTY PORTFOLIO METRICS

Table 1.2 below summarises

- the key metrics of Centro Retail Australia's directly owned property portfolio of 43 properties;
- the key metrics of the Centro MCS Syndicate portfolio managed by Centro Retail Australia; and
- the total portfolio under management of 99 properties.

TABLE 1.2 SUMMARY PORTFOLIO METRICS

	Direct Property Portfolio as at 30 June 2011 ¹	Centro MCS Portfolio as at 30 June 2011 ²	Total Portfolio Under Management as at 30 June 2011
Number of Properties ³	43	61	99
Total Portfolio Value (\$m) ⁴	4,447.2	2,584.2	7,031.4
Portfolio Weighted Average Capitalisation Rate ⁵	7.29%	8.09%	7.58%
Gross Lettable Area (sqm) ⁶	1,121,307	899,930	1,817,673
Net Operating Income Growth (FY11 Comparable) ^{4, 7}	3.7%	3.5%	3.6%
Portfolio Occupancy (%)	99.4%	99.6%	99.5%
Average Specialty Occupancy Cost ⁸	14.1%	12.9%	13.3%
Weighted Average Lease Expiry by Income (Yrs) ⁹	4.6	4.6	4.6

Notes

- Information is presented as at 30 June 2011 and relates to owned properties held as at 31 August 2011.
- Information is presented as at 30 June 2011 and relates to managed properties as at 31 August 2011. Centro MCS Syndicate Portfolio includes six properties which are subject to conditional sale contracts (book value at 30 June 2011 of \$187 million).
- Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Portfolio. Based upon properties owned as at 31 August 2011.
- Value and net operating income by ownership percentage.
- Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.
- Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area means floor area available for lease and excludes common areas such as mall area and car parking.
- Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.
- Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with leases on shops with a lettable area of less than 400 square metres and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental obligations.
- Average lease duration of the portfolio, after weighted by income for the lease (excluding percentage rent).

Note: Past performance is not a reliable indication of future performance.

1.4. FINANCIAL INFORMATION

Set out below is the Pro Forma historical balance sheet for Centro Retail Australia as at 30 June 2011. Please refer to Section 7 for more detailed financial information including all relevant assumptions.

TABLE 1.3 SUMMARY PRO FORMA HISTORICAL BALANCE SHEET OF CENTRO RETAIL AUSTRALIA

	Pro forma 30 June 2011 \$m
Assets	
Investment property	4,266.8
Equity accounted investments	513.9
Managed fund investments	297.9
Intangible assets	199.7
Other assets	246.5
Total assets	5,524.8
Liabilities	
Borrowings	1,893.7
Other liabilities	279.3
Total liabilities	2,173.0
Net assets	3,351.8
Stapled securities on issue (number)	1,340,727,759
Net tangible asset backing per security (\$)	2.35
Net asset value per security (\$)	2.50
Gearing ¹	39.6%
Book gearing ²	37.6%
Look-through gearing ³	43.4%

Notes

- Gearing is borrowings divided by investment property and equity accounted investments.
- Book gearing is total liabilities (excluding puttable interests) as a proportion of total assets. See Section 7.2.1 which describes "puttable" interests arising as a result of the part ownership of the Centro MCS Syndicates.
- Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates, divided by Centro Retail Australia's proportionate share of all property investments.

Set out in Table 1.4 is summary forecast income and distribution information for Centro Retail Australia for the year ending 30 June 2012. Please refer to Section 7 for more detailed financial information including details of the Directors' of the Issuers key best estimate assumptions.

TABLE 1.4 SUMMARY FORECAST EARNINGS AND DISTRIBUTION INFORMATION FOR CENTRO RETAIL AUSTRALIA

	Pro forma Year to 30 June 2012¹ \$m	Statutory Year to 30 June 2012² \$m
Total revenue	533.8	314.9
EBIT excluding fair value adjustments	359.4	152.7
Net profit excluding fair value adjustments	207.5	64.0
Underlying earnings	204.8	122.5
Cash retained to fund operational capital expenditure requirements	(38.0)	(19.7)
Undistributed earnings	-	(17.0)
Cash distribution	166.8	85.8
Interest cover ratio (times)	2.4	1.7
Underlying earnings per unit (cents)	15.3	9.1
Distribution payout ratio (%)	81.4%	70.1%
Cash distribution per unit (cents)	12.4	6.4
Earnings yield (%) ³	6.1%	6.3%
Cash distribution yield (%) ⁴	5.0%	5.1%

Notes

- The pro forma forecast income statement assumes Aggregation occurred on 30 June 2011.
- The statutory forecast income statement assumes Aggregation occurred on 1 December 2011, with the results of the accounting parent, Centro Retail Limited (CRL), included for the period up to Aggregation (assumed to be 1 July 2011 to 30 November 2011). CRL net profit in that period is forecast to be nil.
- Earnings yield is underlying earnings as a proportion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.
- Cash distribution yield is distributable cash as a portion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

Note: Pro Forma financial position and forecast earnings and distribution information has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except where otherwise disclosed. Please refer to the Important Notices at the front of this Document in respect of forward-looking statements. Where forward-looking information is used, the information may be affected by assumptions or by known or unknown risks and uncertainties. This may mean that the forecast earnings and distributions differ materially from results that are actually ultimately achieved. These figures assume that no New Stapled Securities are issued under the CATS prior to 30 June 2012 (see Section 10 for information about the CATS).

1. CENTRO RETAIL AUSTRALIA FUND HIGHLIGHTS

1.5. KEY RISKS

You should consider the risks associated with an investment in Centro Retail Australia (assuming Aggregation has occurred). The occurrence of any of these risks may have a material adverse impact on Centro Retail Australia's business, operations, strategy and/or financial results. Various material risks are described in Section 5.

An investment in Centro Retail Australia is an investment in securities in trusts and a company that have investments in Australian retail property investments. The key risks for Centro Retail Australia and investments in New Stapled Securities and CATS include the following:

	FURTHER DETAILS
Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further, the Aggregation involves complex restructuring which could have unforeseen legal or commercial consequences.	Sections 5.4.9 and 5.5.2
There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors some of which relate specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holders trading volumes. Immediately following implementation of the CNP Debt Cancellation (which will occur contemporaneously with or shortly after Aggregation), the Senior Lenders are expected to have individual holdings which together account for approximately 73.9% of the New Stapled Securities ¹⁸ and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption in the form of transfers of the New Stapled Securities and CATS). Following implementation of Aggregation, and the CNP Debt Cancellation, an active market in New Stapled Securities will depend in part on what actions (if any) the Senior Lenders and DPF Unitholders take in relation to their holdings. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period. Also, the potential issuance of New Stapled Securities under the CATS may negatively affect on the trading price of New Stapled Securities including as a result of a decrease in NAV in the event that there is an actual or anticipated CER Class Action Litigation liability.	Sections 5.5.2 and 5.5.3
CATS holders will receive further New Stapled Securities or, if determined by a majority of the Issuers, cash, if any of the CER Class Action Litigation results in a liability for CRT or CRL on settlement or a Court determination.	Sections 3.4, 10
The number of New Stapled Securities or the amount of the cash payment is, however, limited by a Cap that is applied whenever New Stapled Securities are to be issued or cash payments made pursuant to the CATS.	
If the number of New Stapled Securities which would otherwise be issued pursuant to the CATS at that time (together with any previous issues pursuant to the CATS) would exceed 20% of the total number of New Stapled Securities on issue immediately after Aggregation, then the number of New Stapled Securities to be issued at that time will be limited to such number as will not result in the Cap being exceeded. An equivalent limit applies in respect of cash payments pursuant to the CATS.	
The potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.	
Any issue of further New Stapled Securities to the holders of CATS will dilute the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities is not currently known but is limited by the Share Cap. See the examples of dilution in Section 10.	
The property portfolio will be exposed to any downturn in the property market, or economy, or any regulatory changes affecting the Australian retail property market.	Section 5.2
The retail property portfolio exposes the investor to retail-specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends including the use of alternative means for shopping such as the internet.	Sections 5.2.1 to 5.2.4

¹⁸ Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units for a transfer from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation as CER Securityholders.

FURTHER DETAILS

Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Such development carries a number of risks including the inability to obtain finance to undertake the development, construction not being completed on time or on budget or involving damage or harm, acceptable lease terms on new space not being achieved, business interruption during construction, and the risk that development costs incurred will exceed value added.	Sections 5.2.5
General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements, and the inability to insure against certain events.	Sections 5.2.6 to 5.2.13
The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event that any of the existing Centro MCS Syndicates for which it provides services cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Business may also be adversely affected if management of certain Centro MCS Syndicates is not delivered as part of the Aggregation, if any of the REs of the Centro MCS Syndicates are changed to entities that are not controlled by Centro Retail Australia as a result of a vote of Syndicate members or if Centro MCS Syndicates cannot refinance existing debt facilities.	Sections 5.3.1 and 5.3.2
CNP currently has obligations under the Syndicate Flexible Exit Mechanisms (FEM) which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. If the FEM is triggered, put and call arrangements apply under which Centro Retail Australia may be required to acquire some or all units held by investors in the Centro MCS Syndicates. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the \$385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions.	Section 5.3.3
It is anticipated that Centro Retail Australia will have approximately \$1.9 billion of debt for which it has granted security over its assets. It may need to access debt or equity capital markets in the future to refinance existing borrowings or may seek to do so to fund any acquisition or development opportunities. The condition of debt or equity markets at that time may hinder Centro Retail Australia's ability to access future capital, and may affect the pricing and terms of such capital.	Sections 5.4.2 and 5.4.3
The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that if established and funding remains available collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to the banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks, particularly if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).	Sections 5.3.4 and 5.4.2
CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with legal action against it, referred to as the CER Class Action Litigation.	Section 5.4.7
All of the Aggregation Funds will be exposed to stamp duty arising from the Aggregation and existing and future stamp duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed).	Section 5.4.8
The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgement or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments, or obligations in relation to the FEM) could have a material adverse effect on Centro Retail Australia's liquidity.	Section 5.4.3
The ability of Centro Retail Australia to successfully achieve its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain or attract key management personnel and employees.	Section 5.4.1
As an ASX listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock markets, macroeconomic conditions, interest rates, inflation rates and changes in taxation regulations.	Section 5.5.1

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2. Key Questions & Answers

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What is Centro Retail Australia?	You should refer to Section 1.2 for a diagrammatic overview of Centro Retail Australia's ownership and operational structure. Centro Retail Australia is to be formed by the Stapling of Securities issued by the three existing funds – CER (which includes CRL and CRT), CAWF and DHT – together with the acquisition of CNP's Services Business and other direct property interests, syndicate co-investments and related party receivables that, at the date of this Document, are owned by CNP and other CNP-managed funds. This is referred to as Aggregation and it will only occur if various resolutions are passed and other events occur that are referred to below and in the Explanatory Memoranda that existing investors in the Aggregation Funds will have received. This Document assumes that the Aggregation proceeds and Centro Retail Australia is established. Centro Retail Australia is anticipated to become part of the relevant A-REIT indices, with: • pro forma total equity of \$3.4 billion as at 30 June 2011; and • Australian retail property investments totalling approximately \$4.4 billion based on independent valuations as at 30 June 2011. Through its acquisition of the Services Business from CNP, Centro Retail Australia will have its own "internalised" management structure. The Services Business provides property management, development, leasing and funds management services to various managed funds (including the Aggregation Funds). "Internalising" management means that Centro Retail Australia will directly employ staff to provide these services rather than paying fees to an external manager. Costs and expenses will of course still be incurred by Centro Retail Australia in operating the Services Business. Centro Retail Australia will also be the fund and property manager of a market-leading Syndicate business with assets under management expected to be approximately \$2.6 billion. For more information on Aggregation, see Section 3 and your respective Explanatory Memorandum. For profiles of each of CER, CAWF and DHT see Section 8.	Sections 1.2, 3, 4, 6, 8 and 9
What is a New Stapled Security?	Centro Retail Australia will be formed by the existing funds – CER (consisting of CRL and CRT), CAWF and DHT, each of which will continue. Investors will hold securities in each of these funds as "stapled securities". Each stapled security will be comprised of one Share in CRL, and one Unit in each of CRT, CAWF and DHT. These stapled securities are referred to in this Document as the New Stapled Securities. The "stapling" of the share and units means that one share in CRL and one unit in each of CRT, CAWF and DHT can only be transferred together. It is proposed that the New Stapled Securities will be quoted on ASX. Application for quotation will be made to ASX within seven days of the date of this Document.	Sections 3.2, 3.3 and 14

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What is Centro Retail Australia's operating strategy?	Centro Retail Australia will seek to optimise returns for investors by: - actively managing its high-quality portfolio of Australian shopping centres; and - maintaining a position as a leading manager of unlisted retail property Syndicates. The priorities for Centro Retail Australia in executing its operating strategy include: - Asset Management – properties will be actively managed with the aim of optimising income and capital returns through leasing, development and acquisition and disposal strategies; - Funds Management – strengthening the Syndicate business and Syndicate product offering; and - Capital Management – maintaining a stable debt and capital structure that the Centro Retail Australia RE considers will provide consistent returns and flexibility to pursue value-adding activities.	Section 4.3
Who will be on the Board and management team of Centro Retail Australia?	The Centro Retail Australia Board will be led by a new independent Chairman, Dr Robert Edgar, and will comprise a combination of new appointees and directors with experience on the Board of CER and in the case of Mr Robert Tsenin the Board of CNP. Consistent with ASX guidelines, the Centro Retail Australia Board will comprise a majority of independent Non-Executive Directors. Immediately following Aggregation it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors from the CER Board Mr Peter Day and Mr Fraser MacKenzie, and the present Chief Executive Officer in the capacity of Managing (Executive) Director. Recruitment processes are under way to facilitate the selection and appointment of up to a further four external Non-Executive Directors to join the Board after Aggregation, and a new CEO. The Centro Retail Australia Chairman will oversee this Board renewal process. The newly appointed Centro Retail Australia Chairman, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the Centro Retail Australia Chief Executive Officer (New CEO) and Executive Committee. Until these appointments are finalised, Robert Tsenin has agreed to continue as CEO and Executive Director on a transitional basis until his planned retirement no later than 30 June 2012. This will enable a smooth and effective transition for Centro Retail Australia. Should no successor be in place by 30 June 2012, further interim arrangements will be made pending the permanent appointment.	Section 6

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What will the ownership structure of Centro Retail Australia look like after Aggregation Implementation?	On Aggregation: • CNP is entitled to receive New Stapled Securities through its investments in CER, DPF and CAWF and is also entitled to receive 18.4% of New Stapled Securities on issue in connection with the sale of substantially all of CNP's remaining Australian assets (including the Services Business) to Centro Retail Australia. These holdings will in aggregate result in CNP holding approximately 73.9% of New Stapled Securities¹⁹ immediately following Aggregation; • existing CER Securityholders will receive approximately 29.4% of New Stapled Securities on issue. The interest held by CER Securityholders (who are not CNP) will be approximately 14.5% of the New Stapled Securities on issue²⁰; and • DPF will initially hold approximately 38.5% of New Stapled Securities on issue. DPF will have the capacity to provide liquidity to its investors and accordingly (subject to remaining liquid) DPF Unitholders may request redemption of all or part of their investment. The redemption of DPF Units (which will involve DPF Unitholders redeeming their DPF Units for either New Stapled Securities and CATS, or cash), will result in the reduction of DPF's holding of New Stapled Securities which, after anticipated redemptions by CNP and depending on the extent of any redemptions by other DPF Unitholders, is anticipated to be between zero and approximately 11.6% of the New Stapled Securities¹⁹ on issue. As mentioned in respect of risks associated with Centro Retail Australia, actions by holders of significant stakes in a listed entity can affect trading prices. On implementation of the Senior Debt Schemes, the New Stapled Securities to which CNP is entitled immediately following Aggregation will be distributed to CNP's Senior Lenders. Following implementation of the Senior Debt Schemes (which will occur contemporaneously with or shortly after Aggregation), Senior Lenders will hold in aggregate approximately 73.9% of the New Stapled Securities²¹. In most cases, the Senior Lenders will receive their New Stapled Securities on a pro-rata basis in accordance with their respective holdings of CNP Senior Debt. On the basis of holdings of CNP's Senior Debt as at 31 August 2011, no individual Senior Lender of record would hold more than 7.97%, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities immediately following implementation of the Senior Debt Schemes due to Australian takeovers regulation requirements.	Sections 1.2, 3.2 and 3.3

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

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

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

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Centro Retail Australia		
What governance arrangements will be in place?	The Centro Retail Australia Board will operate under a set of corporate governance policies that comply with the principles and requirements of the Corporations Act and ASX, including satisfying the recommendations of the ASX Corporate Governance Council. The Centro Retail Australia Board will review and, when necessary, update the corporate governance charter and policies to accord with market practice, having regard to recent developments both in Australia and overseas.	Section 6
What is internalisation of management?	Internalisation of management means that Centro Retail Australia will have an RE and a property development, leasing and funds management business that is owned within the group (i.e. Centro Retail Australia will employ property and funds management specialists directly). This eliminates fees and expenses that may otherwise result from the sourcing of those services externally and aligns the interests of management with those of Centro Retail Australia investors.	Section 4.5.2
When will New Stapled Securities commence trading on ASX?	It is anticipated that New Stapled Securities will commence trading on the ASX on a deferred settlement basis on Monday, 28 November 2011 and on a normal settlement basis on Wednesday, 14 December 2011.	Section 15.3
Financial Information about Centro Retail Australia		
What are the expected earnings for Centro Retail Australia and what distributions can I expect to receive?	For the 12 month period ending 30 June 2012 the forecast Pro Forma underlying income is \$204.8 million and the forecast distribution per New Stapled Security is 12.4 cents²². The key sources of earnings for Centro Retail Australia are expected to be the direct property portfolio (81%), the Services Business²³ (13%) and Syndicate co-investments (6%). Based on an estimated Aggregation Implementation Date of 1 December 2011, New Stapled Security holders are forecast to receive a cash distribution of 6.4 cents per New Stapled Security for the period ending 30 June 2012. Detailed forecast financial information of Centro Retail Australia and the assumptions on which it is based is set out in Section 7 of this Document. Please note that any forecast may be affected by assumptions that prove to be inaccurate or by known or unknown risks and uncertainties. This may mean that the actual financial information may differ materially from forecasts.	Sections 7 and 12
What is the expected net asset value and net tangible asset backing per New Stapled Security?	The pro forma net asset value and net tangible asset backing per New Stapled Security, as at 30 June 2011, are \$2.50 and \$2.35 respectively. Section 7.3 sets out the Pro Forma historical balance sheet for Centro Retail Australia as at 30 June 2011.	Section 7.3
What is Centro Retail Australia's gearing expected to be on Aggregation?	Centro Retail Australia is expected to have \$1.9 billion in debt ²⁴ with an expected level of gearing of 40% (based on 30 June 2011 property values). Full look through – gearing attributable to members is expected to be 43% (based on 30 June 2011 property values).	Section 7.3

22 You should note that this information is predictive in character and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties. This may mean that, although it is believed that there is a reasonable basis for the information, the forecast distributable income and distributions may differ materially from results ultimately achieved. These figures assume that no New Stapled Securities are issued or cash payment made under the CATS prior to 30 June 2012.

23 The Services Business provides property management, development, leasing and funds management services to CNP's managed funds (which includes the Aggregation Funds and the Syndicates business) and is described more fully in Section 4.5.

24 This includes \$249 million of non-recourse debt that is consolidated onto Centro Retail Australia's balance sheet in accordance with Australian Accounting Standards.

QUESTION	ANSWER	FURTHER INFORMATION
Class Action True-up Securities (CATS)		
What are CATS?	CATS entitle holders to be issued New Stapled Securities (or be paid cash) in certain circumstances. CER is subject to the CER Class Action Litigation (which is described in Section 7.3.10). CER is defending the CER Class Action Litigation. It has not admitted liability and has not provided for any potential liability in relation to these actions in its financial statements. Accordingly, the CER Class Action Litigation has not been taken into account in determining the number of New Stapled Securities to which CNP and DPF will be entitled and which existing Securityholders of the Aggregation Funds will hold immediately following Aggregation. As a result of the exposure that Aggregation will give CAWF Unitholders, DHT Unitholders, DPF and CNP through their holdings of New Stapled Securities²⁵, they are to be provided with some compensation in the event that CER becomes liable to pay certain amounts in relation to the CER Class Action Litigation (including costs of CER and other parties). To provide for this, on Aggregation CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders will be issued Class Action True-up Securities (CATS) by the Aggregation Funds. In the event that any of the CER Class Action Litigation is resolved, settled, or a final judgement is given, the holders of CATS will be issued additional New Stapled Securities or, if a majority of the Issuers determine, paid cash to provide such compensation up to a Cap. The Cap is applied whenever the number of New Stapled Securities to be issued, or cash payment made pursuant to the CATS is determined. The Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date. The Cap also determines the maximum amount of cash which can be paid to CATS holders under the terms of the CATS, having regard to the Cap and the Pro Forma NAV per New Stapled Security (as defined in Section 10 of the Disclosure Document). An example of the application of the Cap is contained in Section 10.6.3. As the number of New Stapled Securities that might be issued pursuant to the CATS depends on the underlying NAV of New Stapled Securities at the relevant time and the Share Cap, the actual maximum number of securities that could be issued as a result of any CER Class Action Litigation resulting in any liability may be more or less than is the actual liability. The Cap will be adjusted for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division). As there is more than one class action, the issue of New Stapled Securities or payment of cash pursuant to the CATS may occur more than once. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities have been issued or cash payments made to the extent of the Cap. Any issue of New Stapled Securities to the holders of CATS will effectively dilute the proportionate holdings of those investors with New Stapled Securities at that time. The extent of such dilution depends on the amount of the CER Class Action Litigation liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. See the examples in Section 10. The CATS will be transferable but will not be listed on ASX and there is no assurance that there will be any issue of further New Stapled Securities or cash payment to CATS holders or that the CATS will have any value or be marketable.	Sections 3.4 and 10
Who will be issued CATS?	CAWF Unitholders and DHT Unitholders as at the record date for issuing New Stapled Securities for Aggregation will be issued with CATS. DPF will be entitled to receive CATS in respect of certain asset transfers. CNP will also be entitled to receive CATS in connection with the sale of substantially all of its Australian assets (including the Services Business but excluding CNP's interests in CER, CAWF and DPF) to Centro Retail Australia. The CATS CNP is entitled to to receive will be transferred to the Senior Lenders under the Senior Debt Scheme.	Section 10.1

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

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Class Action True-up Securities (CATS)		
What if CER successfully defends the CER Class Action Litigation?	If CER successfully defends all four actions that comprise the CER Class Action Litigation, no New Stapled Securities will be issued or cash payment made pursuant to the CATS, and any costs which may be awarded in favour of CER would become an asset of Centro Retail Australia.	Section 10
Benefits and risks		
What are the main benefits of an investment in Centro Retail Australia?	An investment in Centro Retail Australia provides you with exposure to: • a high-quality \$4.4 billion direct property portfolio with: • forecast pro forma property net operating income of \$328 million²⁶ in the year ending 30 June 2012, accounting for 81% of total forecast Centro Retail Australia income; • predominantly regional and sub-regional assets, geographically diversified across all mainland Australian States (as described in Section 4.3); • a non-discretionary retailer focus with the two largest tenants being Australia's major supermarket operators Woolworths and Coles; • 99.4% occupancy of properties as at 30 June 2011; and • potential for long-term value enhancement through strategic management of the portfolio including a development pipeline of approximately \$400 million; • an experienced management team (through the acquisition of the Services Business) with all key management functions performed internally, in comparison to the external management structure under which the Aggregation Funds operated prior to Aggregation; and • an unlisted retail property syndicate business with total funds under management that is expected to be \$2.6 billion with potential to grow further if re-invigorated. Centro Retail Australia will receive a combination of recurring and non-recurring fees and management revenue from external investors in the Syndicates.	Section 4.1

²⁶ Although the forecasts are believed to have a reasonable basis, forecasts may be affected by assumptions that prove to be inaccurate or by known or unknown risks and uncertainties. This may mean that the actual financial results may differ materially from forecasts. Refer to Section 7.4 for key best estimate assumptions.

QUESTION	ANSWER	FURTHER INFORMATION
Benefits and risks		
What are the main risks of an investment in Centro Retail Australia?	An investment in Centro Retail Australia has the following main risks (which in many cases are also risks facing the Aggregation Funds today): - Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities. Further the Aggregation involves complex restructuring which could have unforeseen legal or commercial consequences. - There can be no assurance about the liquidity or trading price of New Stapled Securities. The trading price of listed securities can be volatile with significant price movements being experienced over short periods of time, including, for instance, in any one day. Volatility can be experienced as a result of a number of factors, some of which relate specifically to the listed entity or the global or local markets and economic conditions. Prices and volatility can also be affected by significant holders trading volumes. Immediately following implementation of the CNP Debt Cancellation the Senior Lenders are expected to have individual holdings which together account for approximately 73.9% of the New Stapled Securities²⁷ and DPF will have a residual holding of approximately 11.6% of the issued New Stapled Securities that it would need to sell where required to meet redemption requests from DPF Unitholders (if those DPF Unitholders do not request redemption in the form of transfers of the New Stapled Securities and CATS). An active market in New Stapled Securities will depend in part on what actions (if any) the Senior Lenders and DPF Unitholders take in relation to their holdings. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period. Also, the potential issuance of New Stapled Securities under the CATS may negatively affect the trading price of New Stapled Securities including as a result of a decrease in NAV in the event that there is an actual or anticipated CER Class Action Litigation liability. - CATS holders will receive further New Stapled Securities or, if determined by a majority of the Issuers, cash if any of the CER Class Action Litigation results in a liability for CRT or CRL on settlement or a Court determination (up to a Cap – with a Share Cap and Cash Cap applying as described in Section 10). The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or the issues of any New Stapled Securities and payments of any cash have reached the Cap. Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the CER Class Action Litigation liability. As a result the extent of any dilution is not currently known but is limited by the Cap. Please see the examples of dilution in Section 10. - The property portfolio will be exposed to any downturn in the property market, or economy, or any regulatory changes affecting the Australian retail property market. - The retail property portfolio exposes the investor to retail-specific risks such as the financial performance and condition of tenants, the inability to continue to lease space on economically favourable terms and the impact of changing consumer trends, including the use of alternative means for shopping such as the internet. - Future growth in Centro Retail Australia's portfolio is in part dependent on property development. Risks associated with property developments include an inability to obtain finance to undertake development, construction not being completed on time or on budget, acceptable lease terms on new space not being achieved, business interruption during construction and the risk that development costs incurred will exceed value added. - General risks associated with owning and managing retail property. This includes the impact of changes in building regulations, known and unknown environmental exposures, the impact on volatility of earnings caused by property fair value accounting requirements and the inability to insure against certain events. - The income and expenses of the Services Business that is to be acquired from CNP on Aggregation may be adversely affected in the event any of the existing Centro MCS Syndicates cannot retain investors or attract new investors at the end of their fixed term, and as a result the Syndicate is wound-up. Additionally, the income and expenses of the Services Business may also be adversely affected in the event that management of certain Centro MCS Syndicates is not delivered as part of the Aggregation or if the REs of any Centro MCS Syndicates are changed to entities not controlled by Centro Retail Australia as a result of a vote of Syndicate members.	Sections 1.5 and 5

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

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Benefits and risks		
What are the main risks of an investment in Centro Retail Australia?	• CNP currently has obligations under the Syndicate Flexible Exit Mechanisms (FEM) which provide investors in 15 Syndicates with the ability to exit their investment if a Syndicate's term is extended. As a result of undertakings given by the Aggregation Funds to CNP, if Aggregation proceeds, and if approved by Syndicate investors, Centro Retail Australia will assume these existing obligations of CNP. The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the \$385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions. • It is anticipated that Centro Retail Australia will have approximately \$1.9 billion of debt for which it has granted security over its assets. The condition of debt or equity capital markets at any time that Centro Retail Australia wants to refinance existing borrowings or fund any acquisition or development opportunities may hinder Centro Retail Australia's ability to access future capital, and may impact the pricing and terms of such capital. • The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of those facilities remains subject to banks' credit approvals, documentation, satisfaction of conditions precedent and repricing and withdrawal risks particularly if material changes in market conditions arise between the date of this Document and implementation of Aggregation. Credit approvals have not yet been obtained and there can be no certainty that these debt facilities will be made available on acceptable terms or that margins will be consistent with forecast assumptions. Similar risk exists in relation to the refinancing of Centro MCS Syndicate facilities. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or you can obtain a copy free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document). • CER, as one of the Aggregation Funds that comprise Centro Retail Australia, will remain exposed to existing liabilities connected with the CER Class Action Litigation. • All of the Aggregation Funds will remain exposed to stamp duty arising from the Aggregation and existing and future stamp duty assessments in respect of certain historical transactions (including, as a result of indemnities provided by Centro Retail Australia, for any amounts for which CNP or DPF are assessed). • The proposed debt facilities include an undrawn amount intended to fund certain development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgement or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments, or obligations in relation to the FEM) could have a material adverse impact on Centro Retail Australia's liquidity. • The ability of Centro Retail Australia to successfully deliver on its business objectives is in part dependent on its ability to attract additional directors and a new Chief Executive Officer as well as its ability to retain and/or attract key management personnel and employees. • As an ASX-listed group with quoted New Stapled Securities, an investment in Centro Retail Australia will be exposed to global economic conditions and general equity market risks including movements on international and domestic stock market indices, macroeconomic conditions, interest rates, inflation rates and changes to taxation regulations.	Sections 1.5 and 5
Taxation		
What are the taxation consequences of an investment in Centro Retail Australia?	Section 3.5 of this Document provides an overview of the general taxation implications of the Aggregation and Section 13 sets out the consequences to investors of holding New Stapled Securities. You should consult your tax adviser regarding the tax implications applicable to your particular circumstances.	Sections 3.5, 5.4.14 and 13

QUESTION	ANSWER	FURTHER INFORMATION
Creation of Centro Retail Australia – the proposed Aggregation		
What is the Aggregation?	Centro Retail Australia is the name given to the group which will result from the ‘aggregation’ of existing funds. Each Aggregation Fund will continue as a separate vehicle (together forming part of Centro Retail Australia) after Aggregation occurs. Aggregation involves the combination of the economic interests in the assets owned by the Aggregation Funds and certain assets owned or managed by CNP through the allocation to each investor in each of the separate Aggregation Funds of securities in all of the Aggregation Funds and the acquisition of assets from CNP and CNP-managed funds. It will involve: - the issue of Securities by each of CER, CAWF and DHT (the Aggregation Funds) to the Securityholders in the other Aggregation Funds, largely based on the relative net assets value (as at 31 December 2010) of the assets being contributed; - the “Stapling” of the Securities in the Aggregation Funds and the quotation of the resulting New Stapled Securities on ASX; - the acquisition by the Aggregation Funds of certain CNP assets (including the Services Business and investments in various Centro MCS Syndicates and certain direct real property interests), the A Class units in CSIF held by the CSIF Holder Syndicates, the units in the Centro Arndale Property Trust held by CPT Manager Limited as trustee of CMCS 33 and DPF’s interests in various Syndicates; and - the issue of CATS by CER, CAWF and DHT to CNP and DPF, and to CAWF Unitholders and DHT Unitholders, as outlined above. Aggregation will occur in accordance with the Implementation Agreement entered into between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and CNP’s Signing Senior Lenders. This agreement is described in the Explanatory Memoranda for investors in the Aggregation Funds. To the extent that there are ongoing obligations arising under any of the arrangements pursuant to the Implementation Agreement, they are described in the material contracts referred to in Section 14.	Section 3
What will CER, CAWF and DHT Securityholders receive if the Aggregation proceeds?	If the Aggregation proceeds, CER, CAWF and DHT Securityholders will hold New Stapled Securities. The number of New Stapled Securities to be issued to the Securityholders in each Aggregation Fund will be determined based on the net assets being contributed by that Aggregation Fund compared to the net assets of Centro Retail Australia. Securityholders will be entitled on Aggregation to receive the following: - CER Securityholders: For every 5.80 existing CER Stapled Securities held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia; - CAWF Unitholders: For every 3.10 existing CAWF Units held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia; and - DHT Unitholders: For every 2.51 existing DHT Units held as at the Aggregation Record Date, 1 Stapled Security in Centro Retail Australia.	Sections 3.2 and 3.3

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Creation of Centro Retail Australia – the proposed Aggregation		
Will CNP be part of Centro Retail Australia?	CNP will not be part of Centro Retail Australia if Aggregation proceeds. Aggregation involves the sale by CNP to Centro Retail Australia of substantially all of CNP's remaining Australian assets (including the Services Business but excluding CNP's holdings in CER, CAWF and DPF, which will effectively become holdings of securities in Centro Retail Australia under Aggregation). CNP will continue as a separate entity with limited operations until it can be wound-down. In connection with the acquisition of assets from CNP, Centro Retail Australia has agreed to certain arrangements including: • providing CNP with certain transitional services (including accounting, information system/technology and human resource services) for a period after Aggregation in order to enable CNP to conduct an orderly and solvent wind-down; • indemnifying CNP against existing and future stamp duty assessments in respect of certain historical transactions; and • assisting in transferring the rights and obligations of CNP under the FEM for certain Centro MCS Syndicates to Centro Retail Australia.	
Implementing the proposed Aggregation		
Is the Aggregation subject to any conditions precedent?	The Aggregation is subject to numerous conditions precedent that must be satisfied or waived in order for Aggregation to proceed. The conditions precedent are summarised in the Explanatory Memoranda. In particular, the Aggregation is subject to the condition precedent that the Aggregation Resolutions are passed by the members of the Aggregation Funds and the Senior Debt Scheme is approved by the requisite majority of Senior Lenders, the Treasurer of the Commonwealth of Australia does not object (<i>under the Foreign Acquisitions and Takeovers Act 1974</i>), to the transfer of New Stapled Securities to the Senior Lenders, Court approvals are received, ASIC and ASX waivers or relief are received and acceptable refinancing agreements are entered into in respect of the current secured debt held by CAWF, CER, CSIF and 90% of the Centro MCS Syndicates.	Refer to Explanatory Memoranda
Will Aggregation proceed if refinancing agreements are not entered into?	Successful refinancing is an important condition precedent to Aggregation. Whilst this condition precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that it is not intended that the Aggregation Funds proceed with the Aggregation or that the condition precedent be waived, except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms (including conditions that are believed to be capable of being satisfied) shortly after Aggregation.	
Will Aggregation proceed if a Superior Proposal emerges?	If a Superior Proposal²⁸ emerges, then the parties to the Implementation Agreement are obliged to consult in good faith as to whether the Aggregation can be completed by alternative means. If the parties to the Implementation Agreement are unable to reach agreement within 10 Business Days of the Superior Proposal being notified, then the party that has received the Superior Proposal can elect not to proceed with Aggregation.	

28 A Superior Proposal is a bona fide proposal or offer that: (1) is reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the proposal or offer and the person making it; (2) is materially more favourable to investors in relation to their investments in the relevant entity than the proposed transactions, taking into account all the terms and conditions of the proposal or offer; and (3) if successfully completed, would result in a person: directly or indirectly acquiring control of that entity; directly or indirectly acquiring or becoming the holder of any interest in substantially all of the business or assets of the entity; or otherwise acquiring or merging with the entity, other than as contemplated by the Implementation Agreement.

QUESTION	ANSWER	FURTHER INFORMATION
Implementing the proposed Aggregation		
What are the implications if the conditions precedent are not met?	If the conditions precedent to Aggregation cannot be satisfied by 14 December 2011, or such other date as agreed to in writing by the parties to the Implementation Agreement, any of the Aggregation Funds may terminate the Aggregation process. As a consequence: • CER Stapled Securities will not be Stapled with CAWF Units and DHT Units; • each Aggregation Fund will continue as a standalone entity and its assets will continue to be managed under the existing management and service arrangements by CNP related entities and existing third-party providers. If CNP becomes insolvent as a consequence of Aggregation not proceeding, then this may have an impact on the property and funds management services that the Aggregation Funds (and the Centro MCS Syndicates) receive, providing an indeterminate period of uncertainty; • assets of CNP, including the Services Business, will not be acquired by the Aggregation Funds and CER, CAWF and DHT will not have the benefit of an internalised management function but will continue to pay management fees to CNP as an external party; • each of the Aggregation Funds will have incurred costs and expended management time and resources in developing and pursuing the Aggregation. Up to Aggregation, these costs are estimated to be around \$21.5 million. Please note that: • other than the costs set out below, if Aggregation does not proceed, the Aggregation Funds and CNP will each bear their own costs of Aggregation (including legal and financial advisory fees) and may incur further costs if alternative courses of action are pursued; and • if Aggregation proceeds there are various costs of Aggregation that will be borne by the parties in accordance with their respective ownership interests in Centro Retail Australia following Aggregation (including CNP based on the value of CNP assets it is contributing). Those costs include stamp duty, board/CEO recruitment fees, Investigating Accountant's fees, Taxation Adviser's fees, certain legal fees relating to Aggregation and fees in relation to the new financing facilities. The subsequent portion of those fees that remain payable will be borne in the same proportion as if Aggregation had occurred and the Aggregation Funds may have to make payments to each other and to CNP to give effect to this. • each Securityholder will continue to be exposed to the benefits and risks associated with an investment in the Aggregation Fund in which they are an investor at the date of this Document. Those Aggregation Fund specific risks are set out in each of the Explanatory Memoranda; and • the only likely alternative would be for CNP (the manager of, and a significant investor in, the Aggregation Funds) to enter into external administration which would likely be followed by the Senior Lenders appointing a receiver to CNP. The consequences of Aggregation not occurring may be different for Securityholders in each of CER, CAWF and DHT and are set out in their Explanatory Memoranda.	

2. KEY QUESTIONS & ANSWERS

QUESTION	ANSWER	FURTHER INFORMATION
Implementing the proposed Aggregation		
How will I know if Aggregation has occurred?	You should check the website at www.centro.com.au for updates on Aggregation or you can call the toll free information line noted in the Directory at the back of this Document for a free copy of any updates.	
DPF Unitholders		
What choices do I have as a DPF Unitholder?	If you are a DPF Unitholder you will not be voting on Aggregation but you will have received this Document because you have the choices set out in the Redemption Brochure provided to you by the DPF RE if Aggregation proceeds. DPF will receive New Stapled Securities and CATS on Aggregation as a result of its investments in CER, CAWF and DHT and as a result of certain asset transfers. It is anticipated that DPF will, as a result, become a liquid fund for the purposes of the Corporations Act and be in a position to allow redemptions of DPF Units to be made by DPF Unitholders. This means that if you are a DPF Unitholder you may request redemption of your DPF Units. As a result: • if you want to redeem your DPF Units then DPF RE is giving you the opportunity to elect to receive New Stapled Securities and CATS instead of cash on redemption. If you make that election for any of your DPF Units then your pro rata portion of New Stapled Securities and CATS that have been issued to DPF will be transferred into your name; • alternatively, you may request redemption of your DPF Units for cash, which will be funded through the sale by DPF RE of New Stapled Securities and, if possible*, CATS; or • if you do nothing then you will remain a DPF Unitholder. DPF’s principal asset at that stage would be a holding of New Stapled Securities and CATS and DPF RE will determine a strategy for the future operation of DPF once the extent of the redemption requests is known. However, DPF RE is aware that CNP intends to seek to have its DPF investments redeemed. If redemptions are significant and DPF ceases to be viable or able to achieve its purpose or objective then DPF RE may determine in the best interests of the remaining DPF Unitholders to wind up DPF. * Please refer to Section 10 for information about the CATS. You should note that they will not be listed on ASX and there is no certainty that there will be a market for them. You should read this Document together with the Brochure provided to you by DPF RE, which provides you with more information about your choices and the associated risks.	
Fees		
What fees and other costs apply?	The RE of each of the Aggregation Funds will not charge any management fees as following Aggregation Centro Retail Australia will be an internally managed fund. Costs and expenses will however be incurred by Centro Retail Australia in operating the Services Business. The costs of being internally managed relate to staff and overhead expenses directly incurred. Centro Retail Australia’s internal management team will also generate fee income from the provision of services to Centro MCS Syndicates.	Section 11
What fees and other costs apply to CATS?	Centro Retail Australia will not charge any fees and costs relating separately to CATS.	

QUESTION	ANSWER	FURTHER INFORMATION
Costs, expenses and stamp duty		
Will I have to pay brokerage or stamp duty in respect of New Stapled Securities and any CATS that I receive on Aggregation implementation?	You will not have to pay any stamp duty or brokerage fees in connection with the receipt of New Stapled Securities and CATS. However, if you choose to sell your New Stapled Securities (including those New Stapled Securities which may be issued to you under the CATS) on ASX, you may have to pay brokerage fees (and any applicable taxes and charges) that a broker may charge. Such costs are similarly borne by DPF RE (and reduce the amount paid to DPF Unitholders) if it sells New Stapled Securities and CATS to meet cash redemptions.	
What costs and expenses have been incurred in pursuing the Aggregation?	Each Centro party to the Implementation Agreement (including the Aggregation Funds) has incurred costs and expended management time and resources in developing and pursuing Aggregation. Under the Implementation Agreement, if Aggregation proceeds then each Centro party will bear the costs incurred by it in connection with the negotiation, preparation, execution and performance of the Implementation Agreement to the extent that it relates to Aggregation (other than certain costs (including stamp duty payable on Aggregation) which it has been agreed will be shared between the Aggregation Funds and CNP in accordance with the respective value of assets contributed to Centro Retail Australia as part of Aggregation, as outlined above). The total costs expected to be incurred by the Aggregation Funds to form Centro Retail Australia in accordance with the Implementation Agreement are estimated at around \$107.2 million, and comprise: • fees payable to financial, legal, accounting and tax advisers of \$28.1 million; • fees payable to the Independent Expert of \$1.5 million, the Investigating Accountant of \$1.7 million and the Tax Adviser of \$0.4 million; and • other costs related to the Aggregation of \$75.5 million in respect of stamp duty and debt facility establishment costs. Actual costs may be higher than the estimate.	Section 15.7
Next steps and further information		
If I am an existing Securityholder in an Aggregation Fund, what should I do now?	1. Read this Document in full before making any decision on the Aggregation Resolutions. 2. CER, CAWF and DHT Securityholders should also read the relevant accompanying Explanatory Memorandum. The Explanatory Memoranda are provided to Securityholders as they contain further information on the Aggregation, and more specific information relevant to Securityholders in each Aggregation Fund. 3. If necessary, seek professional financial, legal or taxation advice, as this Document does not take into account the financial situation, objectives and particular needs of any individual Securityholder. 4. Your entitlement to vote on any Aggregation Resolution for the Aggregation Fund in which you are an investor is explained in its Explanatory Memorandum. If you are entitled to vote on the Aggregation Resolutions, you should weigh up the advantages and disadvantages and risks outlined in this Document and in the Explanatory Memorandum that you received.	Important Notices
If I am a DPF Unitholder, what should I do now?	Read this Document in full and the accompanying Brochure and material provided to you by the DPF RE before deciding what action to take in relation to the redemption of your DPF Units.	Important Notices
Further Questions	If you have any other questions in relation to the Aggregation or Centro Retail Australia, please call the toll free Information Line in the Directory at the back of this Document or email investor@centro.com.au or consult your financial, taxation or other professional adviser.	

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Overview of Aggregation

3.1. AGGREGATION – BACKGROUND AND OVERVIEW

On 1 March 2011, CNP, CER and a number of CNP managed funds announced that they had entered into a binding agreement to sell substantially all of their US investments (**US Asset Sale**) and had commenced discussions with a number of CNP's Senior Lenders to work towards agreeing to a potential amalgamation of their respective Australian assets.

On 29 June 2011, it was announced that the US Asset Sale had completed.

On 9 August 2011, it was announced that an Implementation Agreement had been executed by CER, CNP, CNP's Signing Senior Lenders and certain CNP managed funds, including CAWF and DPF, to aggregate the Australian assets of those entities (and in the case of DPF, the assets of DHT (being a sub-trust of DPF)) to form a new listed Australian retail property trust group, namely Centro Retail Australia.

The proposed Centro Retail Australia will, if established, have a \$4.4 billion portfolio of retail properties with a strong strategic position anchored by non-discretionary focused retailers. Centro Retail Australia will also be one of Australia's largest unlisted retail property fund managers, managing property funds that collectively own a further \$2.6 billion of retail assets.

Centro Retail Australia will be internally managed as a result of the group's acquisition of CNP's Services Business (which provides trust and property management services) and the group's ownership of Centro Retail Australia RE.

Aggregation will result in a simplification of each of the Aggregation Funds' equity and asset ownership structures and will give Securityholders in each of those funds an equity interest in each of the Aggregation Funds, all of which will be listed on ASX. CER is currently listed on ASX and application will be made within 7 days of the date of this Document for admission of each of CAWF and DHT to the official list of ASX. If New Stapled Securities are not admitted to quotation within 3 months of the date of this Document or such longer period as is permitted by law then the issues will not be made.

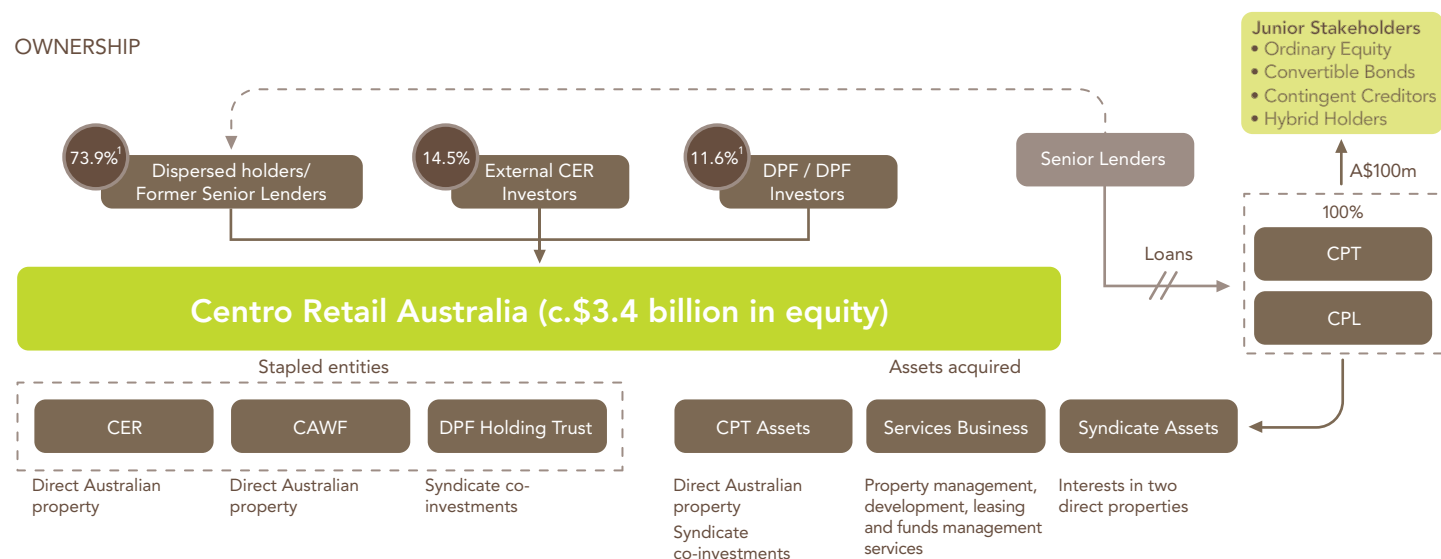
If Aggregation is implemented, Centro Retail Australia is expected to be one of the largest ASX listed real estate property groups as at the Aggregation Implementation Date based on a total equity value of \$3.4 billion²⁹.

29 Based on Pro Forma balance sheet as at 30 June 2011.

3. OVERVIEW OF AGGREGATION

The chart below outlines the structure of Centro Retail Australia immediately following Aggregation.

FIGURE 3.1. CENTRO RETAIL AUSTRALIA POST AGGREGATION AND THE CNP DEBT CANCELLATION



Notes

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

3.2. AGGREGATION STEPS – WHAT OCCURS IF THE CONDITIONS ARE MET

As part of Aggregation:

- **Issue of New Stapled Securities:** Each Securityholder in the Aggregation Funds at the time that Aggregation is implemented will receive New Stapled Securities based primarily on the relative net equity value of the Aggregation Funds at 31 December 2010 (subject to certain adjustments to reflect changes since 31 December 2010)³⁰. This approach was determined to be most appropriate given a number of factors including the degree of cross ownership at an asset and fund level. Each New Stapled Security will comprise one share in CRL, one unit in CRT, one unit in CAWF and one unit in DHT, and will have an aggregate combined net asset value of \$2.50. Section 3.3 sets out details of how this will be achieved.
- **CATS:** Whilst CER has not provided for any liability for the CER Class Action Litigation in its financial statements, an entitlement to CATS will be provided to the Unitholders of each of the other Aggregation Funds (i.e. CAWF and DHT) on Aggregation, to CNP in connection with the sale of substantially all of CNP assets (excluding interests in CER, CAWF and DPF) to Centro Retail Australia and to DPF in respect of certain asset transfers. CATS will not be issued to CER Securityholders. The CATS are described in Section 10.

30 Investors in CER, CAWF and DHT at the date of this Document should refer to the Explanatory Memorandum for their fund for details.

- **Acquisitions:** Centro Retail Australia will acquire:
 - CNP's funds and property management Services Business (for approximately \$200 million) (subject to certain adjustments) and associated accrued rollover, performance, wind-up and deferred management fees (for \$40 million). In addition, working capital balances associated with the Services Business will be transferred to Centro Retail Australia. CNP is entitled to receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia;
 - CNP's direct property interests, managed fund investments and certain other assets (including related party loans, interest rate swap agreements entered into with CNP by other CNP group entities, working capital balances and provisions in relation to stamp duty exposures³¹), for approximately \$347 million. CNP will receive New Stapled Securities in connection with the contribution of these assets to Centro Retail Australia; and
 - certain property and managed fund investments from Centro MCS Syndicates managed by CNP, for approximately \$71 million in cash.

Section 9 sets out information about these acquisitions. These acquisitions will give Centro Retail Australia its own internalised management structure and a funds and property management business providing services to the Centro MCS Syndicates business.

- **Re-financing:** A new financing package for Centro Retail Australia is intended to be put in place upon Aggregation implementation. Subject to receiving full credit approvals and satisfaction of conditions precedent to the refinancing, the new package will replace the majority of the existing financing arrangements of each Aggregation Fund.
- **New RE:** The existing Aggregation Fund REs will be replaced with CRL (1) Limited, which is a new RE, wholly owned by Centro Retail Australia. If CRL Limited (1) is unsuccessful in its application for an Australian financial services licence prior to Aggregation, Wholesale Responsible Entity Limited ACN 145 213 654 will instead be appointed as the new RE.

After Aggregation, two further key steps will occur:

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

31 The stamp duty provisions will effectively be transferred to Centro Retail Australia, through being taken into account in determining the Aggregation Ratios.

3. OVERVIEW OF AGGREGATION

As a result of the Senior Debt Scheme the Senior Lenders will in aggregate own approximately 73.9%³² of New Stapled Securities on issue immediately following the implementation of Aggregation and the CNP Debt Cancellation. In most cases, the Senior Lenders will receive those New Stapled Securities on a pro rata basis to their CNP Senior Debt holdings.

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

On the basis of Senior Lenders' holdings of CNP Senior debt as at 31 August 2011, no individual Senior Lender would hold more than 7.97% of New Stapled Securities, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities immediately following implementation of the Senior Debt Schemes. As at 31 August 2011, there were approximately 90 Senior Lenders³³. There are some Senior Lenders whose investments are managed by the same investment manager. Except in certain circumstances permitted by law, no Senior Lender will be able to hold more than 20% of New Stapled Securities following implementation of the CNP Debt Cancellation due to Australian takeovers regulation requirements. Further detail on the CNP Debt Cancellation is contained in separate Explanatory Memoranda to the CNP Junior Stakeholders.

3.3. SECURITYHOLDINGS UPON AGGREGATION

The following table sets out the relative contributions of each Aggregation Fund and CNP to Centro Retail Australia's value on Aggregation, and the direct and look-through interest held by each contributing party.

TABLE 3.2. RELATIVE CONTRIBUTIONS AND INTEREST HELD BY EACH CONTRIBUTING PARTY AS AT 30 JUNE 2011

	CER	CAWF	DHT ¹	CNP ²
Total equity value contribution (\$ million) ³	986.4	1,324.7	423.5	617.2
Direct ownership interest⁴				
CNP	29.0%	50.0%	-	100%
CER	-	0.1%	-	-
DPF	21.7%	49.9%	100%	-
External	49.4%	-	-	-
	100%	100%	100%	100%
Look-through ownership interest⁴				
CNP	41.1%	78.0%	56.1%	100%
CER External	49.4%	-	-	-
DPF External	9.5%	21.9%	43.9%	-
	100%	100%	100%	100%

Notes

- 1 DHT contribution reflects the position after the transfer to DHT of assets held by DPF before Aggregation.
- 2 Incorporates sale of CNP Assets (including the Services Business).
- 3 Total equity value contributions in the table above is based on the 30 June 2011 position. As noted in Section 3.2 and explained in the Explanatory Memoranda, the Aggregation principles primarily reflect adjusted net equity values as at 31 December 2010 (with working capital balances at 30 June 2011).
- 4 Direct interest is the percentage interest held by each contributing party in the Aggregation Funds or CNP assets. Look-through interest is the direct interest adjusted for the fact that certain of the Aggregation Funds have a cross-ownership interest in the other Aggregation Funds. For example, CNP's look-through interest in CER comprises its directly held 29.0% interest plus a 12.2% interest by way of an indirect interest in DPF. It is the look-through interest in each of the Aggregation Funds and assets that results in Centro Retail Australia proportionate ownership allocation at Aggregation.

- 32 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF Unitholders who redeem DPF Units and elect to receive a transfer of New Stapled Securities and CATS from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options over direct and indirect interests in DPF Units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or people who are DPF unitholders acquire under Aggregation because they are also CER Securityholders.
- 33 This number will be higher if there is a reallocated hybrid amount under the Senior Debt Scheme.

The total equity value contribution is based on the principles set out in Section 3.2 (and in the Explanatory Memoranda that investors in the Aggregation Funds will have received). The value contribution by each contributing party is a function of net equity contributed and the look-through interest of each party, with the over-arching principle being that no party receives a merger premium in relation to their respective contributions and all parties share in the costs of Aggregation pro rata to their respective contributions.

The table below shows how these ownership percentages are derived from the net equity contributed and (using 30 June 2011 balances) the look-through interest held.

TABLE 3.3. AGGREGATION VALUES AND RATIO OF OWNERSHIP OF CENTRO RETAIL AUSTRALIA AS AT 30 JUNE 2011

Securityholders	CER \$ million	CAWF \$ million	DHT \$ million	CNP \$ million	Adjustment ¹ \$ million	Centro Retail Australia		
						\$ million	Units '000 ²	%
CNP	405.7	1,033.7	237.6	617.2	182.6	2,476.9	990,748	73.9%
CER External	486.9	0.6	-	-	-	487.5	195,012	14.5%
DPF External	93.7	290.4	185.8	-	(182.6)	387.4	154,969	11.6%
Total	986.4	1,324.7	423.5	617.2	-	3,351.8	1,340,728	100%

Notes

- 1 Some Senior Lenders hold put options over direct and indirect interests in DPF units which are exercisable against CNP. The adjustment column in Table 3.3 relates to the exercise and transfer of these put options since 30 June 2011. Whilst there is certainty that these put options will be exercised by the time of implementation of the Senior Debt Scheme, it is uncertain as to whether the interests the subject of the put options will be transferred to CNP. If the interests are transferred, the holders will receive New Stapled Securities under the Senior Debt Scheme. If the interests are not transferred, the holders may elect to receive cash or New Stapled Securities under the DPF redemption offer or may continue to hold such Interest. The table above shows the position as though the put option holders receive New Stapled Securities in respect of such interests, and this position is adopted throughout this Document when referring to Centro Retail Australia ownership percentages. If the put option holders receive cash under the DPF redemption offer or do not take up the DPF redemption offer in respect of all of these interests, then the Senior Lenders' ownership percentage could be as low as 68.5% and the interest of DPF and/or DPF Unitholders could be as high as 17.0%.
- 2 Final number of securities on issue and the relative holding of each contributing party is subject to change for any asset sales between 31 December 2010 (or 30 June 2011 as relevant) and the date of Aggregation, any settlement of CER Class Action Litigation, any capital returns or distributions made or material one-off items.

If Aggregation proceeds, the result is that the existing holding of Securityholders in CER and Unitholders in CAWF and DHT will be replaced by an interest in Centro Retail Australia. This will be achieved through a process whereby the actual securities on issue in each of the Aggregation Funds will be consolidated and equalised to a number reflecting the above Aggregation Ratios with a net asset value as at Aggregation of \$2.50 per New Stapled Security. On Aggregation, each New Stapled Security on issue will comprise one Security in each of the Aggregation Funds.

3. OVERVIEW OF AGGREGATION

Effective Aggregation Ratios

- 1 New Stapled Security for every 5.80 Stapled Securities in CER (being one share in CRL and one Unit in CRT);
- 1 New Stapled Security for every 3.10 Units in CAWF; and
- 1 New Stapled Security for every 2.51 Units in DHT.

The table below shows the number of units to be held in Centro Retail Australia based on an indicative holding of 1,000 Units in each of Aggregation Fund. The number of New Stapled Securities to be held by each Securityholder in an Aggregation Fund reflects an approximate 3% reduction in total value (from 30 June 2011 pre-Aggregation value) as a result of transaction costs being shared proportionately. Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number.

TABLE 3.4. EXAMPLE SECURITIES IN AGGREGATION FUNDS COMPARED TO UNITS IN CENTRO RETAIL AUSTRALIA

	Aggregation Funds				Centro Retail Australia			
	Pre-Aggregation				Post-Aggregation			
	Securities held	NAV ¹ per Stapled Security	Value	Aggregation Ratios	Securities held	NAV ¹ per Stapled Security	Value	Effective Impact of Transaction Costs
	Number	\$/unit	\$		Number	\$/unit	\$	\$
CER	1,000	0.44	443	5.80 : 1	172	2.50	431	12
CAWF	1,000	0.83	829	3.10 : 1	323	2.50	807	22
DHT	1,000	1.02	1,025	2.51 : 1	399	2.50	998	27

Notes

- 1 Net Asset Value.
- 2 CNP is not an Aggregation Fund and is therefore not shown in the table above.

The table below shows the number of Securities on issue in each Aggregation Fund before and after the steps described above. The Units in each Aggregation Fund are then stapled so that one Unit in each Aggregation Fund and one Share in CRL are stapled to form a New Stapled Security.

TABLE 3.5. SECURITIES IN AGGREGATION FUNDS BEFORE AND AFTER AGGREGATION STEPS³

	CER	CAWF	DHT ¹
Securities on issue pre Aggregation (000)	2,286,399	1,644,888	170,100
Aggregation process ²	↓		
Securities on issue post Aggregation (000)	1,340,728	1,340,728	1,340,728
Stapling process	↓		
New Stapled Securities on issue (000)	1,340,728		

Notes

- 1 Units on issue in DHT reflects the position before issue of units by DHT to DPF as consideration for the transfer of DPF assets in connection with Aggregation.
- 2 As described above, each Aggregation Fund will issue units to holders in each other Aggregation Fund, funded by a return of capital. Each Aggregation Fund will then consolidate or split the resulting number of units on issue to a number equivalent to the number of units Centro Retail Australia would have on issue to have a net asset value per security of \$2.50. As such the final number of units on issue in each Aggregation Fund will be the same, and these will be stapled together in the ratio of 1:1:1.
- 3 CNP is not an Aggregation Fund and is therefore not shown in the table above.

Stapling

Stapling will be achieved as provided under the Constitutions of each of CRL, CRT, DHT and CAWF pursuant to amendments that are to be proposed (to certain of these Constitutions) as part of Aggregation. A Stapling Deed that applies while Stapling is in place is described in Section 14.2.

Once the CER Stapled Securities, CAWF Units and DHT Units have been Stapled, these Securities will trade jointly on ASX and none of them will be able to be traded or dealt with separately.

An investment in Centro Retail Australia will operate like an investment in a single consolidated group. In practical terms this will mean that:

- New Stapled Securities will trade together on ASX as if they were one security (ASX Code: CRF);
- New Stapled Securityholders will receive aggregated reports from Centro Retail Australia; and
- subject to the Centro Retail Australia Board determining that CRL and Centro Retail Australia RE are to make a distribution payment in respect of any distribution period, New Stapled Securityholders will receive a single distribution payment in connection with their investment.

CATS are not stapled to New Stapled Securities and will not be quoted for trading on ASX but will be transferable (see Section 3.4 below and Section 10).

3.4. CLASS ACTION TRUE-UP SECURITIES (CATS)

CER is subject to class action litigation that is described in Section 7.3.10 (CER Class Action Litigation) and there is no provision in CER's financial statements for the possible liability. As CER's exposure has not been quantified in its accounts, the exposure has not been taken into account for the purposes of determining the respective ownership interests that CNP and Securityholders in each of the Aggregation Funds will have in Centro Retail Australia immediately following Aggregation (see Section 3.3).

Aggregation will however expose CNP and DPF (in respect of certain asset transfers), CAWF Unitholders and DHT Unitholders to CER's possible liability under these claims. To provide some compensation for this exposure, the Aggregation Funds will issue Class Action True-up Securities (CATS) to CNP, DPF, CAWF Unitholders and DHT Unitholders. CATS will not be issued to CER Securityholders as their exposure to the litigation is not altered by Aggregation. The CATS entitle their holders to further issues of New Stapled

Securities or a cash payment (up to a Cap) if any of the actions are resolved or settled or a final judgement is given which results in CER having to meet a liability. The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)).

If at any time New Stapled Securities are to be issued pursuant to the CATS in respect of a CER Class Action Litigation liability, and the number of New Stapled Securities which would be issued (together with any previous issues pursuant to the CATS) would exceed the Share Cap, then the terms of the CATS provide that the number of New Stapled Securities to be issued at that time will be reduced on a pro rata basis such that the aggregate number of New Stapled Securities issued pursuant to the CATS will not exceed the Share Cap.

The Cap also determines the maximum amount of cash which can be paid to CATS holders under the CATS, having regard to the Pro Forma NAV Per New Stapled Security.

Examples of the application of the CATS is contained in Section 10.6.3.

The Cap is not an estimate of potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation.

There is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

As the number of New Stapled Securities that might be issued pursuant to the CATS depends on the underlying NAV of New Stapled Securities at the relevant time, the actual maximum number of securities that could be issued as a result of any CER Class Action Litigation resulting in any liability may be more or less than is indicated by the examples in Section 10.6.3. The Cap will be adjusted for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division).

Any issue of New Stapled Securities to the holders of CATS will effectively dilute the proportionate holdings of those investors with New Stapled Securities at that time. The extent of such dilution depends on the level of the CER Class Action Litigation liability. As a result, the extent of any dilution is not currently known but is limited by the Share Cap. See the examples in Section 10.

3. OVERVIEW OF AGGREGATION

The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities issued or payments have been made to the extent of the Cap.

The CATS will be transferable but will not be listed on ASX and there is no assurance that there will be any issue of further New Stapled Securities or cash payment to CATS holders or that the CATS will have any value or be marketable.

Whether New Stapled Securities or cash is delivered under the terms of the CATS is a matter for determination by a majority of the Aggregation Funds. This determination is to be made taking into account circumstances at the relevant time and in the best interests of the Centro Retail Australia investors as a whole and in a way that is fair between classes of investors.

The issue of New Stapled Securities or the making of cash payments under the CATS do not put the holder back in the position that they would have been in had CER's litigation liability been an actual liability taken into account at the time that Aggregation occurred. This is because it is not feasible to recalculate all events between Aggregation and the time of the issue of further New Stapled Securities or the making of cash payments to establish that position and also because there is a Cap that applies to any New Stapled Securities issued or cash paid. Further, the CATS do not include any adjustment for costs that Centro Retail Australia will bear in financing any payment to be made under any settlement or judgement, such as any interest costs that may be borne on borrowing to pay an amount payable. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or the New Stapled Securities issued and any cash paid pursuant to the CATS have reached the Cap. Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the actual CER Class Action Litigation liability up to the Cap. As a result, the extent of any dilution is not currently known.

The terms of the CATS are described in Section 10 which also sets out examples in Section 10.6.3 of:

- the number of New Stapled Securities that the Cap would represent at Aggregation if the total Cap were issued as New Stapled Securities;
- the number of New Stapled Securities or the amount of any cash payable by Centro Retail Australia to CATS holders in respect of a CER Class Action Litigation liability. The amount of cash or value of New Stapled Securities issued on any occasion will not necessarily be the same; and
- the diluting effect which an issue of further New Stapled Securities under the CATS (subject to the Caps) has on New Stapled Securities then on issue.

3.5. TAXATION

The steps required to achieve the Aggregation of the various assets of CNP, CER, CAWF and DHT have been generally summarised in Sections 3.2 and 3.3. The general tax consequences of the Aggregation Steps are described below.

Steps to achieve Aggregation

Each New Stapled Security will comprise one Share in CRL and one Unit in each of CRT, CAWF and DHT. As part of the Aggregation there will be a consolidation of the number of existing Securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each New Stapled Security will have a total net asset value of \$2.50. The consolidation of the existing Securities will have no income tax or GST consequences for each of the Aggregation Funds.

The Aggregation Funds will acquire various assets from certain Centro MCS Syndicates (for cash), and from CNP, in connection with the issue of New Stapled Securities. The Aggregation Funds will have a tax cost base in these acquired assets equal to the value of the consideration provided.

CER will also acquire certain assets from CAWF as part of the Aggregation. CER will have a tax cost base in the assets acquired from CAWF equal to the value of the consideration provided. CAWF will not derive a taxable net capital gain as a result of the transfer of these assets.

The returns of capital by each of the Aggregation Funds to their Securityholders to facilitate the equalisation of Securityholder interests in Centro Retail Australia will have no income tax or GST consequences for the particular Aggregation Fund. The subsequent issue of Securities by each of CER, CAWF and DHT to complete the equalisation process will also have no income tax or material GST consequences for each Aggregation Fund.

Following equalisation, the Stapling of CER Stapled Securities to CAWF Units and DHT Units so they can trade on the ASX as a single Stapled entity will have no income tax or GST consequences for each Aggregation Fund. The replacement of the REs of CRT, CAWF and DHT also will have no income tax or GST consequences for each Aggregation Fund.

The issue of the CATS by each of CER, CAWF and DHT will have no income tax or material GST consequences for each Aggregation Fund.

Steps after Aggregation

Following Aggregation, it is intended that DPF will transfer the New Stapled Securities and CATS it receives on Aggregation to investors who elect to redeem their DPF Units for New Stapled Securities and CATS. DPF will not derive an overall taxable gain from the transfer of these securities.

Separately, if the CNP Junior Stakeholder Approvals are obtained, CNP's Senior Debt will be cancelled in exchange for the transfer to the Senior Lenders of the New Stapled Securities and CATS to which CNP is entitled to and the security in favour of the Senior Lenders will remain in place to secure obligations to pay to the Senior Lenders any surplus on a wind-down of CNP. If the CNP Junior Stakeholder Approvals are not obtained, a portion of the CNP Senior Debt will remain outstanding.

The transfer of New Stapled Securities and CATS to the Senior Lenders will not have any tax consequences for the Aggregation Funds that comprise Centro Retail Australia.

Income tax consequences of the New Stapled Securities and CATS

The Australian income tax consequences of acquiring and holding New Stapled Securities and CATS are set out in Section 13.



4. Centro Retail Australia's Business

Centro Retail Australia is CRL, CRT, CAWF and DHT. For the profiles of each of these please refer to Section 8.

4.1. BENEFITS OF AGGREGATION

Following a comprehensive strategic review undertaken by each of the Aggregation Funds, their respective Boards concluded that Aggregation would be in the best interests of their respective investors.

Whilst the relevant considerations for each Aggregation Fund differed, benefits that were common amongst them include:

- **Consolidation of ownership interests in many Australian properties** – The Aggregation will result in Centro Retail Australia obtaining 100% ownership of most³⁴ of the Australian properties which, at the date of this Document, are jointly owned by the Aggregation Funds in complex structures. This is expected to deliver a range of benefits, including:
 - increased flexibility to actively manage the portfolio and pursue appropriate development, acquisition and disposal opportunities being able to be negotiated by Centro Retail Australia RE (e.g. co-ownership of properties can present challenges where owners have differing strategic objectives and/or financial capacity); and
 - greater financing flexibility, which could result in superior terms being able to be negotiated by Centro Retail Australia RE (e.g. some lenders prefer security over 100% interests and/or seek to cross-collateralise obligations where properties are co-owned).
- **Reduced structural complexity** – This is also expected to deliver a range of benefits including:
 - reduced potential for conflicts of interest; and
 - cost-saving opportunities from reduced administrative requirements.
- **Clear Value Proposition and focussed business model** – focus on ownership of regional and sub-regional shopping centres in addition to property and funds management of Centro MCS Syndicates.
- **Simplified and stable capital structure** – longer debt maturities a level of debt considered to be appropriate by the Aggregation Fund RE Boards and the CRL Board.
- **Alignment of interests through internalisation of management** – Centro Retail Australia will directly employ fund and property management staff and will no longer pay any fees to an external manager in relation to properties in which it has an interest³⁵. Costs and expenses will however be incurred by Centro Retail Australia in operating the Services Business.
- **Operational stability** – Centro Retail Australia's establishment is expected to provide greater certainty to retailers, employees and suppliers and provide a more stable base from which to drive operational performance.
- **Redevelopment of properties** – Potential to proceed with redevelopment opportunities which may not occur or may be delayed if Aggregation does not proceed.
- **Relevance to investors** – Centro Retail Australia is expected to become part of several indexes that are significant in attracting institutional investors, with pro forma total net equity of approximately \$3.4 billion as at 30 June 2011. It is expected to be one of only a few REITs with a purely Australasian retail property investment portfolio.

The Explanatory Memorandum for each of the Aggregation Funds provides further information in relation to possible advantages and disadvantages of the Aggregation from the perspective of Securityholders in each Aggregation Fund.

34 100% ownership in 36 properties and 50% ownership in a further 7 properties. Of the 7 co-owned properties, five are co-owned with certain Centro MCS Syndicates and two are co-owned with external parties.

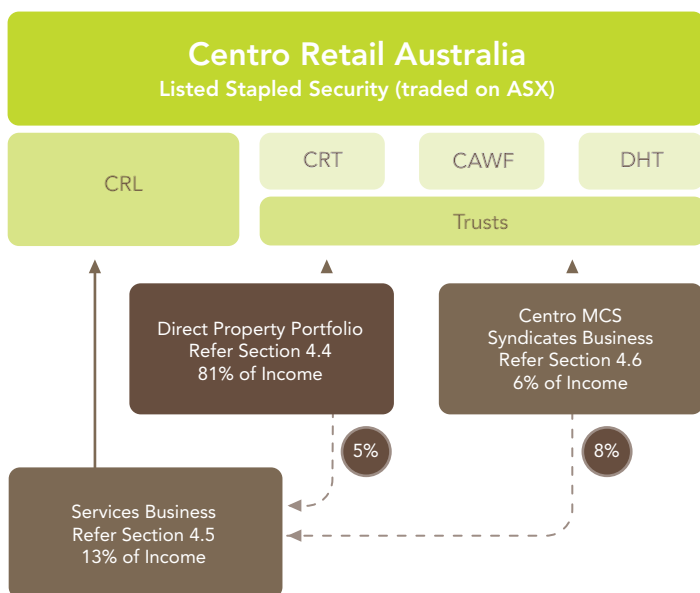
35 Other than property management fees associated with Tuggeranong Hyperdome which is externally managed.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

4.2. BUSINESS OVERVIEW

The diagram below shows how Centro Retail Australia will be structured and the proposed income structure of Centro Retail Australia after the Aggregation is implemented³⁶.

TABLE 4.1 CENTRO RETAIL AUSTRALIA STRUCTURE AND FORECAST INCOME COMPOSITION



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

- a \$4.4 billion portfolio of direct property investments comprising 100% interests in 36 Australian shopping centres and 50% interests in a further 7 Australian shopping centres, together accounting for 81% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012;
- an experienced and dedicated internalised management team of over 600 staff directly employed by Centro Retail Australia;
- one of Australia's largest unlisted retail property syndicate businesses comprising \$460 million of co-investments in and management of up to 27 Centro MCS Syndicates, which collectively own interests in 61 properties valued at \$2.6 billion as at 30 June 2011; and
- a clear investment strategy, stable capital structure (with gearing at 40% and a weighted average debt maturity of three years³⁷), an earnings yield³⁸ of 6.1% and a sustainable distribution policy (pro forma forecast of 12.4 cents per New Stapled Security reflecting a cash yield on equity of 5.0% for the year ending 30 June 2012) (refer to Section 7 for further financial information).

Centro Retail Australia is expected to be one of the largest managers of retail property in Australia with 1.7 million square metres of retail area under management and will be the largest manager to Australia's major supermarket operators³⁹, Woolworths and Coles.

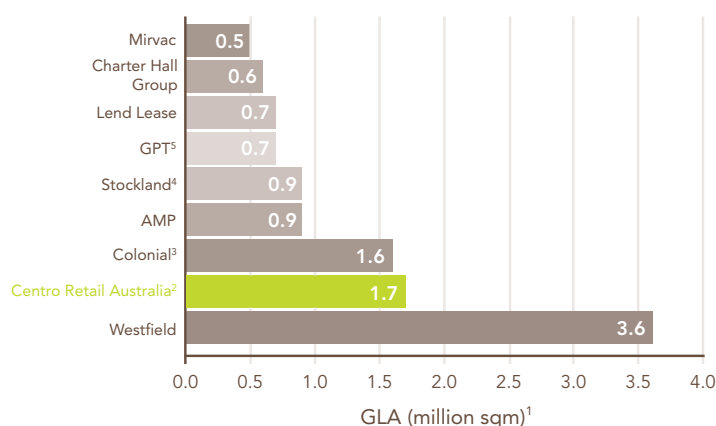
³⁶ Income figures in Table 4.1 above reflect forecasts for the year to 30 June 2012 on the alternative basis of presentation as set out in Section 7.8. This presentation shows net operating income from direct property investments and distribution from Centro MCS Syndicates co-investments after payment of management fees to the Services Business. A portion of the 13% income derived from the Services Business and a portion of the 6% of income derived from the Centro MCS Syndicates co-investments is eliminated on consolidation in the statutory accounts. The Directors believe this alternative presentation is useful in understanding the various business segments and is consistent with how the business is managed internally. On a statutory definition, property ownership income, services business income and distribution income from Centro MCS Syndicates co-investments represents 92%, 5% and 3% respectively of total revenue (as shown in Table 7.9).

³⁷ Weighted average maturity for debt is the average length of time before Centro Retail Australia's proposed debt facilities will be required to be repaid or refinanced, after weighting according to the amount of debt under each facility. The weighted average maturity for Centro Retail Australia's debt facilities, excluding debt which is non-recourse to Centro Retail Australia, is 3.06 years and the weighted average maturity of total borrowings (i.e. including debt which is non-recourse to Centro Retail Australia) is 2.81 years.

³⁸ Earnings yield is operating earnings as a portion of net asset value (including intangibles).

³⁹ Based on 99 properties (which includes Centro MCS Syndicates properties).

TABLE 4.2 LEADING MANAGERS OF AUSTRALIAN RETAIL PROPERTY



Source: Company filings⁴⁰, Centro Properties Group

- 1 Represents Australian assets under management only. Analysis includes WIP and development assets where appropriate.
- 2 Excludes Tuggeranong Hyperdome 0.08 million sqm because the property is (externally managed).
- 3 Pro-forma for direct factory outlet acquisition.
- 4 Includes Stockland Direct Retail Trust 1.
- 5 Includes GPT Wholesale Shopping Centre Fund.

The \$7.0 billion portfolio of 99 properties that Centro Retail Australia will manage took more than a decade for the CNP Group to accumulate and the scale and breadth of the portfolio would be difficult to replicate.

4.3. OPERATING STRATEGY

Centro Retail Australia's strategy aims to deliver strong, consistent returns to investors by investing for the long term in its portfolio of Australian shopping centres and building on its already established position as a leading manager of unlisted retail property funds.

Priorities for Centro Retail Australia in executing its operating strategy include the following:

- **Asset Management** – Centro Retail Australia's property management, development and leasing teams will seek opportunities to optimise returns from actively managing each property, which may involve:
 - **Developments** – Existing development opportunities for Centro Retail Australia's direct property portfolio totalling approximately \$400 million across 13 properties. These opportunities have been identified in response to major tenant requirements and in

recognition of the need for retail property to be regularly refurbished and redeveloped to retain its competitive advantage. Developments can have the potential to add incremental value. A combination of cash and Centro Retail Australia's committed undrawn debt facilities are expected to be sufficient to fully fund all committed developments. Other future developments are subject to the ability to source debt or equity capital at the time. Further detail is provided in Section 4.4.7.

- **Acquisitions or disposals** – Centro Retail Australia will consider acquisition or disposal opportunities that are consistent with its investment strategy, which is outlined in Section 6.6. Acquisition opportunities could include interests in certain properties that at the date of this Document are partly or wholly owned by Centro MCS Syndicates (existing co-ownership agreements contain pre-emptive rights in some instances) and also via direct acquisition of properties or interests in properties from external parties. Acquisitions are subject to the ability to source debt or equity capital at the time. A pool of non-core assets valued at approximately \$400 million has been identified for potential disposal within Centro Retail Australia's direct property portfolio.
- **Funds Management** – a wholly-owned subsidiary of Centro Retail Australia will act as the RE for up to 27 Centro MCS Syndicates, which are all fixed-term investment vehicles. Attracting new investors to replace existing Centro MCS Syndicate investors who wish to exit their investments will be a priority for Centro Retail Australia and will be managed by Centro Retail Australia through:
 - restructuring the Syndicates to offer market competitive returns (e.g. lower gearing and stable distribution yields of around 7+% per annum); and
 - rebuilding investor confidence (through improved stability of Centro Retail Australia as manager, strong corporate governance with clear related party protocols and offering future liquidity options).
- **Capital Management** – Centro Retail Australia will seek to manage and source debt and equity capital so as to minimise cost of capital to support sustainable returns for investors. Diversification of debt funding sources, over time, is expected to be a priority for Centro Retail Australia (refer to Sections 7.3.6 and 7.3.7 for further detail in relation to financial risk management policies).

40 Source: Westfield - WDC Q1 2011 results presentation; Colonial - www.cfsgam.com.au/AssetManagement/AMShoppingCentres.aspx; Stockland - 1H11 results presentation and 4 April 2011 ASX media release; GPT - Dec-10 HY results presentation; Mirvac - Dec-10 HY results presentation; Charter Hall Group - CHC Global Investor presentation May 2011 and CHC/WOW acquisition presentation 17 May 2011; Lend Lease - Dec-10 Portfolio Report; AMP - www.ampcapital.com.au/shopping-centres/pdf/Portfolio-Snapshot.pdf

CENTRO RETAIL AUSTRALIA'S DIRECT PROPERTY PORTFOLIO OF \$4.4 BILLION

WA – 26.6% OF VALUE

- Centro Albany
- Centro Galleria
- Centro Halls Head
- Centro Karratha (50%)
- Centro Mandurah
- Centro Victoria Park
- Centro Warnbro
- Centro Warwick
- Perth City Central (50%)

NT – 0.6% OF VALUE

- Katherine Oasis Shopping Centre

QLD – 10.8% OF VALUE

- Centro Buranda
- Centro Lutwyche (50%)
- Centro North Shore
- Centro Springwood
- Centro Taigum
- Centro Toombul
- Centro Whitsunday
- Goldfields Plaza

NSW – 21.0% OF VALUE

- Centro Armidale
- Centro Bankstown (50%)
- Centro Goulburn
- Centro Lavington
- Centro Nepean
- Centro Roselands (50%)
- Centro Tweed
- Centro Warriewood
- Centro Westside



VIC – 27.8% OF VALUE

- Centro Box Hill North
- Centro Box Hill South
- Centro Cranbourne
- Centro Lansell
- Centro Karingal
- Centro Mildura

VIC – 27.8% OF VALUE

- Centro Mornington
- Centro Somerville
- Centro The Glen
- Centro Warrnambool
- Centro Wodonga
- Victoria Gardens (50%)

SA – 9.7% OF VALUE

- Centro Arndale
- Centro Colonnades
- Centro Mount Gambier

ACT – 3.5% OF VALUE

- Tuggeranong Hyperdome (50%)



.....

● **Regional properties** (which account for 43% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically exhibit the following characteristics:

- is a major retail centre with a wide range of retail and other services serving a broad regional role and destination oriented in nature;
- has as an anchor tenant at least one department store of a minimum of 10,000 square metres in size;
- has as an anchor tenant at least one discount department store and one or more supermarkets; and
- is over 50,000 square metres in size.

● **Sub-regional properties** (which account for 51% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically the following characteristics:

- offer a wider range of apparel and other soft goods than a supermarket-based centre;
 - has as an anchor tenant at least one discount department store and typically one or more supermarkets; and
 - is over 25,000 square metres in size.
-

● **Convenience properties** (which account for only 5% of Centro Retail Australia's direct property portfolio value as at 30 June 2011) typically exhibit the following characteristics:

- provide convenience shopping for consumers in the immediate neighbourhood;
- comprise one or two major supermarkets along with a collection of food and non-food specialty shops and services; and
- is usually less than 10,000 square metres in size.

● **CBD retail properties** (which account for only 1% of Centro Retail Australia's direct property portfolio as at 30 June 2011) located in the central business district of a capital city.

4.4. DIRECT PROPERTY PORTFOLIO

4.4.1. Direct Property portfolio overview

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

TABLE 4.3 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO ON AGGREGATION
(FIGURES AS AT 30 JUNE 2011)

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

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

Notes

- 1 Table 4.3 and the statistics that follow exclude vacant land adjoining Centro Keilor (valued at \$8.8 million at 30 June 2011) which will be acquired by Centro Retail Australia from CNP on Aggregation.
- 2 Tuggeranong Hyperdome and Victoria Gardens are co-owned with joint venture partners external to the Centro group and Aggregation may trigger pre-emptive rights in favour of those parties, which may or may not be exercised. If those rights are triggered and exercised, Centro Retail Australia may be required to sell its interests in those properties to the joint venture party for market value (see Section 5.2.6).
- 3 All other 50% interests are co-owned with Centro MCS Syndicates, which have confirmed that they will not seek to exercise any pre-emptive rights that may be triggered by Aggregation.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

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

- The portfolio is geographically diversified across Australia spanning five States and two Territories.
- The portfolio comprises predominantly regional (43%) and sub-regional (51%) shopping centres (% by property value), as at 30 June 2011.
- The portfolio has a strong representation of non-discretionary focussed retailers and has a diverse base of over 4,000 tenants.
- Portfolio occupancy was approximately 99.4% at 30 June 2011.
- Centro Galleria in Western Australia is Centro Retail Australia's largest asset, representing 13.9% of the portfolio. No other single property accounts for more than 10% of the portfolio.
- Centro Retail Australia will manage all of the properties in its direct property portfolio with the exception of Tuggeranong Hyperdome, which at the date of this Document is externally managed.

4.4.2. Direct Property portfolio metrics

The table below outlines key metrics for Centro Retail Australia's direct property portfolio described in Section 4.4.1 above:

TABLE 4.4 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO METRICS

	Direct Property Portfolio as at 30 June 2011 ¹
Number of Properties ²	43
Total Portfolio Value (\$m) ³	4,447.2
Portfolio Weighted Average Capitalisation Rate ⁴	7.29%
Gross Lettable Area (sqm) ⁵	1,121,307
Net operating income growth (FY11 Comparable) ^{3, 6}	3.7%
Portfolio Occupancy (%)	99.4%
Average Specialty Occupancy Cost ⁷	14.1%
Weighted Average Lease Expiry by Income ⁸	4.6

Notes

- Information is presented as at 30 June 2011 and relates to owned properties held as at 31 August 2011.
- Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Syndicate Portfolio. Based upon properties owned as at 31 August 2011.
- Value and net operating income by ownership percentage.

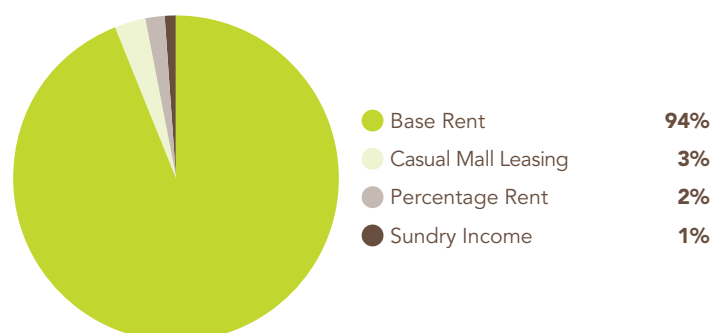
⁴¹ Specialty tenants are those tenants within shopping centres with leases on shops where the lettable area is less than 400 sqm.

⁴² An "anchor" is a large retailer (often a supermarket or department store) with a lettable area greater than 1,000 sqm.

- Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.
- Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area is a standard industry term referring to floor area available for lease and excludes common areas such as mall area and car parking.
- Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.
- Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with a lettable area of less than 400 sqm and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental commitments.
- Average lease duration of the portfolio, after weighting by income for the lease (excluding percentage rent).

The chart below sets out the income composition of Centro Retail Australia's direct property portfolio based on forecasts for the year ending 30 June 2012.

TABLE 4.5 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO INCOME COMPOSITION



Note The above graph excludes Tuggeranong Hyperdome.

Base rent accounts for 94% of income. Casual mall leasing relates to short term leasing of common areas within shopping centres and accounts for only 3% of income. Percentage rent (which is directly linked to retailer sales performance) accounts for only 2% of income.

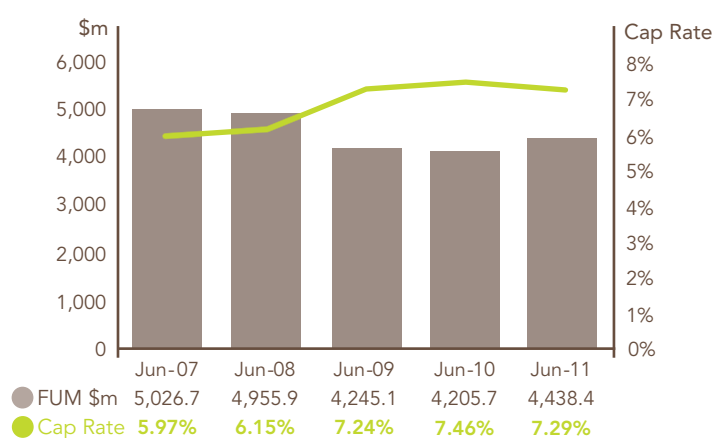
Standard lease terms for retailers encourage long-term tenure and have built-in review periods. The standard lease term for specialty retailers⁴¹ is five years (with 92% of base rent from specialty retailers subject to fixed annual increases) whilst the standard lease term for anchor tenants⁴² is 20 years with five yearly reviews. Approximately 54% of rental income is derived from specialty retailers.

The specialty retailer occupancy costs (the ratio of gross rent inclusive of GST to sales inclusive of GST), which average 14.1% across the portfolio, are an important indicator of the capacity of tenants to meet their rent obligations and are broadly in line with industry averages.

The financial performance of Centro Retail Australia's direct property portfolio has been consistent in recent years with occupancy maintained or at in excess of 99% (over the last three years) and comparable net operating income growth (on a like for like portfolio and excluding the impact of developments that have increased Gross Lettable Area) of 3.7% for the year ended 30 June 2011, and averaging 3.7% over the three financial years ended 30 June 2011.

The chart below sets out the total value of Centro Retail Australia's direct property portfolio and the portfolio weighted average capitalisation rate⁴³ (WACR) for the five years as at 30 June from 30 June 2007 to 30 June 2011.

TABLE 4.6 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO VALUATION METRICS JUNE 2007 TO JUNE 2011



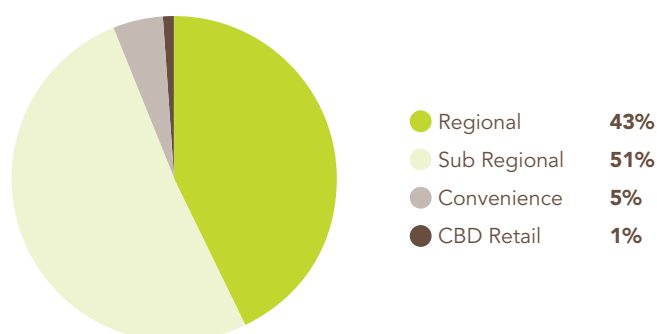
Note Excludes Keilor land at a 30 June 2011 book value of \$8.8 million.

Between June 2007 and June 2010 the value of Centro Retail Australia's direct property portfolio reduced by 16.3%, despite consistent growth in net operating income. This was due to progressive increases in the WACR totalling 149 basis points from 5.97% to 7.46%. During the year ended 30 June 2011, net operating income growth and a 17 basis point reduction in the WACR to 7.29% (due to property markets stabilising) resulted in a 5.5% increase in portfolio value.

4.4.3. Direct Property portfolio diversification

Centro Retail Australia's direct property portfolio predominantly comprises regional (43%) and sub-regional (51%) assets as shown in the chart below.

TABLE 4.7 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DIVERSIFICATION (ASSET TYPE BY PROPERTY VALUE)



Notes

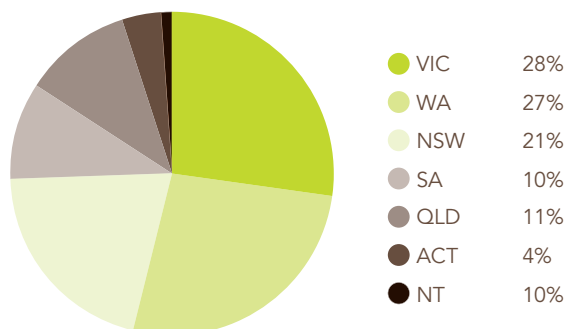
- 1 Excludes vacant land adjoining Centro Keilor (valued at \$8.8 million at 30 June 2011).

43 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

Centro Retail Australia's direct property portfolio is well diversified geographically with a strong representation in Victoria and Western Australia, as shown in the chart below.

TABLE 4.8 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DIVERSIFICATION BY GEOGRAPHY (BY VALUE)

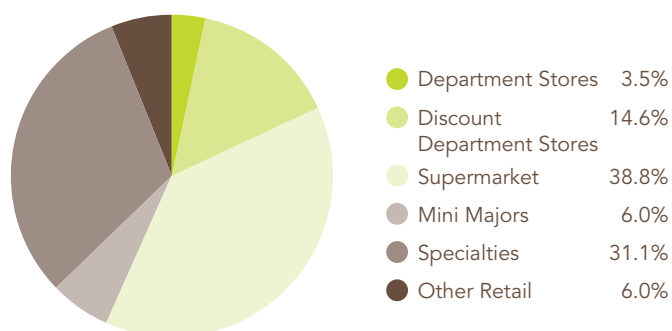


4.4.4. Tenant profile

Centro Retail Australia's direct property portfolio has a strong representation of non-discretionary focussed retailers (including supermarkets and discount department stores) and has a diverse base of over 4,000 tenants.

The chart below outlines sales by retailer category for Centro Retail Australia's direct property portfolio and highlights the importance of supermarkets in particular⁴⁴.

TABLE 4.9 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO SALES BY RETAILER CATEGORY



⁴⁴ Categories reflect standard industry classifications. Supermarkets, department stores and discount department stores (often referred to as 'anchor' tenants) have gross lettable area of greater than 1,000 sqm. Mini-majors have gross lettable area of between 400 sqm and 1,000 sqm. Specialty stores have gross lettable area of less than 400 sqm.

The table below outlines the top 10 retailers (based on total income) for Centro Retail Australia's direct property portfolio.

TABLE 4.10 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO OF TOP 10 TENANTS

Tenant	No of Leases	GLA %
Woolworths	29	8.2%
Kmart	14	7.8%
Coles	24	7.1%
Big W	11	6.6%
Target	11	5.6%
Myer	5	3.6%
David Jones	1	1.4%
Best & Less	20	1.1%
Harris Scarfe	3	1.1%
The Reject Shop	16	0.9%
Total Top 10	134	43.5%

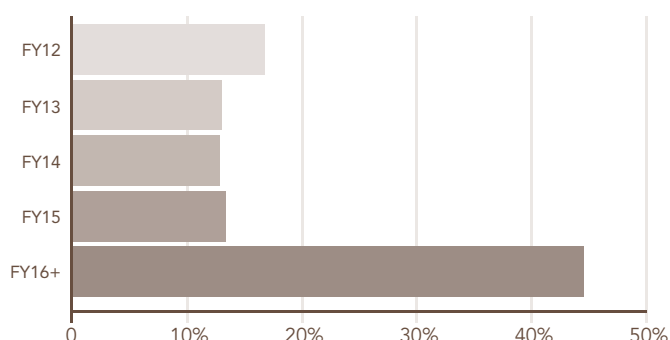
Note Whilst top 10 retailers represent 44% of total Gross Lettable Area, they represent only 28% of total income with the largest income exposure to one tenant at 7% of total income.

Australia's leading supermarkets (Woolworths and Coles) and discount department stores (Kmart, Big W and Target) are the top five tenants in Centro Retail Australia's direct property portfolio.

4.4.5. Lease expiry profile

Centro Retail Australia's direct property portfolio will have a stable operating income profile, with approximately 58% of total income presently secured under leases expiring in FY15 or beyond as shown in the chart below.

TABLE 4.11 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO LEASE EXPIRY PROFILE



Note Average lease duration of the portfolio weighted by income (excluding percentage rent).

The weighted average lease expiry of Centro Retail Australia's direct property portfolio is 4.6 years and the majority of specialty tenant leases incorporate annual rent review provisions that typically reflect fixed increases of between 4.0% and 5.0%.

4.4.6. Maintenance capital expenditure

Despite challenging economic conditions and capital constraints on the CNP Group generally, the physical condition of Centro Retail Australia's direct property portfolio has been maintained to a high standard.

Maintenance capital expenditure for Centro Retail Australia's direct property portfolio for the year ended 30 June 2011 totalled \$18.4 million. Maintenance capital expenditure for Centro Retail Australia's direct property portfolio for the year ending 30 June 2012 is forecast to increase to \$19.9 million, which is considered a sustainable level of expenditure to maintain the portfolio to a high standard.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

4.4.7. Development potential

Centro Retail Australia's development opportunities are expected to be focused on expanding existing properties. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain its competitive advantage. Developments can have the potential to add significant incremental value. Since 2007 there has been modest development activity in the portfolio.

Potential development opportunities for Centro Retail Australia's direct property portfolio total approximately \$400 million⁴⁵ across the 13 properties shown in the table below.

TABLE 4.12 CENTRO RETAIL AUSTRALIA DIRECT PROPERTY PORTFOLIO DEVELOPMENT PIPELINE
AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place on Aggregation	Centro Retail Australia Board approval required	Co-owner interest may need to be acquired post Aggregation to facilitate development
Centro Bankstown	NSW	✓ (minor works)	✓ (major works)	✓ (major works)
Centro Roselands	NSW		✓	✓
Centro Tweed	NSW	✓		
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)	
Centro Arndale	SA	✓	✓	
Centro Mount Gambier	SA		✓	
Centro Box Hill North	VIC		✓	
Centro Warwick	WA	✓		
Centro Albany (WA)	WA		✓	
Centro Galleria	WA		✓	
Centro Halls Head	WA		✓	
Centro Karratha	WA		✓	✓
Centro Warnbro	WA		✓	

Of the properties listed in Table 4.12 above, only Centro Toombul (first of two stages), Centro Tweed and Centro Warwick are currently approved and committed, or underway (\$11 million in total). In addition, some minor works are under way at Centro Bankstown (\$1.2 million), which are unrelated to a more substantial proposed development noted in Table 4.12. A development opportunity at Centro Arndale (\$41 million) will be considered if Aggregation proceeds. Aggregation will provide 100% ownership of Centro Arndale.

All committed developments, and the Centro Arndale development (assuming it proceeds), are expected to be completed by March 2013 and there will be sufficient cash and undrawn debt facilities in place on Aggregation to fund these. Other projects, to the extent they proceed, may take up to five years to complete. Proceeds from non-core asset sales (refer to Section 4.4.8 for details) could be applied to fund any uncommitted developments, subject to certain borrowing facility requirements. A range of other funding options would also be considered for such projects.

In line with investment policies to be put in place for Centro Retail Australia, all development proposals involving expenditure of more than \$10 million will require Board approval. The relevant Centro Retail Australia Board will review a number of criteria when assessing any development opportunity to assess the likely returns to Securityholders from undertaking the developments, the availability of equity or debt capital to fund the development and the inherent risk involved. As such there can be no guarantee that all projects noted in Table 4.12 will proceed.

⁴⁵ \$400 million reflects Centro Retail Australia's share of the expected total development cost (i.e. where a property is owned 50%, then the estimate reflects 50% of the total cost of development within Centro Retail Australia total).

Potential developments at Centro Bankstown, Centro Roselands and Centro Karratha may not proceed unless Centro Retail Australia acquires the existing co-owners' interests in these properties. The co-owners' share of the development cost for these properties is approximately \$140 million which would be assumed by Centro Retail Australia on acquisition of the co-owner's interest.

4.4.8. Active portfolio management

A pool of non-core assets valued at approximately \$400 million has been identified within Centro Retail Australia's direct property portfolio. These non-core assets are typically smaller properties that are not aligned with Centro Retail Australia's operating strategy.

Any sale of these non-core assets will take into consideration prevailing market conditions and other external factors which impact upon market value. Proceeds from any successful dispositions would be used to reduce borrowings or fund developments, subject to certain borrowing facility requirements. As at 31 August 2011, discussions are underway for the sale of one property from the pool of non-core assets, with a book value of less than \$40 million (as at 30 June 2011).

4.5. SERVICES BUSINESS

4.5.1. The Services Business

As part of Aggregation, Centro Retail Australia will acquire the Services Business, providing property management, development, leasing and funds management services to CNP's managed funds as described below:

- **Property Management** – This involves the day-to-day management of the shopping centres, including management of retailer relationships, rental collection, rent review negotiations, marketing, property maintenance and security. Centro Retail Australia's property management team will comprise staff with property, marketing and facilities maintenance backgrounds. Managing the properties held by Centro Retail Australia directly and by the Syndicates as a total portfolio of 99 centres allows Centro Retail Australia to deal with retailers and suppliers on a national basis, which provides for opportunities to leverage off economies of scale and therefore potential for strong net operating income performance.
- **Development Management** – This involves continuously reviewing development opportunities within the portfolio and, as financially feasible projects are identified and approved, project managing the

development through to its completion.

The development management team manages relationships with regulatory authorities, architects, builders and other development stakeholders.

- **Project Leasing** – This involves the leasing of new space that is being created through the development of properties within the portfolio. Centro Retail Australia's leasing specialists will maintain relationships with major retailers, which should enable key tenants to be secured in the early stages of a development such that newly created space generally opens for trade with a mix of quality retailers and low vacancy rates.
- **Maintenance Leasing** – This involves negotiating new leases with existing tenants looking to renew their expiring leases and negotiating leases with prospective tenants who may be interested in filling existing vacant space or replacing existing retailers that are under-performing.
- **Funds Management** – It is proposed that post Aggregation a wholly owned subsidiary of Centro Retail Australia will replace the current REs as the RE for up to 27 Centro MCS Syndicates with a focus on ensuring that the interests of investors in each Syndicate are protected and that investment returns are maximised. Managing the day-to-day affairs of each fund requires dedicated fund managers as well as other specialists in fields such as accounting, taxation and legal services.

The table below summarises Services Business fee arrangements, which are considered to be market competitive rates:

TABLE 4.13 CENTRO RETAIL AUSTRALIA SERVICES BUSINESS FEE ARRANGEMENTS

Service	Fees
Property Management (% of income):	
• If maintenance leasing fee applies	Up to 4%
• If no maintenance leasing fee	Up to 5%
Development (% of project cost)	Up to 6%
Project Leasing (% of first year rent)	Up to 10%
Maintenance Leasing (% of first year rent)	Up to 15%
Funds Management – Centro MCS Syndicates	Varies but averaging 0.90% of net equity

In addition to the fees outlined in Table 4.13 above, Centro Retail Australia is also expected to be entitled, pursuant to existing arrangements, to charge fees to Centro MCS Syndicates from time to time in certain circumstances, for example fees in connection with Syndicate rollovers, wind-ups, acquisitions, disposals or refinancing.

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

4.5.2. Internalised Management of Centro Retail Australia

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

Internalisation means that:

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

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

As an internally managed vehicle, Centro Retail Australia will not pay fees to its RE. In addition, Centro Retail Australia will provide property management, development and leasing services for all properties in its \$4.4 billion direct property portfolio with the exception of Tuggeranong Hyperdome which is externally managed. Fees for the provision of these internal property management, development and leasing services are equivalent to \$21.1 million⁴⁶ or 5% of Centro Retail Australia's total pro forma forecast income for the year to 30 June 2012.

4.6. CENTRO MCS SYNDICATES

By acquiring the Services Business, certain co-ownership investments in the Centro MCS Syndicates at the date of this Document held by CNP and through the Stapling of DHT to CER and CAWF, Centro Retail Australia will also secure co-investments in and management of 27 Centro MCS Syndicates (the co-investments and management rights are collectively referred to in this Document as the Centro MCS Syndicates business). This is subject to Syndicates not appointing an entity other than Centro Retail Australia (or one of its related bodies corporate) as manager (see Section 5.3 for details). Fees for the provision of services by the Services Business to the Centro MCS Syndicates account for 8% of Centro Retail Australia total pro forma income for the year ending 30 June 2012.

The Centro MCS Syndicates business is expected to be one of the largest managers of unlisted retail property funds in Australia (with over 12,500 investors as at 30 June 2011).

4.6.1. Overview of Centro MCS Syndicates

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

⁴⁶ Given these are internal fees paid from the direct property portfolio to the Services Business they are partially eliminated on consolidation in the statutory income statement. The reference to 5% of Centro Retail Australia's total Pro Forma forecast income for the year to 30 June 2012 is based on the alternative basis of presentation, as set out in Section 7.8 where income is segmented by source regardless of whether it is internally or externally generated and property net operating income is shown net of property management fees.

TABLE 4.14 CENTRO MCS SYNDICATES PORTFOLIO

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

Notes

1 All properties 100% owned except where noted.

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

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

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

5 Distribution centre (not shopping centre)

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

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

Common features of the Centro MCS Syndicates include the following:

- The Syndicates are all fixed-term (rather than perpetual) managed investment schemes that aim to deliver sustainable distributions to investors (typically paid quarterly) with capital growth over time.
- The Syndicates predominantly own investments in Australian sub-regional and convenience shopping centre (the only exceptions being one Syndicate which owns two shopping centres in New Zealand, and another Syndicate which owns an Australian industrial property).
- A subsidiary of Centro Retail Australia will act as RE for each Syndicate and will have an obligation to act in the best interests of each Syndicate's investors (the Chairman and a majority of the directors of this RE are expected not to also be Directors of the Centro Retail Australia RE).
- External Syndicate investors are predominantly retail (rather than wholesale or institutional).

4.6.2. Centro MCS Syndicate debt funding arrangements

Centro MCS Syndicate capital structures typically include borrowings (either bank facilities or commercial mortgage backed securities) with a loan to property value ratio ranging between 40% and 60%. Most of these facilities mature in December 2011 and are in the process of being refinanced.

The Centro MCS Syndicates in which Centro Retail Australia will co-invest and which it may manage collectively have \$1.3 billion of secured borrowings that are non-recourse to Centro Retail Australia. \$1.2 billion of that debt matures and is repayable in December 2011. Of that amount \$0.1 billion is expected to be repaid from proceeds of asset sales; and \$1.1 billion needs to be refinanced. Credit approvals have been obtained for a portion of the amount to be refinanced and discussions are continuing with other lenders in respect of the remainder. Regardless of the status of approvals, the provision of refinance will be subject to documentation, satisfaction or conditions precedent, repricing and withdrawal risks. Although the borrowings are non-recourse to Centro Retail Australia, it will have an indirect exposure to refinancing risks associated with these borrowings due to its \$460 million of co-investments in the Syndicates.

4.6.3. Centro MCS Syndicate property co-ownership arrangements

As noted above, there are five properties that will be 50% co-owned by Centro Retail Australia and Centro MCS Syndicates. Each co-ownership agreement includes pre-emptive rights and/or last rights of refusal in favour

of co-owners where an owner elects to sell an interest in a co-owned property. Centro Retail Australia will consider exercising any pre-emptive rights and/or last rights of refusal that are triggered by a Centro MCS Syndicate seeking to sell its interest in a co-owned property where such an acquisition is consistent with Centro Retail Australia's investment strategy.

4.6.4. Importance of Centro MCS Syndicates Business

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

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

4.6.5. Maturity of Centro MCS Syndicates

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

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

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

The Centro MCS Syndicates' funds management team continues to work on a number of strategies to roll over Syndicates for new investment terms and to provide exit

opportunities for investors requiring liquidity at Syndicate expiries. Of particular note are the following:

- Centro MCS 12 (Centro Oakleigh, Victoria and Centro Glenorchy, Tasmania) – has recently rolled over for a further investment term of five to six years from 1 July 2011;
- Centro MCS 6 (Centro Brandon Park, Victoria) – rollover is expected to occur early 2012, allowing sufficient time for the RE to find buyers for exiting investors' units;
- Centro MCS 5 (Centro Kurralt, South Australia and Belmont Shopping Village, Victoria) – The RE is recommending a Syndicate restructure and rollover where proceeds from property sales will be used to redeem exiting investors. The Syndicate will then continue for a further term, for those investors who elect to remain. An investor meeting to vote on required constitutional changes to allow the restructure/rollover to proceed is scheduled for 30 September 2011; and
- Centro MCS 11 (Centro Surfers Paradise) – Discussions are continuing with an external party who is interested in acquiring a large holding of units in Centro MCS 11. This would then allow a restructure / rollover solution for the benefit of the large number of investors who wish to remain in the Syndicate, as well as an exit opportunity for those investors requesting liquidity. It is anticipated that an investor meeting to vote on this restructure/rollover will be held in early 2012.

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

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

4.6.6. Potential sale of Centro MCS Syndicate properties

As noted above, as at the date of this Document some Centro MCS Syndicates are marketing properties for sale to assist with providing liquidity to investors seeking to exit their investment and to assist in refinancing or to address borrowing covenant pressure. At 31 August 2011, 13 properties collectively valued at \$414 million were either

in, or about to commence sale marketing campaigns and an additional six properties, with book value totalling approximately \$187 million, are subject to conditional sale contracts.

4.6.7. Flexible Exit Mechanism (FEM)

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

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

Further information regarding risks to Centro Retail Australia relating to the FEM is provided in Section 5.2.12. Further information regarding the mechanics of the FEM is provided in Section 14.5.

4.6.8. Reinvigorating the Centro MCS Syndicates Business

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

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

- strong and sustainable cash distribution yields (target 7%+ p.a.);
- moderate gearing (target below 50%);

4. CENTRO RETAIL AUSTRALIA'S BUSINESS

- all capital expenditure funded through up front capital raising or debt facilities;
- no related party loans; and
- potential for capital growth.

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

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

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

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

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

4.6.9. Co-investments in Centro MCS Syndicates

a. Co-investments overview

Centro Retail Australia will hold a co-investment in each of the Centro MCS Syndicates that it will manage. The total value of the portfolio of co-investments at 30 June 2011 was \$460 million and it accounts for approximately 6% of Centro

Retail Australia's total pro forma forecast income for the year to 30 June 2012. The table below outlines the co-investment that Centro Retail Australia will hold in each Centro MCS Syndicate.

TABLE 4.15 CENTRO RETAIL AUSTRALIA CO-INVESTMENTS IN CENTRO MCS SYNDICATES

Fund	Look through Ownership Interest %	Investment Value \$m	% of Investment
Ordinary			
CMCS04	36.2%	11.2	2.7%
CMCS05	24.5%	16.0	3.9%
CMCS06	16.4%	10.1	2.5%
CMCS08 ¹	8.8%	3.1	0.8%
CMCS09	10.7%	7.7	1.9%
CMCS10	25.5%	7.6	1.8%
CMCS11	6.6%	7.0	1.7%
CMCS12 ²	39.6%	9.8	2.4%
CMCS14	32.4%	12.1	2.9%
CMCS15	25.3%	7.9	1.9%
CMCS16	29.7%	2.0	0.5%
CMCS17	10.2%	6.5	1.6%
CMCS18	24.1%	8.6	2.1%
CMCS19NZ	34.9%	3.9	0.9%
CMCS19UT	13.1%	8.1	2.0%
CMCS20	16.2%	3.3	0.8%
CMCS21	58.3%	45.7	11.1%
CMCS22	34.2%	7.6	1.9%
CMCS23	40.9%	6.1	1.5%
CMCS25 ²	68.6%	42.5	10.3%
CMCS26 ²	86.3%	67.6	16.4%
CMCS27 ²	61.9%	20.2	4.9%
CMCS28	30.4%	28.6	6.9%
CMCS30 ²	57.1%	3.7	0.9%
CMCS33	40.4%	26.7	6.5%
CMCS34	42.0%	15.9	3.9%
CMCS37 ²	52.7%	22.6	5.5%
Total ORD	33.5%	412.3	100%
Equity Notes³			
CMCS28	100%	40.0	72.6%
CMCS33	100%	6.9	12.5%
CMCS34	100%	5.0	9.1%
CMCS37	100%	3.2	5.8%
Total EN	100%	55.1	100%

Notes

- 1 CMCS 8 in the process of being wound-up.
- 2 Consolidated by Centro Retail Australia
- 3 No voting rights but ranks higher than ordinary equity with advantaged distribution rights.

Centro Retail Australia will control, from an accounting perspective, six Centro MCS Syndicates, which will therefore be consolidated in the Centro Retail Australia, and its largest co-investments (based on combined value of ordinary equity and equity notes) at inception will be:

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

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

b. Centro MCS Syndicates property portfolio overview

The table below outlines key metrics for the portfolio of properties owned by the Centro MCS Syndicates.

TABLE 4.16 CENTRO MCS SYNDICATES PROPERTY PORTFOLIO KEY METRICS

	Centro MCS Portfolio as at 30 June 2011 ^{1,2}
Number of Properties ³	61
Total Portfolio Value (\$m) ^{2,4}	2,584.2
Portfolio Weighted Average Capitalisation Rate ⁵	8.09%
Gross Lettable Area (sqm) ⁶	899,930
Net operating income growth (FY11 comparable) ^{4,7}	3.5%
Portfolio Occupancy (%)	99.6%
Average Specialty Occupancy Cost ⁸	12.9%
Weighted Average Lease Expiry by Income (Yrs) ⁹	4.6

Notes

- 1 Information is presented as at 30 June 2011 and relates to managed properties as at 31 August 2011.
- 2 Includes six properties under conditional sale contracts with total book value at 30 June 2011 of approximately \$187 million.
- 3 Five properties co-owned 50%/50% by Centro Retail Australia and Centro MCS Syndicate Portfolio. Based upon properties owned as at 31 August 2011.
- 4 Value and net operating income by ownership percentage.

- 5 Average capitalisation rate of the portfolio weighted by value. Capitalisation rate reflects a rate of return on a property based on the expected income that the property will generate.
- 6 Gross lettable area at 100% of property irrespective of ownership percentage. Gross lettable area is a standard industry term referring to floor area available for lease and excludes common areas such as mall area and car parking.
- 7 Comparable net operating income for FY11 excludes the impact of developments which have increased gross lettable area.
- 8 Ratio of specialty tenants' gross rent (exclusive of GST) to sales (inclusive of GST). Specialty tenants are those tenants within shopping centres with a lettable area of less than 400 sqm and their occupancy cost percentage is a standard industry measure of their financial capacity to continue meeting property rental commitments.
- 9 Average lease duration of the portfolio, after weighting by income for the lease (excluding percentage rent).

Key points to note in relation to the Centro MCS Syndicates property portfolio include:

- the portfolio comprises predominantly sub-regional and convenience shopping centres (see Sections 4.3);
- key metrics are comparable to Centro Retail Australia's direct property portfolio with 99.6% occupancy and comparable net operating income growth (which excludes the impact of developments which have increased gross lettable area) of 3.5% for the year ended 30 June 2011; and
- there is a pipeline of development opportunities totalling approximately \$240 million (of which Bankstown, Roselands and Karratha represent approximately \$140 million).

4.7. MANAGEMENT EXPENSE RATIO

Centro Retail Australia's pro forma forecast of expenses of \$59.2 million for the year ending 30 June 2012, as shown in table 7.12 represent 0.84% of total assets under management of \$7.0 billion as shown in table 1.2.

Cost structures vary considerably for large ASX listed REITs due to differences in business models including platform scale, asset type (e.g. retail property is relatively management intensive), management arrangements (internal or external or a combination of both) and the extent of external funds management activities.

Centro Retail Australia's cost structure is in line with its peers having regard, in particular, to the administrative requirements associated with the Centro MCS Syndicate business (i.e. up to 27 Syndicates and approximately 12,500 investors). Reduced structural complexity may create opportunities for Centro Retail Australia to lower its cost structure over time.



5. Risks

5.1. INTRODUCTION

There are a number of risks and uncertainties, specific to both the Aggregation Funds or Centro Retail Australia, and of a general nature, which may individually or in combination have a material adverse effect on the business, operational performance and financial results of the Aggregation Funds or Centro Retail Australia, and their respective investment returns. Although there is a belief that there is a reasonable basis for the statements and forecasts, there can be no guarantee that the Aggregation Funds or Centro Retail Australia will achieve their stated objectives or that any forward-looking statements or forecasts included in this Document will eventuate.

This Section details areas that are considered to be the major risks associated with holding New Stapled Securities. The risks have been separated into retail property investment risks (as described in Section 5.2), Services Business and Centro MCS Syndicates risks (as described in Section 5.3) other business risks (as described in Section 5.4) and markets and ownership risks (as described in Section 5.5).

This list is not an exhaustive list of risks associated with holding an investment in Centro Retail Australia, and Securityholders are advised to consider the risks in conjunction with other information provided in this Document. Specifically, Securityholders should note that in many cases these risk factors already apply to a holding in one or more of the Aggregation Funds and as such this Section should be read in conjunction with other information regarding potential advantages and disadvantages of a vote in favour of the proposed Aggregation provided in this Document and as part of the relevant Explanatory Memoranda.

Securityholders should also have regard to their own investment objectives and financial circumstances, and should consider seeking advice from their financial, taxation or other professional advisers before deciding on how to vote on the proposed Aggregation.

5.2. RETAIL PROPERTY INVESTMENT RISKS

5.2.1. General risks of retail property investment

Returns from an investment in retail property largely depend on rental income generated from property interests, expenses incurred in managing and maintaining those interests, and changes in market value of such interests. The market value of properties is in part correlated to rental income, and rental income may be adversely impacted by a number of factors including:

- overall market conditions in national and local economies in which Centro Retail Australia operates such as growth or contraction in gross domestic product, demographic changes, employment trends and consumer sentiment;
- the financial performance and condition of tenants, in particular the major retailers and other anchor tenants;
- the ability to attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy;
- the perception of prospective tenants and shoppers of the attractiveness and convenience of the shopping centres, which in turn can be affected by changes in road and public transport access in the vicinity of the shopping centre;
- consumer shopping trends, in particular trends around use of alternative retail options such as the internet, which may impact turnover of tenants, which in turn can have an impact on rental income under the terms of certain leases;
- local real estate conditions such as the demand and supply of retail space; and
- changes in levels of competition, including pricing or competition policies of any competing properties or retailers.

5. RISKS

In addition there are a number of other risks which can affect the value of properties without necessarily impacting the level of rental income, including:

- a downturn in the global economy or in the property market in general;
- adverse consequences of amendments to government regulations or legislation, including environmental, retail tenancy and planning controls;
- supply and demand for retail property; and
- interest rates and the availability of financing.

5.2.2. Lease expiry

Centro Retail Australia's direct property portfolio has one anchor tenant lease expiry in the period to 30 June 2012. Various options are being considered in relation to that lease, including possibly renewing the lease or replacing the tenant with alternative retailers. Additionally, two anchor tenant leases remain on holdover pending development approvals. These three leases, in aggregate, are not material to Centro Retail Australia. Lease negotiations provide an opportunity for rental growth at the centres and value creation through a more favourable long-term lease covenant. Alternatively, a lower rent may be negotiated than forecast, additional capital expenditure may be incurred to secure a new lease agreement or major retailers may choose not to renew.

5.2.3. Tenant default

The majority of Centro Retail Australia's revenue is generated from rental income from tenants across the property portfolio. As such any default by a tenant that causes it to break its lease or default on payment of its lease obligations has the potential to adversely impact the operational and financial results of Centro Retail Australia. Whilst individually this is unlikely to be material, systematic default by a number of tenants could be material.

Anchor tenants occupy a significant proportion of the total gross lettable area of Centro Retail Australia's properties. In particular, Australia's two major retail groups⁴⁷ between them account for approximately 35% of portfolio gross lettable area and contribute approximately 22% of portfolio gross rent as at 30 June 2011. The bankruptcy, insolvency or severe downturn in financial condition of any anchor tenant, in particular the two main retail groups in Australia, could materially adversely affect Centro Retail Australia's operations and financial results, both directly and because anchor tenants play an important role in generating customer traffic through the properties for other tenants. Given the diversity

of other tenants, it is unlikely any default by any of these individual tenants would cause a material adverse effect on the operations or financial results of Centro Retail Australia.

The strength of Centro Retail Australia's relationships with retailers and ability to attract replacement tenants will be important in managing this risk. By way of example, three recent high profile retail chain distress situations impacted a total of 77 stores across the managed portfolio of 99 properties and resulted in 27 stores being vacated of which 16 stores have been successfully re-leased and the remaining 11, casually leased with four in active negotiations.

5.2.4. Competition

The properties owned by Centro Retail Australia are located in areas developed with other retail uses and many compete with other shopping centres located in their main trade area. There is potential for new competition to enter the marketplace or changes in the composition of existing competition at any time. Accordingly, the existence of such competition and any changes in competition may have a material adverse impact on the trading performance of properties owned by Centro Retail Australia or the ability to secure tenants for the properties owned by Centro Retail Australia and consequently on rental levels. Competition with other real estate investors may also influence Centro Retail Australia's ability to acquire interests in new shopping centres.

5.2.5. Property development risk

Future growth of Centro Retail Australia will in part be dependent on it continuing to develop its properties to grow the gross lettable area and to improve and maintain their market position with retailers and consumers. Risks associated with development activities include:

- construction not being completed on time or on budget;
- proposed leasing terms not being achieved;
- maintaining existing occupancy levels during construction and leasing new space on completion;
- funding being available for new development;
- obtaining required permits, licences or approvals and timing of receipt of such approvals;
- industrial disputes affecting timing;
- customers lost to competitors during development phase may not return; and
- in the event a proposed project does not proceed, pre-development costs may need to be written-off.

47 Woolworths (incorporating Woolworths, Safeway and Big W) and Wesfarmers (incorporating Coles, Kmart and Target).

There is no guarantee that completed development projects will increase the value of the property being developed, and to the extent costs incurred in carrying out the development exceed the value added, there may be a need to expense a component of the costs incurred. Rigorous feasibility analysis and due diligence will be undertaken for all potential development projects to assist in managing this risk.

5.2.6. Co-ownership Agreements and pre-emptive rights

Centro Retail Australia will continue to be a co-owner of a number of properties, specifically Victoria Gardens and Tuggeranong Hyperdome which are 50% co-owned with third parties, and Centro Bankstown, Centro Roselands, Centro Karratha, Centro Lutwyche and City Central, which are 50% co-owned with a number of Centro MCS Syndicates. Under the co-ownership arrangements on these properties, Centro Retail Australia will not have exclusive control over the development, financing, leasing and other aspects of the properties. Owning an interest in an asset jointly with a third party imposes restrictions on flexibility, which do not apply when the asset is wholly owned. From time to time major decisions will be required associated with redevelopment, refurbishment, refinancing, or sale of the properties themselves or adjoining land. Where Centro Retail Australia has business objectives that are inconsistent with those of its co-owner in relation to those decisions, such business objectives may not be able to be achieved, or achieved in a timely manner, and there is the possibility for disputes to arise.

In addition, pre-emptive rights will generally apply in co-ownership arrangements. In the case of Victoria Gardens and Tuggeranong Hyperdome, both properties have pre-emptive rights that may be triggered on Aggregation. If pre-emptive rights are triggered and the co-owner elects to exercise their rights, the interest in those properties may be sold to the co-owner and, at that point in time, the interests would no longer be held by Centro Retail Australia. If Centro Retail Australia's interest in either Victoria Gardens or Tuggeranong Hyperdome were to be sold, the price to be paid by the co-owner to acquire Centro Retail Australia's interest would reflect market value (i.e. Centro Retail Australia could not be forced to accept an unrealistically low offer from a co-owner) and the sale proceeds would most likely be used by Centro Retail Australia to reduce borrowings.

5.2.7. Unforeseen capital expenditure

There is a risk that Centro Retail Australia's properties will require unforeseen capital expenditure in order to maintain them in a condition appropriate for the purposes intended, and that such capital expenditure is not fully reflected in the financial forecasts. The Services Business forming part of Centro Retail Australia employs a team of highly experienced property management specialists in order to mitigate this risk and that team was involved in the preparation of capital expenditure estimates for the purposes of preparing the financial forecasts. Regardless there is a risk of a hitherto unforeseen event triggering the need for additional capital expenditure which would impact on the business, its operational performance and financial results. Such an event could include, for example, changes to safety regulations.

5.2.8. Property damage and insurance

There is a risk that one or more of the properties may be damaged or destroyed by natural events such as earthquakes, fires or floods, or be subject to terrorism activity. A number of Centro Retail Australia's managed properties were recently impacted by flooding in Queensland and other extreme weather events. Centro Retail Australia carries material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses.

In preparing the financial forecasts, the nature and cost of insurance have been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of Centro Retail Australia.

5. RISKS

5.2.9. Force majeure events

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including “acts of God”, fire, flood, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically. A force majeure event may adversely affect Centro Retail Australia’s ability to perform its obligations until it is able to remedy the force majeure event. Similarly a force majeure event may adversely affect a tenant’s ability to perform its obligations under a particular lease. Should such events occur in respect of Centro Retail Australia’s portfolio, they may adversely impact Centro Retail Australia’s business, operational performance and financial results.

5.2.10. Building regulations

As a property owner Centro Retail Australia will need to be compliant with the appropriate building regulations under various federal, state and local laws that cover aspects such as safety and compliance with legislation for persons with disabilities. There may be unforeseen expenditure associated with maintaining compliance, which is discussed further in Section 5.2.7. Compliance with applicable building regulations may also limit implementation of Centro Retail Australia’s development strategies or may increase the cost of the development strategies.

5.2.11. Environmental

As a property owner, Centro Retail Australia will be exposed to the risk that under various federal, state and local environmental laws, it may be liable for the cost of removal or remediation of hazardous or toxic substances on, under, in or emanating from the properties. In common with all other owners of property, there remains a risk that environmental laws and regulations may become more stringent in the future or that environmental conditions on or near the properties, presently known or unknown, may have a materially adverse effect on the properties. There is no assurance that any applicable insurance will be sufficient to cover that event. The Directors of the Issuers are not aware of any material environmental risks within Centro Retail Australia’s portfolio.

5.2.12. Revaluations

In accordance with Australian Accounting Standards, Centro Retail Australia’s properties will be required to be revalued on an annual basis, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result Centro Retail Australia can have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold. If a substantial decrease occurs in the fair market value of its properties, Centro Retail Australia’s financial results could be adversely affected and, as a result, it may have difficulty in maintaining its desired leverage ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements, potentially impacting forecast distributions.

5.2.13. Liquidity of Direct Property and Syndicate investments

Investments in property and Syndicates that invest in property are relatively illiquid and more difficult to sell than publicly offered or quoted equities or bonds. This characteristic tends to limit the ability to vary the property portfolio (or an interest in that portfolio) promptly in response to changes in economic or others conditions. Further, interests of less than 100% can be more difficult to sell than 100% interests and discounts to the value of a 100% interest may apply. As a result, Centro Retail Australia may be restricted in its ability to dispose of a property (or an interest in that property) or an interest in one of the Centro MCS Syndicates.

5.2.14. Ownership of Centro Armidale land

Centro Retail Australia is not currently the registered proprietor of certain sections of the land on which Centro Armidale has been constructed (as set out in Table 4.3, Centro Armidale will form part of Centro Retail Australia’s direct property portfolio following Aggregation). These sections of the Centro Armidale land are owned by adjoining landowners. The Aggregation Funds are currently negotiating with the adjoining landowners to transfer ownership of the land to the Aggregation Funds, in exchange for the performance of certain obligations. However, it is not anticipated that the land transfers will occur prior to Aggregation. Until the land transfers occur, the local council

will not issue a final occupancy certificate for Centro Armidale and leases which relate to tenancies over the relevant land are not able to be registered. Whilst this has no impact on the day-to-day operations of the property, if not addressed, it could adversely affect the value of Centro Armidale were Centro Retail Australia to seek to sell the property (which is not intended in the near term), and may also impact any future refinancing of debt secured by the property.

5.3. SERVICES BUSINESS AND CENTRO MCS SYNDICATES RISKS

5.3.1. Loss of Centro MCS Syndicate Funds under management

A subsidiary company of Centro Retail Australia will be the responsible entity of the Centro MCS Syndicates and the property and leasing managers for properties owned by the Centro MCS Syndicates, in addition to the properties owned by Centro Retail Australia. The property and leasing manager may be a different entity to the Centro MCS Syndicate RE. The amalgamation of these two property portfolios provides Centro Retail Australia with platform scale and the associated benefits including strength of relationships with key major and national retailers and economies of scale. The Centro MCS Syndicates are structured as a fixed term investment with withdrawal opportunities for investors at the end of the term at which time the responsible entity of the relevant Centro MCS Syndicate would decide whether to roll the syndicate for a new term or wind-up the syndicate. A proportion of investors are expected to seek to exit their investments at the next opportunity. For some Centro MCS Syndicates, if buyers cannot be found for exiting investors the Syndicate may be forced to either sell some properties and roll over with a reduced portfolio or sell all properties in the relevant Syndicate and wind up. As a result, Centro Retail Australia's fund, property and leasing management income, platform scale and associated benefits could diminish.

Further, whilst Centro Retail Australia has property and funds management contracts in place with all Centro MCS Syndicates, there is no guarantee that these will exist in perpetuity. Under the Corporations Act, investors have the right to change the RE, in which case all property and funds management contracts entered into by the existing RE are statutorily novated to the new RE. A minimum of 5% of investors by value, or 100 investors by number, can call for an investor vote to consider a resolution to change the RE. 50% of all investors entitled to vote must vote in favour

of the resolution for it to pass. Such a resolution could be triggered by a proposed change of RE, or the transfer of shares in the existing RE, in connection with Aggregation. On this basis there is a risk that Centro MCS Syndicate investors choose to change the RE, in which case Centro Retail Australia's fund, property and leasing management income, platform scale and associated benefits could diminish.

5.3.2. Change of RE for Centro MCS Syndicates

In addition to the risks described in Section 5.3.1, this Section outlines additional risks associated with a proposed change of RE for certain Centro MCS Syndicates in the period prior to implementation of Aggregation.

CPT Manager Limited is currently the RE for the following eight Centro MCS Syndicates: 21, 22, 23, 25, 26, 27, 28 and 33. CPT Manager Limited has determined that it is in the best interests of Syndicate investors for Centro MCS Manager Limited to replace it as the RE and a process is underway to effect the proposed change. The process to change the RE involves:

- writing to the investors in each Syndicate to inform them that ASIC has granted relief that enables the proposed change of RE (which CPT Manager Limited is recommending to Syndicate investors) to occur without the requirement for an investor meeting to approve the change provided that investors are given the opportunity to request an investor meeting;
- obtaining the consent of financiers to Syndicates 25, 27, 28 and 33; and
- notifying financiers to Syndicates 21, 22, 23 and 26.

If Aggregation proceeds, Centro MCS Manager Limited will be acquired by Centro Retail Australia, whereas CPT Manager Limited will not be acquired by Centro Retail Australia.

5. RISKS

The Implementation Agreement includes a condition precedent to Aggregation that Centro MCS Manager Limited becomes the RE for Centro MCS Syndicates that collectively own properties that represent at least 90% of the value of all properties owned by all 27 Syndicates. If this condition precedent is not satisfied prior to the scheduled date for implementation of Aggregation, the parties to the Implementation Agreement may determine to:

- waive the condition precedent and proceed with Aggregation; or
- not proceed with Aggregation.

In the event that Aggregation proceeds and CPT Manager Limited is still the RE for some of the Syndicates noted above, Centro Retail Australia would provide services to CPT Manager Limited to enable it to discharge its responsibilities. Centro Retail Australia would be paid an amount for the provision of those services which is equivalent to all fees that CPT Manager Limited receives as RE of the relevant Syndicate(s).

Mechanisms also exist to adjust the purchase price to be paid by Centro Retail Australia to acquire the Services Business (as described in Section 9.3) where Centro MCS Manager Limited does not replace CPT Manager Limited as RE of any of these Syndicates, however these mechanisms only apply in the event of a Failed CNP Junior Stakeholder Vote.

As such, the key risk for Centro Retail Australia in relation to the arrangements outlined above is that it may not control the RE of all Syndicates at implementation of Aggregation (i.e. because the condition precedent to Aggregation only requires 90% of the value of all properties owned by all 27 syndicates) and may instead be providing services to CPT Manager Limited in exchange for payments equivalent to all fees that CPT Manager Limited receives as RE of the relevant Syndicate(s). This could increase the risk of loss of effective control of the management of the relevant Syndicate(s) after implementation of Aggregation.

5.3.3. Commitments of Centro Retail Australia in relation to Flexible Exit Mechanism on certain Centro MCS Syndicates

At the date of this Document, 15 of the 27 Centro MCS Syndicates that Centro Retail Australia may manage include a mechanism in their respective constitutions known as the FEM. As at 30 June 2011, the combined value of the interests that had the benefit of the FEM was \$385 million. Investors in some Centro MCS Syndicates are to be asked to approve the replacement of CNP with Centro Retail Australia as the

counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those which CNP has under the FEM including the obligation to acquire any units that are put by Syndicate investors either for cash or New Stapled Securities or a combination of both. There is a risk that the obligation to acquire any units that are put by Syndicate investors could increase Centro Retail Australia's debt funding requirements or necessitate the issue of additional New Stapled Securities on terms that may be dilutive to the interest of existing New Stapled Securityholders.

Further information regarding mechanics of the FEM is provided in Section 14.5.

5.3.4. Centro MCS Syndicate Debt Maturities

The 27 Centro MCS Syndicates that Centro Retail Australia will co-invest in and manage collectively own interests in 61 Australian shopping centres valued at \$2.6 billion at 30 June 2011 and have \$1.3 billion of secured borrowings of which \$1.2 billion matures in December 2011 and:

- \$0.1 billion is expected to be repaid from proceeds of asset sales; and
- \$1.1 billion is in the process of being refinanced.

Syndicate borrowings are non-recourse to Centro Retail Australia, however Centro Retail Australia will have an indirect exposure to refinancing risks associated with these borrowings due to its \$460 million of co-investments in the Syndicates.

Whilst Centro Retail Australia's establishment is expected to assist in refinancing Syndicate borrowing facilities, there remains a risk that:

- some borrowing facilities may not be successfully refinanced; and
- pricing of some or all new borrowing facilities may be less favourable than forecast.

If any Syndicate borrowing facilities are not successfully refinanced, or pricing of any new borrowing facilities is less favourable than forecast, or asset sales are not executed Centro Retail Australia could be adversely affected in a number of ways, including through reduced value of co-investments, lower distributions from co-investments, lower Services Business income and delayed related party loan repayments. As such, the Centro MCS Syndicates refinancing and asset sales could affect the liquidity of Centro Retail Australia (refer to Section 5.4.3 for further detail).

5.4. OTHER BUSINESS RISKS

5.4.1. Board, management and employees

The ability of Centro Retail Australia to successfully deliver on its business objectives as set out in this Document is in part dependent on its ability to attract additional directors, a new Chief Executive Officer and retain key management personnel and employees, particularly in relation to the property management, leasing and development teams who maintain key relationships with the retailers, and to attract future talent to assist in meeting growth objectives. Changes that adversely affect Centro Retail Australia's ability to retain or attract skilled directors or employees could materially affect the business, operational performance or financial results.

5.4.2. Funding requirements

The Aggregation Funds are in advanced negotiations with a number of banks to agree terms on a series of debt facilities that, if obtained, collectively would be expected to provide sufficient funds to refinance or extend their existing debt facilities. The provision of these facilities remains subject to credit approvals, documentation and satisfaction of conditions precedent.

The Aggregation Funds intend to seek financier credit committee approvals, satisfy financier due diligence requirements and enter into formal agreements (which are likely to include normal conditions precedent to draw down) with each financier so as to ensure that all of the facilities that they are negotiating are available to be drawn down upon Aggregation.

Additional conditions are expected to include the Aggregation becoming effective and no material adverse effect on the ability of Centro Retail Australia to perform its obligations under the facilities. As such, there is currently no guarantee that sufficient debt funding for Centro Retail Australia will be available on Aggregation or that margins will be consistent with forecast assumptions. Details of expected specific conditions precedent to draw-down and maturity profile are included in Section 7.3.6. Any material developments in relation to the status of the refinancing after the date of this Document will be made available on the following website: www.centro.com.au or a paper copy can be obtained free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).

Centro Retail Australia will need to refinance its facilities and may be required to access the capital markets to meet ongoing funding requirements or to diversify its funding base, including the raising of new equity or the issuance of debt instruments. Instability in or disruptions to the capital markets

or deterioration in Centro Retail Australia's financial condition due to internal or external factors could restrict or eliminate Centro Retail Australia's access to new funding. In addition prevailing market conditions at the time and Centro Retail Australia's financial condition will dictate the cost of such funding. Further, the ability to access certain debt markets will in turn be dependent on the ability of Centro Retail Australia to secure a credit rating in the future, which is not guaranteed.

Refinancing risks also apply to an investment in CER or CAWF or DHT (indirectly) today.

5.4.3. Liquidity

Following Aggregation, Centro Retail Australia (if the facilities that it is seeking (as referred to in Section 5.4.2 above) have been obtained) expects to have cash and committed undrawn debt facilities totalling approximately \$170 million. Any committed undrawn debt facilities are expected to be used, in part, to fund development projects. Whilst other sources of liquidity may also be available to Centro Retail Australia (e.g. proceeds from non-core asset sales), there is a risk that unforeseen expenditure requirements (e.g. adverse judgment or settlement of the CER Class Action Litigation, resolution of disputed stamp duty assessments or obligations in relation to the FEM) could have a material adverse impact on Centro Retail Australia's liquidity.

5.4.4. Interest rates and hedging

The borrowings of Centro Retail Australia will be largely hedged against interest rate movements. However, in the future Centro Retail Australia's borrowings may need to be refinanced at which time interest rates and/or margins may be higher, in which case returns to New Stapled Securityholders could be affected accordingly. If interest rates and/or margins increase substantially, then refinancing may not be possible. In such an event, some of the properties of Centro Retail Australia may have to be sold at short notice and in a market that may not be conducive to an efficient sale. In these circumstances, Centro Retail Australia may not receive the price for the property that it would if the property is sold with reasonable notice and under appropriate market conditions.

In addition, whilst Centro Retail Australia intends to use derivative and other financial instruments to manage its interest rate risk, its financial and operating results may be adversely affected if its hedges are not effective in managing that risk, if Centro Retail Australia is under-hedged, or over-hedged or if a hedge counter-party defaults on its obligations under the hedging instruments.

5. RISKS

Consequently there can be no assurance that Centro Retail Australia's hedging arrangements or changes in interest rates will not have a material adverse effect on its business, operational performance or financial results.

5.4.5. Counterparty credit

As part of its financial risk management strategy, Centro Retail Australia intends to hedge its interest rate from time to time. At the date of this Document, no such transactions have been entered into. There is a risk that Centro Retail Australia could suffer a financial loss as a result of a payment default by the counterparty with whom Centro Retail Australia has entered into the hedging transaction. Additionally, a counterparty credit risk could exist in other circumstances such as Centro Retail Australia placing funds on deposit with a counterparty. The Centro Retail Australia Board intends to implement a policy that Centro Retail Australia will only deal with counterparties that it believes are of good credit standing.

5.4.6. Dilution

Centro Retail Australia may choose to conduct future capital raisings to implement investment strategies such as developments or acquisitions. These capital raisings may dilute the value of the New Stapled Securityholders' interests if the increase in Centro Retail Australia's gross assets is less than the value of New Stapled Securities issued to finance the investment strategy.

In addition, any issue of New Stapled Securities pursuant to the CATS (which are described in Section 10) will have a diluting effect on New Stapled Security holdings immediately before that new issue was made. The extent of such dilution depends on the level of the liability as a result of CER Class Action Litigation. This means that the extent of any dilution (if any) is not currently known but will be limited by the Share Cap (being a cap equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date, subject to certain adjustments – see Section 10.6.3 for further detail about Caps). The Caps are not an estimate of potential liability and may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

The CATS will remain in issue until all of the CER Class Action Litigation has been finalised and any liability determined or New Stapled Securities have been issued or payments have been made to the extent of the Cap on liability. The extent of potential liability has not been ascertained and so the

potential number of New Stapled Securities that may be issued is not known, but is subject to the Share Cap.

Any issue of further New Stapled Securities to the holders of CATS will dilute the proportionate interests of the then current holders of New Stapled Securities. The extent of such dilution depends on the level of the CER Class Action Litigation liability but is limited by the Share Cap. As a result the extent of any dilution is not currently known.

5.4.7. Litigation

Centro Retail Australia may from time to time be subject to litigation and other claims or disputes in the ordinary course of its business, including public liability matters, employment matters and contractual disputes. To the extent claims exceed insurance levels, such matters could adversely affect Centro Retail Australia's financial results.

In addition, as set out in Section 8.2, Centro Retail Australia is exposed to risks associated with the CER Class Action Litigation to the extent such litigation remains on foot when Aggregation occurs. Whilst the CATS described in Section 10 will, subject to the Cap, adjust the respective ownership percentage of CATS holders to partially compensate for any judgment or settlement, any costs incurred by CER in defending the action and any eventual judgment or settlement would need to be funded by Centro Retail Australia to the extent not covered by insurance policies. Further, there can be no guarantee that other such claims will not emerge. See Section 7.3.10 for further information in relation to this litigation risk.

5.4.8. Stamp duty

As set out in Section 7.3.10 Centro Retail Australia has agreed to indemnify DPF and CNP against existing and future stamp duty assessments in respect of certain historical transactions. Where assessments have been raised in relation to these transactions, objections have been lodged and arrangements have been made to stay payment of the duty (subject to certain conditions) until such time as the matters are ultimately determined. In order to cover such an eventuality an amount will be provided for in the balance sheet of Centro Retail Australia at the time of Aggregation. Notwithstanding this, there is a risk that the amount provided for may be insufficient to cover stamp duty payable on all relevant matters. Any stamp duty that becomes payable will need to be funded by Centro Retail Australia.

In addition to the above, it has been estimated that approximately \$60 million of stamp duty will arise as a result of Aggregation. This amount has been expensed in the statutory financial forecasts included in this Document in

accordance with Accounting Standards and is fully funded. Despite the Aggregation Funds' estimates, there is a risk that a relevant regulatory authority (or court) may determine that the amount of stamp duty payable on Aggregation may be higher than the amount estimated.

In the event that the mechanics of Aggregation are effected using steps that differ from those contemplated, stamp duty could be payable in Victoria, based on current duties legislation, if a person who as a result of acquiring New Stapled Securities holds (either alone or when aggregated with interests of associated persons and interests acquired by other persons as part of substantially one arrangement, one transaction or one series of transactions) an interest of 20% or more in Centro Retail Australia. That duty would be calculated at the rate of 5.5% on a proportion of the value of CAWF's Victorian property at the time of the acquisition which corresponds to the acquirer's proportionate interest (either alone or on an aggregated basis) in CAWF. The value of CAWF's Victorian property is estimated at \$596 million based on 30 June 2011 property valuations. By way of example, based on current duties legislation, the duty payable on an acquisition of 20% of New Stapled Securities would be in the order of \$6.56 million. This amount would increase with the acquisition of a greater interest. Each of the responsible entity of CAWF, the acquirer and any other person whose interests are aggregated with the acquirer's interest will be jointly and severally liable for that duty. This could provide a disincentive to a potential future acquirer of Centro Retail Australia or diminish the value that a potential acquirer may be prepared to offer.

5.4.9. Complexity associated with Aggregation

Centro Retail Australia has not previously operated as an aggregated entity and as such there is no trading history of the New Stapled Securities. The Aggregation will involve complex corporate restructuring (including the establishment of new corporate entities, the acquisition of assets and the reallocation of certain pools of retail property assets and associated debt). Further, after Aggregation implementation the Aggregation Funds do not have the benefit of warranties (other than title) in relation to the assets acquired from CNP as part of Aggregation. Due diligence has been undertaken (including obtaining professional advice) in relation to the legal and commercial effects of the Aggregation, the required corporate restructuring, the retail property portfolio of CER, CAWF and DPF and the assets acquired from CNP. The Issuers believe that these investigations were appropriate and complete and that all material issues have been taken into account in preparing the financial forecasts. Nevertheless, there is a risk that the Aggregation and/

or corporate restructuring may have unforeseen legal or commercial consequences for CER, CAWF, DHT and Centro Retail Australia.

5.4.10. Achievement of Financial Forecasts

As noted in Section 7, the financial forecasts have been prepared using all relevant information available to the Directors of each of the Issuers and certain best estimate assumptions by the Directors of each of the Issuers regarding the future financial performance of Centro Retail Australia.

Although the Directors of each of the Issuers believe the information and assumptions used in preparing the financial forecasts are appropriate and reasonable at the time of preparation, some factors that may affect actual results cannot be foreseen or accurately predicted and many of these factors are beyond the control of the Directors of each of the Issuers.

Consequently, the Directors of each of the Issuers cannot and do not guarantee that the financial forecasts will be achieved and Securityholders are advised to carefully consider the assumptions used in preparing the financial forecasts when considering the likely future financial performance of Centro Retail Australia.

5.4.11. Relationship with CNP

On Aggregation, Centro Retail Australia will be legally, financially and operationally separate from CNP and its controlled entities. It is anticipated that CNP and its controlled entities will be wound down as soon as practically achievable. During the period from Aggregation until wind-down of these entities, Centro Retail Australia will have the following relationship with those entities:

- Centro Retail Australia will provide certain transitional services (including accounting, information technology and human resources support) to CNP entities for up to 4 years under a Transitional Services Agreement (see Section 14.6 for more detail) for which Centro Retail Australia will receive compensation on a cost-reimbursement basis;
- as part of Aggregation, Centro Retail Australia will provide DPF and CNP with an indemnity for certain existing and future stamp duty assessments in respect of certain historical transactions referred to in Section 7.3.10; and
- an obligation for Centro Retail Australia to assist in transitioning to the Aggregation Funds the obligations of CNP as counter party under the FEM as referred to in Section 5.3.3 to Centro Retail Australia.

5. RISKS

5.4.12. Regulatory issues, changes in law and Australian Accounting Standards

Centro Retail Australia will be subject to the usual business risk that there may be changes in laws that impact rental income or operational expenditure, for example changes to retail opening hours, the ability to recover certain property expenses from tenants, changes to regulatory requirements around disability access, or changes to operating practices as a result of the federal government's proposed carbon tax, or associated climate change legislation. In addition, Centro Retail Australia's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds. Centro Retail Australia is also subject to the usual risk around changes in Accounting Standards that may change the basis upon which Centro Retail Australia reports its financial results. There can be no assurance that such changes will not have a material adverse effect on Centro Retail Australia's business, operational performance or financial results.

5.4.13. Acquisitions

Centro Retail Australia may choose to pursue acquisitions of interests in shopping centres and such acquisitions carry a number of risks relating to the assessment of the acquisition, including the purchase price and its links to value of the shopping centre, the income, the leasing profile and the strengths and weaknesses of the shopping centre proposed to be acquired. Further, Centro Retail Australia may look to acquire the co-owned 50% interests of shopping centres in its directly owned portfolio (properties co-owned with Centro MCS Syndicates) and such acquisitions will need to have regard to related party considerations.

Any acquisition may be subject to financial risks, particularly if Centro Retail Australia chooses to debt fund the acquisition.

The financial forecasts do not assume any acquisitions of interests in shopping centres by Centro Retail Australia.

5.4.14. Taxation changes

Significant recent reforms and current proposals for further reforms to Australia's taxation laws give rise to uncertainty. The precise scope of proposed changes to the taxation treatment of managed investment trusts including listed property trusts (commonly known as REITS) is not yet known. Any change to the current rate of company income tax may impact New Stapled Securityholders' returns. In addition any changes to rules applying to listed property trusts could have an adverse impact on the level of Securityholder returns.

The material Australian income taxation consequences of the Aggregation steps are set out in Section 3.5 with further detail provided in the Taxation Advisers' Report in Section 13.

A class ruling has been sought from the ATO to confirm the income tax implications of the Aggregation for investors in CER, CAWF and DHT at Aggregation (as set out in Section 13). It is anticipated that the ruling will be finalised around the time of the proposed implementation of Aggregation. A link to the final class ruling issued by the ATO will be provided on the Centro website once it is received. Please check the Centro website at www.centro.com.au for updates or you can call the contact number in the Directory at the back of this Document to obtain a copy free of charge.

If the ATO does not grant the ruling requested, the tax consequences for those investors in Centro Retail Australia could differ from those described in this Document.

5.5. MARKET AND OWNERSHIP RISKS

5.5.1. General economic and market conditions

A number of factors affect the performance of the stock market, which could affect the price at which New Stapled Securities trade on ASX. Among other things, movements on international and domestic stock markets, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes may affect the demand for, and price of, New Stapled Securities. Trading prices can be

volatile and volatility can be caused by general market risks such as those that have been mentioned. Recently, markets have become more volatile, with volatility in some markets at very high levels. Investing in or being invested through periods of such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market.

New Stapled Securities may trade at or below the price at which they commence trading on ASX including as a result of any of the factors that have been mentioned, and factors such as those mentioned may also affect the income, expenses and liquidity of Centro Retail Australia. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Centro Retail Australia.

5.5.2. Active Market for New Stapled Securities post Aggregation

Although each of the Aggregation Funds has been in operation for some years, the funds that comprise Centro Retail Australia have not previously traded in an aggregated form and so there is no trading history for the New Stapled Securities.

There can be no assurance that an active market in New Stapled Securities will develop or that the price of those New Stapled Securities will increase post Aggregation. Similarly, there can be no assurance that the price of those New Stapled Securities will reflect underlying net asset value. There may be relatively few buyers or sellers of New Stapled Securities on ASX at any time. This can increase the volatility of the market price of a particular stock and it may also affect the prevailing market price at which New Stapled Securityholders are able to sell their New Stapled Securities. Depending on the precise timing of Aggregation in relation to the CNP Debt Cancellation (see Section 3.2), New Stapled Securities may be held by CNP for a period before being transferred to the Senior Lenders in connection with the CNP Debt Cancellation, and this may reduce the number of New Stapled Securities which may be traded on ASX during that period.

5.5.3. Potential Significant Sellers of New Stapled Securities

Each Signing Senior Lender has provided a representation and warranty to the Issuers and the other Signing Senior Lenders that upon or immediately following the CNP Debt Cancellation, they will not have any arrangements or understandings with any other Senior Lender in respect of Centro Retail Australia that would cause the Senior Lenders to breach Australian takeovers regulation requirements. However, given the anticipated size of the Senior Lenders' aggregate ownership interest of approximately 73.9%⁴⁸ in Centro Retail Australia if a Senior Lender with a significant holding of New Stapled Securities (the largest of which, on the basis of holdings of CNP Senior Debt as at 31 August 2011, is expected to hold no more than 7.97%⁴⁹, and no investment manager would be responsible for managing Senior Lenders' holdings which, in aggregate, would exceed 11.3% of New Stapled Securities), either acting individually or in unison with other non-associated significant holders of New Stapled Securities, chose to sell its stake, this may affect the prevailing market price of the Securities.

Further, depending upon the outcome of the DPF redemption process, the DPF RE may be required to sell its holding of 11.6%⁴⁸ of New Stapled Securities following Aggregation to meet redemption requests in cash. The more DPF Unitholders that request redemption of their DPF Units in cash, the more New Stapled Securities the DPF RE will be required to sell. Over time, DPF's holding is expected to reduce as DPF Unitholders redeem their DPF investment. This may also affect the prevailing market price of the New Stapled Securities. The inclusion of Centro Retail Australia within A-REIT indices that are significant in attracting institutional investors should partially mitigate this risk.

48 Senior Lenders' interest of 73.9% could be lower (down to 68.5%) and the interest held by DPF (and any DPF unitholder who redeem DPF units for a transfer from DPF) could be higher (up to 17.0%) depending on certain actions taken by Senior Lenders in relation to put options overdirect and indirect interests in DPF units. Refer to Section 3.3 for further details. These figures also exclude any New Stapled Securities which any Senior Lenders or DPF unitholders acquire under Aggregation in their capacity as CER Securityholders.

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



6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

6.1. BOARD OF DIRECTORS

The Centro Retail Australia Board will be led by a new independent Chairman, Dr Robert Edgar (profiled below), and will comprise a combination of new appointees and directors with experience on the Board of CER and in the case of Mr Robert Tsenin the Board of CNP. Consistent with ASX guidelines, the Centro Retail Australia Board will comprise a majority of independent Non-Executive Directors.

Immediately following Aggregation it is anticipated that the Centro Retail Australia Board will comprise the Non-Executive Chairman, plus a further two Non-Executive Directors who have been appointed from the CER Board (profiled below), and the present Chief Executive Officer in the capacity of Managing (Executive) Director.

Aggregation and the external appointment of the prospective Centro Retail Australia Chairman, Dr Edgar, marks a significant milestone for Aggregation and Centro Retail Australia. Recruitment processes are underway to facilitate the selection and appointment of up to a further four externally appointed Non-Executive Directors to join the Board after Aggregation, and a new Chief Executive Officer (New CEO). The prospective Centro Retail Australia Chairman, Dr Edgar, will oversee this Board renewal process and following aggregation, together with the Centro Retail Australia Board, will be responsible for finalising the appointments of the New CEO and Executive Committee. Mr Robert Tsenin will continue as CEO and Executive Director on a transitional basis until his planned retirement no later than 30 June 2012. (Further details are outlined in Section 6.2 below). This is aimed at facilitating a smooth and effective transition for Centro Retail Australia. Should no successor be in place by 30 June 2012, further interim arrangements will be made pending the permanent appointment.

The following will be the initial Centro Retail Australia directors, immediately following Aggregation if it proceeds:

Dr Robert Edgar, Chairman

Background & Experience

Dr Edgar has over 30 years experience as a senior executive, with 25 years at ANZ Banking Group in various senior roles including Deputy Chief Executive Officer, Senior Managing Director, Chief Operating Officer and Chief Economist.

Dr Edgar holds a Bachelor of Economics (Hons) from University of Adelaide and a PhD from Ohio State University. He is a Fellow of the Financial Services Institute of Australasia (FINSIA) and a Fellow of the Australian Institute of Company Directors (FAICD).

Current Directorships and Advisory Roles

- Asciano Limited – Independent Non-Executive Director
- Linfox Armaguard Pty Ltd – Independent Non-Executive Director
- Transurban Group – Independent Non-Executive Director
- Nufarm Ltd – Non-Executive Director
- Prince Henry's Institute of Medical Research – Chairman
- AMMB Holding Berhad – Independent Non-Executive Director

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

Mr Robert Tsenin – Interim CEO and Executive Director

Background & Experience

Mr Robert Tsenin commenced as Centro's Group Chief Executive Officer and Managing Director Designate on Friday 5 February 2010. Mr Tsenin has also served as a non-executive Director of Centro Properties Group since his appointment to the Board effective October 2009.

Mr Tsenin has over 30 years experience in investment banking in corporate finance and mergers and acquisitions, and senior roles in real estate in development, construction and funds management in Australia, the US and the UK.

Mr Tsenin's recent roles include Managing Director of Goldman Sachs (Australia) Limited, and Finance Director of Lend Lease Corporation Limited.

Mr Tsenin has served as a non-executive Director of major Australian and overseas companies and a number of real estate funds.

Mr Peter Day, Non-Executive Director

Background & Experience

Mr Day has over 30 years experience in Australia and internationally in finance, strategy, general management and compliance including executive positions with Amcor, Rio Tinto and the Australian Securities & Investments Commission.

Mr Day holds a Bachelor of Laws (Hons) from Queen Victoria University (UK) and a Master of Business Administration from Monash University. He is a Fellow of the Institute of Chartered Accountants (in Australia and UK), and CPA Australia, and a Graduate Member of the Australian Institute of Company Directors.

Current Directorships and Advisory Roles

- Ansell – Non-Executive Director
- Orbital – Non-Executive Chairman
- SAI Global – Non-Executive Director
- Accounting Professional & Ethical Standards Board – Member
- Australian Prudential Regulation Authority – Risk Management & Audit Committee
- Central Gippsland Region Water Corporation – Non-Executive Director
- Multiple Sclerosis (and related entities) – Non-Executive Director
- Water Accounting Standards Board – Member

Mr Fraser MacKenzie, Non-Executive Director

Background & Experience

Mr MacKenzie has over 40 years of finance and general management experience in the UK, US and Asia, including as Chief Financial Officer of both Coles Group/Coles Myer and OPSM Group. Mr MacKenzie has held senior finance and general management roles at Pfizer, Gestetner Holdings and Smith Kline & French Laboratories in addition to various accounting positions in his early career at Royal Bank of Scotland, Hambros Bank and Ernst & Young.

Mr MacKenzie holds a National Diploma in Business Studies from Aberdeen College of Commerce (Scotland), is a Fellow of the Chartered Association of Certified Accountants in the UK, a Fellow of the Certified Practising Accountants in Australia and a Member of the Australian Institute of Company Directors.

6.2. EXECUTIVE COMMITTEE

As outlined above, Mr Robert Tsenin is appointed as Interim CEO and Executive Director until his planned retirement on 30 June 2012. Mr Tsenin may elect to terminate his employment earlier than this date, if the New CEO commences as the New CEO prior to 30 June 2012. As outlined above, the Chairman of Centro Retail Australia will lead the recruitment process for the New CEO and will make an appointment after a rigorous assessment of both internal and external candidates.

Members of the Executive Committee, who have operationally managed the business during the restructuring and Aggregation process, will continue either in their current roles or in alternative roles taking into account the strategic and organisational needs of Centro Retail Australia. The Executive Committee has wide experience and a passion for the retail property sector, and is dedicated to pursuing strong, consistent returns for investors in Centro Retail Australia. The Executive Committee is held in high regard. The New CEO, in conjunction with the Centro Retail Australia Board may, however, review the composition of the Executive Committee at some point in the future, in line with the strategic needs of the business going forward.

Profiles of Centro Retail Australia's Executive Committee and their current roles are provided below:

Mr Robert Tsenin – Interim Chief Executive Officer (See Mr Tsenin's profile under Section 6.1)

Chris Nunn – Group Chief Financial Officer

Mr Chris Nunn joined Centro in September 2009. Chris oversees the finance, treasury, tax and financial and management accounting functions of Centro and its managed funds. Chris also manages the internal audit, IT, information management and business analysis functions of the Centro business.

Chris has over 30 years of finance, accounting and audit experience and most recently, Chris served as Chief Financial Officer at Industry Superannuation Property Trust. He has held senior finance and operations roles at MacarthurCook, JP Morgan Investor Services, Merrill Lynch Investment Managers and McIntosh Securities after ten years with Coopers & Lybrand.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

Mark Wilson – General Manager, Property Operations Australia

Mr Mark Wilson is responsible for the overall performance of Centro's Australian retail assets. This includes all areas of leasing, property management, development and marketing, as well as valuations and property transactions.

Since joining Centro in 1997, Mark has served in a range of roles, including Chief Investment Officer and Chief Operating Officer for Centro Watt US.

Mark is a Director of the Shopping Centre Council of Australia and has over 20 years experience in the retail and property industry.

Dimitri Kiriacoulacos – Group General Counsel & Company Secretary

Mr Dimitri Kiriacoulacos joined Centro in October 2009 and oversees the Group's legal, secretariat and compliance teams. Dimitri is a lawyer and accountant with legal and commercial experience across many countries. He has worked in private practice, investment banking and corporate roles principally in the areas of mergers and acquisitions, business development and corporate governance.

Prior to joining Centro, Dimitri held senior legal roles, most recently as General Counsel, Corporate Advisory with National Australia Bank and General Counsel and Company Secretary with Mayne Pharma.

Michael Benett – Chief Investment Officer

Mr Michael Benett will be responsible for the asset management, investor relations and corporate affairs areas within Centro Retail Australia.

Michael joined Centro Properties Group in 2004 and has served in various roles, most recently as Deputy CEO and Chief Restructuring Officer of CER, during which time he has been responsible for all facets of CER's operations including developing the ongoing strategy for CER, reviewing new investment opportunities and communication with CER's stakeholders, including investors, broking analysts and the institutional market.

Prior to this, Michael served in a number of roles within Centro including General Manager, Institutional Funds Management, Group Commercial and Business Analysis Manager, Centro Fund Manager and Centro Financial Accounting Manager. Michael's previous experience includes nine years within the Assurance and Business Advisory Services division at PricewaterhouseCoopers where he specialised in the property and construction industry.

Gerard Condon – General Manager, Syndicate Funds Management

Mr Gerard Condon has 20 years experience in the property industry. Gerard oversees the syndicate, retail distribution and investor services teams and bears ultimate responsibility for all 35 Centro MCS Syndicates.

Gerard was previously manager of the Syndicate Funds Management team and commenced with Centro following five years at MCS property. Gerard has nine years experience in valuations prior to MCS.

Paul Belcher – General Manager, Finance

Mr Paul Belcher is responsible for overseeing the finance, treasury, tax and financial and management accounting functions for Centro and its managed funds.

Paul joined Centro in 2006, serving as Group Financial Accounting Manager and more recently General Manager, Accounting.

Paul's previous experience includes ten years at PricewaterhouseCoopers where he was a director in the Assurance and Business Advisory practice, specialising in the retail property, retirement village and construction sectors.

Sue Smith – Group General Manager, Human Resources

Ms Sue Smith joined Centro in July 2010 in the newly created role of Group General Manager, Human Resources.

Sue brings to Centro extensive human resources experience in multi-national and financially focused organisations. She also has significant experience in workforce planning and the management of people across different countries and cultures.

Prior to joining Centro, Sue held senior roles both in Australia and the UK with companies such as Foster's Group Limited, GE Capital Australia Limited and Colonial Limited.

Sue is responsible for coordinating the strategic management of staff across Australasia.

The Centro Retail Australia Team

The Centro Retail Australia team comprises over 600 staff with capabilities spanning property management, development, leasing, funds management and various corporate services support functions.

Approximately 300 staff are based on-site at shopping centre locations around Australia with other staff based at regional offices in Sydney, Brisbane, Perth and Adelaide or at Centro Retail Australia's corporate head office in Melbourne. Centro Retail Australia's management team will have the benefit of utilising existing integrated information systems with access to extensive historical performance data for Centro Retail Australia's owned and managed properties.

6.3. INTENTIONS

On Aggregation the Centro Retail Australia Responsible Entity (RE) will be the RE of all of the Aggregation Funds forming part of Centro Retail Australia. The Board of Centro Retail Australia RE will be changed so that it consists of the same members as the Board of CRL.

Following Aggregation, the Centro Retail Australia Board will:

- evaluate a number of value-adding development opportunities within the existing portfolio;
- consider the sale of approximately \$400 million of non-core assets (as described in more detail in Section 6.4.8);
- seek new investors in the Centro MCS Syndicates business; and
- manage and source debt and equity capital so as to maximise returns for investors.

At the date of this Document CER, CAWF and DHT have no employees and services are provided to the respective REs, Centro MCS Manager Limited (in the case of each of CRT and DHT) and CPT Manager Limited (in the case of CAWF) by wholly-owned subsidiaries of CNP. Other than the provision of director services to Centro MCS Manager Limited, CRL is dormant. The director services are provided by Centro Retail Limited in line with the position taken by Centro Properties Group, as the ultimate owner of Centro MCS Manager Limited, that it would appoint the same directors to Centro MCS Manager Limited as are elected by investors to the Board of CRL. Upon Aggregation, the management and administration of Centro Retail Australia will be internalised (as a result of Centro Retail Australia acquiring the Services Business from CNP) and therefore the employees who provide these services will transition to Centro Retail Australia.

Centro Retail Australia will determine distributions per New Stapled Security in accordance with the policy described in Section 6.4.

6.4. CORPORATE GOVERNANCE

6.4.1. Overview

Centro Retail Australia will be a Stapled vehicle that combines a company, CRL and three trusts, CRT, CAWF and DHT. Each of the trusts is a managed investment scheme that is registered under the Corporations Act.

CRL (1) Limited as the Centro Retail Australia RE will be the RE of each of CRT, CAWF and DHT and will be governed by a Board which is ultimately accountable to New Stapled Securityholders. If CRL (1) Limited is unsuccessful in its application for an Australian Financial Services Licence, the Implementation Agreement provides that Wholesale Responsible Entity Limited ACN 145 213 654 will instead be appointed as the new RE.

The Boards of CRL and Centro Retail Australia RE (together, the Centro Retail Australia Board) will consist of the same members, who will stand for re-election to the Board of CRL at least once every three years.

The Centro Retail Australia Board will operate under a set of corporate governance policies that comply with the principles and requirements of the Corporations Act and ASX, including satisfying the recommendations of the ASX Corporate Governance Council (CGC). The Centro Retail Australia Board will review and, as necessary, update its corporate governance charter and policies to ensure they accord with best practice, having regard to recent developments both in Australia and overseas.

The Centro Retail Australia Board will be responsible for the overall corporate governance of Centro Retail Australia, including:

- protection of Securityholders' interests;
- developing strategic direction;
- establishing goals for management; and
- monitoring the achievement of these goals.

Centro Retail Australia will utilise a framework for its management, including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

6.4.2. Primary duties and obligations of the Board

The primary duties and obligations of the Centro Retail Australia Board will include:

- exercising due diligence and vigilance in carrying out its duties and in protecting the rights and interests of Securityholders, and in performing its functions and exercising its powers under each Constitution in the best interest of all Securityholders;
- keeping or causing to be kept proper books of account, ensuring the financial report is audited annually by an independent registered auditor and sending a financial report and a copy of the auditors' report to Securityholders each year; and
- ensuring that the affairs of CRL, CRT, CAWF and DHT are carried on and conducted in a proper and efficient manner.

Centro Retail Australia RE will be responsible for the day-to-day operations of CRT, CAWF and DHT, including:

- ongoing management, research and selection of property investments and disposals; and
- preparing all notices and reports to be issued to Securityholders.

As part of Aggregation, the Constitution of CRL will be amended and the Constitutions of CAWF and DHT will also be amended to ensure they are materially consistent across the Aggregation Funds (refer to the summary in Section 14.1).

6.4.3. Board composition and membership

On Aggregation all Directors of CRL will also be Directors of Centro Retail Australia RE. References to the Board in this Section 6 of this Document are references to the Centro Retail Australia Board.

6.4.4. Board role and responsibilities

The Board is responsible for planning and overseeing the running of the business and affairs of Centro Retail Australia for the benefit of New Stapled Securityholders. The Board will be accountable to those New Stapled Securityholders for the performance of Centro Retail Australia.

The responsibilities/functions of the Board will include:

- selecting, appointing and evaluating from time-to-time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer of Centro Retail Australia and the CEO's direct reports;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with Centro Retail Australia businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- reviewing management processes aimed at monitoring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

The Board will delegate responsibility for the day-to-day operation and administration of Centro Retail Australia to the Executive Committee, but will maintain responsibility for strategic direction and control of Centro Retail Australia. The Board will monitor the performance of Centro Retail Australia, the EC, and senior management and ensures that a formal performance review and executive resources review are conducted each year to assess such performance.

6.4.5. Syndicate governance

It is proposed that the REs of all Centro MCS Syndicates have a Board comprised of a majority of members who will not be members of the Centro Retail Australia Board.

6.4.6. Board committees

Centro Retail Australia will establish committees to assist with the implementation of its corporate governance practices.

The committees will include the following:

- Audit & Risk Committee;
- Compliance Committee;
- Nomination Committee; and
- Remuneration and HR Committee.

Other committees will be established as, and if, needs arise.

The responsibilities of these committees are summarised below. Each will have a written charter which, where applicable, will satisfy the recommendations of the ASX Corporate Governance Council. The Board will review the charters and operating procedures on a regular basis.

Audit & Risk Committee

The Committee's key responsibilities and functions will be to:

- oversee Centro Retail Australia's relationship with the external auditor and the external audit function generally;
- oversee Centro Retail Australia's relationship with the internal auditor and the internal audit function generally;
- oversee Centro Retail Australia's financial controls and systems and the preparation of financial statements and reports;
- oversee the process of identification and management of financial control risk and systems; and
- oversee Centro Retail Australia's risk profile and risk policy and the establishment and maintenance of a risk management framework and supporting risk management system for Centro Retail Australia.

The Audit & Risk Committee will work in a complementary manner with other committees of the Board to ensure overall oversight of risk issues is achieved.

Compliance Committee

The role of the Committee will be to oversee and advise the Board in relation to the RE's compliance with the statutory and regulatory obligations relating to managed investment schemes to which it is subject. The Committee is responsible for monitoring the RE's compliance with the Compliance Plan adopted by the RE (which is discussed further below) for each managed investment scheme for which it is the RE.

Nomination Committee

The Committee will be responsible for considering and advising the Board on matters relating to the appointment of Directors. As part of these responsibilities, the Committee has specific functions including:

- reviewing and recommending to the Board the size and composition of the Board, including a review of Board membership, including recommendations for the appointment and re-election of Directors, and where necessary propose candidates for consideration by the Board;
- reviewing and recommending to the Board the criteria for Board membership;
- establishing a transparent and formal procedure to identify individuals who are qualified to become Board members; and
- assisting the Board as required in relation to the performance evaluation of the Board.

Remuneration and HR Committee

The role of the Committee will be to advise the Board on matters relating to:

- the remuneration of the CEO and other senior executives of Centro Retail Australia;
- the general remuneration principles and framework in use for all Centro Retail Australia employees;
- management programs in use to optimise the contributions of Centro Retail Australia's human resources, particularly related to succession and development planning, attraction and retention and performance management; and
- making recommendations to the Board regarding the remuneration framework for Directors.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

6.4.7. Governance policies

The Board will put in place policies to establish and ensure the appropriate governance of Centro Retail Australia.

Some of the key policies will be:

Related Party Transactions and Conflicts of Interest Policy

Centro Retail Australia aims to achieve a high standard of corporate governance in its management of various registered schemes. It aims to ensure that all transactions that involve related parties or actual or potential conflicts of interest are determined on a fair, reasonable and consistent basis. Centro Retail Australia will therefore adopt a policy that will:

- prescribe the circumstances in which a Centro Retail Australia company or the RE of a Centro Retail Australia scheme may enter into a related party transaction; and
- where a Centro Retail Australia company or Centro Retail Australia RE proposes to enter into a transaction which may not be a related party transaction, but nevertheless gives rise to a potential conflict of interest, prescribe the manner in which the Centro Retail Australia company or Centro Retail Australia RE may deal with the potential conflict.

Dealings in Securities

It will be Centro Retail Australia policy to prohibit Directors and employees from dealing in Securities while in possession of price-sensitive information. All trading will be required to be in accordance with the procedures that will be set out in the Policy. In accordance with the provisions of the Corporations Act and the ASX Listing Rules, Directors will be required to advise ASX of any transactions conducted by them in New Stapled Securities.

Risk Management and Internal Control Framework

The Board and management will recognise that effective risk management and internal controls are an integral part of sound management practice and good corporate governance as they improve decision-making and enhance outcomes and accountability. The Board will obtain assurance from the CEO and Chief Financial Officer that the declaration provided annually in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board will be responsible for the overall Risk Management and Internal Control Framework of Centro Retail Australia, which will include the following activities:

- **Material Risks Register** – Centro Retail Australia must have a robust Risk Management Framework in which material risks are proactively identified, communicated and managed. The Material Risk Register is an effective management tool that will be used to identify and communicate material risks. It will be updated on a quarterly basis and reported to the Executive Committee and the Board via the Risk Management Committee. It will also be used to monitor material risks and risk mitigation strategies. The Material Risk Register will cover broad risk categories including business continuity, strategic objectives, financial, people and occupational health and safety, reputation, infrastructure, assets and systems, legal and regulatory. Management will report to the Boards as to the effectiveness of Centro Retail Australia's management of its material business risks.
- **Internal Audit** – The Internal Audit function provides independent objective assurance and makes recommendations to assist Centro Retail Australia in maintaining its Risk Management and Internal Control Framework. It will also test compliance with internal controls.

Continuous Disclosure Policy

It will be Centro Retail Australia policy that all New Stapled Securityholders have equal access to Centro Retail Australia's information. Comprehensive processes and procedures will be in place to ensure that all material price-sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Act and the ASX Listing Rules. All information provided to ASX will be immediately posted to Centro Retail Australia's website.

Securityholder Communication

Centro Retail Australia will adopt an Investor Communications Policy designed to ensure that Investors are fully informed about all major developments in the operations of Centro Retail Australia.

Centro Retail Australia will have a dedicated Investor Services team to manage investor enquiries on a daily basis.

The Annual General Meetings of Centro Retail Australia will provide an opportunity for investors to ask questions, express views and respond to Board proposals. Centro Retail Australia's external auditor will also attend the Annual General Meeting to answer any questions about the conduct of the audit and the content and preparation of the audit report.

Financial Reporting

Centro Retail Australia will have a comprehensive budgeting system with an annual budget approved by the Board. Monthly actual results will be reported against budget and revised forecasts for the year and will be prepared regularly. Centro Retail Australia will report to New Stapled Securityholders six monthly and operate on a financial year basis (i.e. year ending 30 June).

6.4.8. Compliance Plan

The Compliance Plan will apply to all of the registered managed investment schemes that are in Centro Retail Australia, and will provide a framework to review and monitor the investment risk for investors in those schemes.

The Compliance Plan will set out measures that the RE is to apply in operating Centro Retail Australia to ensure compliance with the Corporations Act, the RE's Australian financial services licence and Centro Retail Australia Constitution. This includes arrangements for ensuring that:

- the assets of Centro Retail Australia are properly identified and held separately from property of the RE and property of any other trust;
- the assets of Centro Retail Australia are valued at regular intervals appropriate to the nature of the assets;
- the Compliance Plan is audited as required under the Corporations Act; and
- adequate records are kept.

The RE's compliance with the Compliance Plan will be audited annually. The Compliance Plan auditor's report must be lodged with ASIC, together with the annual financial statements of Centro Retail Australia. The auditor of the Compliance Plan must notify ASIC in writing if contravention of the Corporations Act has occurred and it believes that the contravention has not been or will not be adequately dealt with. The RE may indemnify, from the assets of Centro Retail Australia, members of the Compliance Committee for the proper performance of their duties and may purchase insurance for the Committee members.

The Compliance Officer will be responsible for performing periodic reviews of Centro Retail Australia's compliance with the provisions of the Compliance Plan.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

6.5. REMUNERATION AND COMPENSATION FOR SENIOR EXECUTIVES

Centro Retail Australia's executive remuneration strategy has been designed to increase Securityholder value by ensuring there are strong mechanisms to align the interests of senior executives with Securityholders. This will be achieved through a balanced remuneration mix and robust performance hurdles for at-risk remuneration that link executive pay to both individual performance and achievement of overall corporate objectives.

Remuneration of the CEO and Executive Committee members will comprise

- fixed remuneration – inclusive of base salary, superannuation and benefits;
- short-term incentive (**STI**) – opportunity to receive an annual cash-based incentive award subject to achievement of specified company financial and individual objectives and continued employment; and
- long-term incentive (**LTI**) – opportunity to receive an annual grant of performance rights subject to achievement of specified company financial and strategic objectives and continued employment, which will align a significant portion of total remuneration to longer term Securityholder value. The final detail of this plan will be determined by the Centro Retail Australia Board before or shortly after Aggregation.

6.5.1. Employment Agreements

Interim Chief Executive Officer (Mr Robert Tsenin)

As outlined above, Mr Robert Tsenin is appointed as Interim CEO and Executive Director until his planned retirement on 30 June 2012. Mr Tsenin may elect to terminate his employment earlier than this date, if the New CEO commences as the New CEO prior to 30 June 2012.

The material terms of Mr Tsenin's Employment Agreement in his capacity of Interim CEO and Executive Director are summarised as follows:

Mr Tsenin's fixed remuneration (inclusive of base salary, superannuation, non-monetary benefits and allowances) will be \$1.6 million per annum. Mr Tsenin will also be eligible to participate in a short-term incentive (STI) plan. The STI will provide Mr Tsenin with an opportunity to earn an annual cash-based incentive of 75% of fixed remuneration at target, up to a maximum of 150% of fixed remuneration

at stretch, subject to achieving and exceeding specified targets, which will include both company financial targets and other key strategic objectives. For the year ending 30 June 2012, the amount of STI for which Mr Tsenin will be eligible will be pro-rated to reflect the actual period of employment worked by Mr Tsenin if his employment ends before 30 June 2012. Mr Tsenin will remain entitled to any existing long-term incentive which has been determined and/or awarded, but not participate in the LTI plan for Centro Retail Australia.

The term of Mr Tsenin's Employment Agreement ends on 30 June 2012, unless terminated earlier in accordance with the Agreement. At 30 June 2012 Mr Tsenin's employment will automatically end, without the need for further notice or payment in lieu of notice.

Chief Executive Officer (New CEO) (not yet appointed)

It is anticipated that the New CEO, upon appointment will be employed for a period of years under an Executive Service Agreement.

Under the Agreement, the fixed remuneration for the New CEO (inclusive of base salary, superannuation and non-monetary benefits) will be set with reference to externally and independently sourced market benchmark data and subject to annual review. The New CEO will also be eligible to participate in a short-term and long-term incentive plan.

The STI will provide the New CEO with the opportunity to earn an annual cash-based incentive payment of a percentage of fixed remuneration at target, up to a maximum percentage of fixed remuneration, subject to achieving and exceeding specified stretch targets, which will include both company financial targets and other key strategic objectives.

The LTI will provide the New CEO with the opportunity to receive a percentage of fixed remuneration as an annual grant of performance rights. No amount will be payable by the New CEO for the grant/s. Vesting of performance rights will be subject to achievement of specified performance hurdles over a three year period. The performance hurdles will provide a direct link to the long-term growth and performance of the business.

It is anticipated that any unvested performance rights will be forfeited where the New CEO ceases employment prior to the end of the vesting period (other than in specific circumstances including retirement, genuine redundancy, death, or invalidity).

The final version of the Executive Service Agreement for the New CEO, including the detail of fixed remuneration, STI and LTI plans, will be determined by the Centro Retail Australia Board before or shortly after Aggregation, after taking external advice to ensure the competitiveness of the offer.

Other senior executives

Centro Retail Australia's most senior executives will sit on the Executive Committee and report directly to the CEO. The executives will be employed under individual Executive Service Agreements, which set out:

- details of the executive's remuneration package;
- notice and termination provisions; and
- leave entitlements and other employment-related matters.

The executives will also be eligible to participate in Centro Retail Australia's executive short-term and long-term incentive plans. Awards under these plans will be subject to achievement of specified performance hurdles. The LTI will provide the executives with the opportunity to receive annual grants of performance rights which will vest over a three-year period subject to the performance hurdles being met.

The executives' employment may be terminated at any time by:

- giving Centro Retail Australia 6 months notice; and
- Centro Retail Australia giving the executive 12 months notice.

6.5.2. Executive and Employee Incentive Plans

Centro Retail Australia will provide senior executives, and other eligible employees as determined by the Board, the opportunity to participate in the following incentive plans to assist in aligning employee and Securityholder interests, and employee retention:

- Short-Term Incentive Plan (STI)
- Long-Term Incentive Plan (LTI)

Short-Term Incentive Plan

The objective of the STI is to closely link a component of at-risk remuneration to business and individual performance targets, such that the award is only received for strong performance against specified goals and budgets. The award will be made on an annual basis, subject to financial performance of Centro Retail Australia, and will be paid in cash, after results for the financial year have been audited.

Performance conditions

Performance hurdles against which individual and company performance will be measured will include a mix of financial and non-financial hurdles, to be determined by the Board taking account of the key strategic and financial imperatives of Centro Retail Australia.

Long-Term Incentive Plan

The objective of the LTI Plan is to align an at risk component of total remuneration with the longer-term performance and goals of Centro Retail Australia, and consequent effect on Securityholder value, through an annual grant of performance rights. No amount will be payable by the participant for the grant of performance rights. The rights will vest over a three-year period, subject to achievement of specified performance conditions.

Performance conditions

Performance over the vesting period will be measured with reference to a combination of external and internal hurdles, to be determined by the Board taking account of the key strategic and financial imperatives of Centro Retail Australia. The external hurdles will be measured relative to an externally benchmarked comparator group.

The number of performance rights that may be granted to any individual will be determined by dividing the dollar value of the LTI allocation award by the fair value of each performance right at the date of grant.

6. BOARD, MANAGEMENT, GOVERNANCE AND POLICIES

Cessation of employment

The performance rights will lapse immediately where employment ceases for reasons other than retirement, genuine redundancy, death or invalidity. Where employment ceases as a result of one of the above (i.e. the employee is a "good leaver"), an accelerated vesting of pro-rata entitlements will be made to reflect the period served, subject to the discretion of the Board.

The final form of this plan will be determined by the Centro Retail Australia Board before or shortly after Aggregation.

6.6. KEY POLICIES

This Section outlines key policies which will guide Centro Retail Australia's strategy.

Investment policy

Preferred attributes for Centro Retail Australia's direct property investment portfolio include:

- Australian retail property;
- regional / sub-regional asset focus;
- metropolitan / key regional centre focus; and
- control of assets typically by way of 100% ownership of properties.

Centro Retail Australia's development pipeline is expected to be focused on expanding existing properties rather than green-field development in the early stages post Aggregation.

The Aggregation Fund REs may take into account environmental, social or ethical considerations when selecting, or making decisions about whether to retain or realise investments. Environmental factors are addressed as part of normal real property investment due diligence.

Valuation policy

All properties will be independently valued by rotation at least once every two years with Directors' valuations at intervening six-monthly intervals. Where necessary, independent valuations may also be obtained to support debt refinancing and/or compliance obligations.

Unit pricing policy

The underlying net asset value of New Stapled Securities will be calculated and published half yearly.

The price at which New Stapled Securities trade on the ASX may be higher or lower than the net asset value.

Distribution policy

The distribution policy of Centro Retail Australia will be to pay out 100% of Underlying Earnings less cash retained to fund maintenance capital expenditure and tenant and leasing incentives. This is subject to general business and financial conditions, working capital requirements, taxation considerations and any other matters that the Board considers relevant.

6.7. RELATED PARTY TRANSACTIONS

Entities within Centro Retail Australia group will be parties to a number of transactions with, or have investments in, related parties. The material transactions and investments are as follows.

• Related party loans

Centro Retail Australia will be the lender under various loans to Centro MCS Syndicates. These loans are predominately being acquired from CNP as part of Aggregation. Section 9.2.3 sets out details of the loans, including the loan balance as at 30 June 2011 and the amount of any provision in respect of each loan as at 30 June 2011.

All of these loans are interest bearing with repayment required on reasonable notice and the outstanding amounts are expected to be ultimately repaid at the post-provision amount, however there is always a risk that the relevant Centro MCS Syndicates will not be able to repay all of that amount.

- **Interest rate hedges**

As noted in Section 9.2.3, as part of Aggregation, Centro Retail Australia will acquire interest rate swap agreements with managed funds with balances totalling \$25.3 million (\$19.4 million CAWF and \$5.9 million Centro MCS Syndicates) as at 30 June 2011. These interest rate swap agreements assist the relevant Centro MCS Syndicates in managing interest rate risk. Centro Retail Australia will honour its obligations in relation to the interest rate swap agreements through to maturity unless termination prior to maturity is considered to be in the best interests of both the relevant Centro MCS Syndicate and Centro Retail Australia. The longest dated interest rate swap agreement matures in late 2012. Centro Retail Australia does not intend to enter into any new interest rate swap or other derivative agreements with any Centro MCS Syndicates.

- **Investments in and management of Centro MCS Syndicates**

Entities within Centro Retail Australia group will be the RE of, and property manager to, the Centro MCS Syndicates and will also hold a number of investments in the Centro MCS Syndicates. Section 4.6.9 sets out details of these investments including their value as at 30 June 2011.

- **Flexible Exit Mechanism**

At the date of this Document 15 of the 27 Centro MCS Syndicates that Centro Retail Australia may manage currently incorporate a liquidity feature in their constitutions known as the FEM. Investors in some Syndicates are to be asked to approve the replacement of CNP with Centro Retail Australia as the counterparty to the FEM and, if this occurs, Centro Retail Australia would have equivalent rights and obligations to those which CNP has at the date of this Document under the FEM including the obligation to acquire any units that are put by Syndicate investors either for cash or New Stapled Securities or a combination of both. Sections 14.5 and 5.3.3 set out further information on the FEM including risks for Centro Retail Australia in becoming the counterparty to the FEM obligations.

- **CNP and DPF stamp duty indemnity**

As part of Aggregation, Centro Retail Australia has agreed to indemnify CNP and DPF for existing and future stamp duty assessments in relation to certain historical transactions. The stamp duty provision held by CNP in relation to these matters totalling \$88.5 million has been taken into account for the purpose of calculating the Aggregation Ratios. See Sections 5.4.8 and 7.3.10 for further information.

- **Provision of transitional services to CNP**

Centro Retail Australia entities will provide certain transitional services (including accounting, information technology and human resources support) to CNP entities under a Transitional Services Agreement for which Centro Retail Australia will receive compensation on a cost reimbursement basis. See Section 14.6 for more information.

Related Party Transactions and Conflicts of Interest Policy

Please see Section 6.4 for Centro Retail Australia's governance policies about related party transactions and conflicts of interest.



7.

Financial Information

7.1. INTRODUCTION

This Section contains certain historical and forecast financial information (together “Financial Information”). The Financial Information has been prepared to reflect the Aggregation as described in Section 3.

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

- Pro Forma historical earnings before interest and tax (**EBIT**) excluding fair value adjustments for Centro Retail Australia for the years ended 30 June 2010 and 30 June 2011;
- Historical balance sheets of CER, CAWF and DPF as at 30 June 2011; and
- Pro Forma historical balance sheets of DHT and Centro Retail Australia as at 30 June 2011.

In considering the historical information in this Section, you should note that past performance is not a reliable indication of future performance.

The **Forecast Financial Information** (Section 7.4) comprises the:

- Pro Forma forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 assuming Aggregation occurred on 30 June 2011, referred to as “Pro Forma”; and
- Forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 assuming Aggregation occurred on 1 December 2011 in accordance with the planned Aggregation timetable, referred to as “statutory”.

In considering the forecast financial information in this Section, you should note that where forward-looking information is used, the information may be affected by known or unknown risks and uncertainties. This may mean that the forecast earnings and distributions differ materially from results ultimately achieved. Please refer to the Important Notices at the front of this Document in respect of forward-looking statements.

Also summarised in this Section are:

- the basis of preparation of the Financial Information (Section 7.2);
- a reconciliation between the DPF historical balance sheet and DHT Pro Forma historical balance sheet as at 30 June 2011 (Section 7.3.5);
- details of Centro Retail Australia’s debt facilities (Section 7.3.6);
- a reconciliation of the Pro Forma forecast earnings and distribution information to the forecast earnings and distribution information for Centro Retail Australia assuming Aggregation occurs on 1 December 2011 (Section 7.4.3);
- the Directors of each of the Issuers key best estimate assumptions underpinning the Forecast Financial Information (Section 7.5);
- sensitivity analysis on the Pro Forma forecast earnings for Centro Retail Australia (Section 7.6);
- key accounting policies adopted in preparing the Financial Information (Section 7.7);
- a description of the alternative basis of presentation, which has been prepared and presented in a manner consistent with the Directors of each of the Issuers view on how the segment information would be presented in the statutory financial statements of Centro Retail Australia should Aggregation proceed (Section 7.8);
- Pro Forma earnings information for Centro Retail Australia for the year ending 30 June 2011 prepared on an alternative basis of presentation (Section 7.8.1);
- Pro Forma forecast earnings information for Centro Retail Australia for the year ending 30 June 2012 prepared on the alternative basis of presentation (Section 7.8.1);
- Pro Forma historical balance sheet of Centro Retail Australia as at 30 June 2011 prepared on the alternative basis of presentation (Section 7.8.4); and
- material financial position changes since last balance sheet date (Section 7.9).

7. FINANCIAL INFORMATION

The information contained in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained within this Document.

The Financial Information has been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Investigating Accountant's Report is contained in Section 12. Investors should note the scope and limitations of the Investigating Accountant's Report. Ernst & Young Transaction Advisory Services Limited cannot and does not guarantee that the financial forecasts will be achieved.

7.2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

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

Investors should be aware that certain financial information included within this Document has been presented on a basis other than in accordance with recognition, measurement, presentation and disclosure requirements of Australian Accounting Standards (considered "non-conforming financial information" by ASIC) such as EBITDA, EBIT and Underlying Earnings. Further, this Section also includes earnings information and a balance sheet presented on an alternative basis of preparation as explained in Section 7.8. The Directors of each of the Issuers believe that these alternative presentations provide useful information for investors, but should not be considered an indication of, or alternative to, net profit as an indicator of operating performance, or statement of financial position determined in accordance with the recognition, measurement, presentation and disclosure requirements of Australian Accounting Standards.

The key accounting policies adopted in preparing the Financial Information are disclosed in Section 7.7. Consistent accounting policies have been applied by the Aggregation Funds historically and in the forecast period, and consistent methodologies are applied between Aggregation Funds.

The expected impact of Australian Accounting Standards issued but not yet effective as at the date of this Document have been considered. There are no Australian Accounting Standards issued but not yet effective that are expected to have a material impact on the Forecast Financial Information. Included within Section 7.2.1 is a discussion of an Australian Accounting Standard (AASB 10) that has been issued, but is not yet effective that may significantly affect the presentation of the financial information by Centro Retail Australia outside the forecast period.

7.2.1. Preparation of Historical and Pro Forma Historical Financial Information

The Historical Financial Information that is set out in Sections 7.3.3 and 7.3.5, comprising the historical balance sheets of CER, CAWF and DPF as at 30 June 2011, has been extracted from the audited statutory financial statements of CER, CAWF and DPF (of which DHT is a subsidiary) for the year ended 30 June 2011.

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

The statutory financial statements of CAWF have been lodged with ASIC and are available from www.centro.com.au. These financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, noting the inherent uncertainty regarding CAWF's ability to continue as a going concern, due to the net current asset deficiency of \$611.4 million at 30 June 2011 as a result of certain loan facilities expiring within 12 months.

The statutory financial statements of DPF have also been lodged with ASIC and are available from www.centro.com.au. These financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, with an emphasis of matter regarding the liquidation basis of preparation of the financial statements. DPF adopted the liquidation basis of accounting for the year ended 30 June 2011 as a result of the RE's intention to wind up the fund to provide liquidity to its investors.

The Pro Forma historical EBIT information for Centro Retail Australia Fund that is set out in Section 7.3.1 has been prepared as if the Aggregation occurred on 1 July 2009 and is derived from the audited statutory financial statements of the Aggregation Funds.

The Pro Forma historical balance sheet for Centro Retail Australia that is set out in Section 7.3.3 has been prepared as if the Aggregation occurred at midnight on 30 June 2011 and is compiled from the audited statutory financial statements of the Aggregation Funds and the Pro Forma adjustments outlined in Section 7.3.4 and is based on the following assumptions:

- The Aggregation will be accounted for as either a business combination or a common control transaction. In the event that Aggregation is a business combination it has been assumed that the Services Business as a collective would be the acquirer. Should the transaction be a common control transaction, the assets and liabilities of the Aggregation Funds will be consolidated at existing book values. Under either scenario it is anticipated that no material adjustments are required to the existing carrying values of the assets and liabilities of the Aggregation Funds or the historical financial information; and
- Centro Retail Australia will control the following Centro MCS Syndicates: Centro MCS 12, 25, 26, 27, 30 and 37 due to its controlled voting interest exceeding 50% in each of these Syndicates. As a result, Centro Retail Australia's balance sheet includes the gross assets and liabilities of these Centro MCS Syndicates and recognises the external ownership interests in these Centro MCS Syndicates as "puttable interests in consolidated finite life trusts".

AASB 10 *Consolidated Financial Statements* is an Australian Accounting Standard that has been issued but is not yet effective, which may impact Centro Retail Australia in future financial years outside the forecast period.

AASB 10 is applicable to annual reporting periods beginning on or after 1 January 2013 and it replaces AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*.

The new control model of AASB 10 broadens the situations when an entity is considered to be controlled by another entity. It includes new guidance for applying the model to specific situations, including when acting as a manager, and when holding less than a majority of voting rights. As a result, Centro Retail Australia may control additional Centro MCS Syndicates under the AASB 10 control model and therefore be required to consolidate those Syndicates in the future.

The impact of AASB 10 has not been considered in compiling the Pro Forma historical balance sheet of Centro Retail Australia as the standard was issued in August 2011 and will not be mandatory until annual reporting periods beginning on or after 1 January 2013. The Directors of each of the Issuers are still considering application guidance and assessing the impact of this standard.

Centro Retail Australia will need to consider the application of AASB 10 to the total Centro MCS Syndicate portfolio funds under management of \$2.6 billion of which approximately \$550 million is already consolidated through the control of Centro MCS 12, 25, 26, 27, 30 and 37.

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

7.2.2. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared based on the best estimate assumptions of the Directors of each of the Issuers. Those Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Document.

The key best estimate assumptions of the Directors of each of the Issuers are set out in Section 7.5. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring; it is not intended to be a representation that the assumptions will occur.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a materially positive or negative effect on Centro Retail Australia's actual financial performance or position. Investors should note that the best estimate assumptions are subject to significant uncertainties and contingencies often outside the control of Directors of each of the Issuers. This may mean that the forecast earnings and distributions may differ materially from results ultimately achieved.

Investors are advised to review the key best estimate assumptions, in conjunction with the sensitivity analysis set out in Section 7.6, the risk factors set out in Section 5 and other relevant information set out within this Document.

7. FINANCIAL INFORMATION

7.3. HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

7.3.1. Pro Forma historical earnings information

Set out below is the Pro Forma historical earning before interest and taxation (EBIT) information for Centro Retail Australia assuming the Aggregation occurred on 1 July 2009.

The Pro Forma historical EBIT for Centro Retail Australia has been prepared to show the historical performance of Centro Retail Australia had it been operating from 1 July 2009 and to provide comparability with the Centro Retail Australia Forecast Financial Information set out in Section 7.4.

The Pro Forma historical EBIT information of Centro Retail Australia has been presented to an EBIT level only and therefore excludes fair value adjustments such as the impact of the movement on mark-to-market of derivatives and the impact of property revaluations for the years ended 30 June 2010 and 30 June 2011.

The Directors of each of the Issuers believe Pro Forma historical financial information on interest expense would not be comparable to the Centro Retail Australia equivalent forecast information due to the significant differences between gearing levels and financier margins amongst the Aggregation Funds over the historical period and the forecast assumptions adopted for Centro Retail Australia.

Movement in the mark-to-market of derivatives, property revaluations and restructuring related advisor fees have been excluded from the Pro Forma historical EBIT information as there are no equivalent items in the Forecast Financial Information for Centro Retail Australia, and consequently inclusion of these items would not be comparable with the Forecast Financial Information and would be potentially misleading to investors.

The revenue and expenses of directly owned properties sold during the period have been removed from the Pro Forma historical financial information, no adjustment has been made for asset dispositions by Centro MCS Syndicates. These assets do not have a material impact on the Pro Forma historical financial information.

TABLE 7.1 PRO FORMA HISTORICAL EBIT EXCLUDING FAIR VALUE ADJUSTMENTS

	Pro forma Year Ended 30 June 2010 \$m	Pro forma Year Ended 30 June 2011 \$m
Property ownership revenue	462.1	474.8
Services revenue	34.8	35.0
Distribution revenue	12.8	11.9
Total revenue	509.7	521.7
Other income	1.3	2.1
Share of net profits of associates and joint ventures accounted for by equity method	50.4	53.3
Direct property expenses	(123.2)	(127.5)
Employee benefit expenses	(57.7)	(61.4)
Adviser fees	(9.0)	(10.3)
Other expenses ¹	(7.8)	(8.7)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(17.0)	(16.3)
EBITDA excluding fair value adjustments	346.7	352.9
Depreciation and amortisation expense	(1.6)	(1.1)
EBIT excluding fair value adjustments	345.1	351.8

Note

1 Other expenses includes Board costs and office expenses net of recoveries.

Details of the Pro Forma historical EBIT information for each Aggregation Fund together with the Pro Forma adjustments required to prepare the Pro Forma historical EBIT for Centro Retail Australia for the years ended 30 June 2010 (FY10) and 30 June 2011 (FY11) are included in Appendix A.

CER and CAWF derive the majority of their earnings from joint venture entities and associates and therefore use equity accounting to recognise these earnings. Under this method of accounting, the earnings of these investments are recognised as a single line within the income statement. On Aggregation, the majority of these investments will be controlled by the Centro Retail Australia and will consequently be consolidated rather than equity accounted. Consolidating these investments results in the individual income statement items for these investments being recognised in the income statement of Centro Retail Australia.

7.3.2. Management discussion and analysis of the Pro Forma historical EBIT excluding fair value adjustments

Revenue

- Property ownership revenue increased by 2.7% or \$12.7 million from \$462.1million in FY10 to \$474.8 million in FY11, due to annual increases in rental income in line with inflationary adjustments built into the majority of leases.
- Distribution revenue decreased by 7.0% or \$0.9 million from \$12.8 million in FY10 to \$11.9 million in FY11, due to decreases in distributions from underlying investments resulting primarily from higher financing costs and retentions for capital expenditure and debt repayments within those investments.

Pro Forma EBIT excluding fair value adjustments

Pro Forma EBIT excluding fair value adjustments increased by 1.9% or \$6.7 million from \$345.1 million in FY10 to \$351.8 million in FY11. The main drivers of this increase were:

- Revenue increased by \$12.0 million from \$509.7 million in FY10 to \$521.7 million in FY11 as noted above; and
- Share of net profits of associates and joint ventures accounted for by equity method increased by 5.8% or \$2.9 million from \$50.4 million in FY10 to \$53.3 million in FY11 due to underlying performance improvements in equity accounted properties.

These increases were partially offset by:

- Increase in direct property expenses of 3.5% or \$4.3 million from \$123.2 million in FY10 to \$127.5 million in FY11 due to inflation and increased statutory costs; and
- Increase in employee benefit expenses of 6.4% or \$3.7 million from \$57.7 million in FY10 to \$61.4 million in FY11 due to increased property management headcount and annual salary review increases.

7.3.3. Historical and Pro Forma balance sheets

Set out below are the historical balance sheets of CER and CAWF, and the Pro Forma historical balance sheet of DHT together with the Pro Forma adjustments required to compile the Centro Retail Australia Pro Forma balance sheet as at 30 June 2011, assuming the Aggregation occurred on that date.

The historical balance sheets of CER and CAWF have been extracted from their audited statutory financial statements for the year ended 30 June 2011 and the Pro Forma historical balance sheet of DHT has been derived from the audited statutory financial statements of DPF for the year ended 30 June 2011.

The Pro Forma adjustments are set out in Section 7.3.4.

The Centro Retail Australia Pro Forma adjustments are based on the following assumptions:

- Aggregation occurred on 30 June 2011;
- All US assets were realised and the cash was received by CER on 30 June 2011, including cash in respect of CER's investments in international Centro MCS Syndicates 38, 39 and 40;
- CER had utilised all of its US investment sale proceeds to pay down borrowings on 30 June 2011; and
- Centro Retail Australia entered into the new debt facilities as detailed below in Section 7.3.6 on 30 June 2011.

7. FINANCIAL INFORMATION

TABLE 7.2 HISTORICAL AND PRO FORMA HISTORICAL BALANCE SHEETS

As at 30 June 2011	Aggregation Funds				
	CER Historial	CAWF Historial	DHT Pro Forma Section 7.3.5	Pro Forma adjustments Section 7.3.4	Centro Retail Australia Pro Forma
	\$m	\$m	\$m	\$m	\$m
Current assets					
Cash	167.6	12.7	-	(126.2)	54.1
Other current assets ¹	55.9	16.8	-	101.9	174.6
Total current assets	223.5	29.5	-	(24.3)	228.7
Non-current assets					
Investment property ²	111.8	-	-	4,155.0	4,266.8
Equity accounted investments ³	1,403.9	1,987.6	-	(2,877.6)	513.9
Managed fund investments ⁴	-	-	419.4	(121.5)	297.9
Intangible assets ⁵	-	-	-	199.7	199.7
Other non-current assets	50.4	7.0	8.0	(47.6)	17.8
Total non-current assets	1,566.1	1,994.6	427.4	1,308.1	5,296.1
Total assets	1,789.6	2,024.1	427.3	1,283.8	5,524.8
Current liabilities					
Borrowings ⁶	734.3	610.6	-	(1,096.2)	248.7
Other current liabilities ⁷	42.8	30.3	-	17.5	90.6
Total current liabilities	777.1	640.9	-	(1,078.7)	339.3
Non-current liabilities					
Borrowings ⁶	-	-	-	1,645.0	1,645.0
Puttable interests in consolidated finite life trusts ⁸	-	-	-	93.6	93.6
Other non-current liabilities ⁹	-	19.4	-	75.7	95.1
Total non-current liabilities	-	19.4	-	1,814.3	1,833.7
Total liabilities	777.1	660.3	-	735.6	2,173.0
Net assets	1,012.5	1,363.8	427.4	548.2	3,351.8
Total equity	1,012.5	1,363.8	427.4	548.2	3,351.8
Stapled securities on issue (number)					1,340,727,759
Net asset value per security (\$)					\$2.50
Net tangible asset backing per security (\$)					\$2.35
Gearing (borrowings / investment property and equity accounted investments)					39.6%
Book gearing (total liabilities excluding puttable interests / total assets)					37.6%
Full look through gearing ¹⁰					43.4%

Notes

- 1 Other current assets includes related party loans with Centro MCS Syndicates that will transfer to Centro Retail Australia on Aggregation, \$40.0 million rollover, performance, wind-up and deferred RE fees and trade and other receivables within the Services Business which will transfer to Centro Retail Australia on Aggregation.
- 2 The Aggregation will result in Centro Retail Australia obtaining 100% ownership of many of the properties that are, at the date of this Document, jointly owned by CER and CAWF. Consequently, the properties are shown as "Investment property" and the associated debt is shown in "Borrowings", where previously they have been shown in 'Equity accounted investments'.
- 3 Centro Retail Australia will jointly own seven trusts (two joint ventures and five associates) that own investment properties. Centro Retail Australia will recognise its 50% share of the net assets of these trusts as "Equity accounted investments".
- 4 Centro Retail Australia will have a significant strategic investment in various Centro MCS Syndicates for which it acts as the property manager and RE. Where Centro Retail Australia does not have a controlling interest it will record the investment value based on the number of units owned by Centro Retail Australia multiplied by the net asset value per unit of the Syndicate.
- 5 Intangible assets represent part of the consideration paid for the Services Business as part of Aggregation.
- 6 The Pro Forma historical balance sheet of Centro Retail Australia has been prepared on the basis that it has entered into the new debt facilities as set out in Section 7.3.6 on 30 June 2011. The Centro Retail Australia debt facilities include a new \$1,280 million facility with maturity dates ranging from three to four years from the date of Aggregation and retention of an existing \$300 million facility of CER and CAWF with a revised maturity date of 4 December 2013. Borrowings classified as current are solely in respect of the Centro MCS Syndicates that Centro Retail Australia controls. Recourse for syndicate borrowings is to each individual syndicate's property assets only and, not to Centro Retail Australia.
- 7 Other current liabilities include trade creditors, accrued interest, accrued expenses and current employee entitlements.
- 8 Puttable interests in consolidated finite life trusts represents the portion of the Centro MCS Syndicates that are not owned by the Centro Retail Australia. It is represented as a liability as it is repayable to Centro MCS Syndicate investors at the end of the Syndicate term.
- 9 Other non-current liabilities include an provision for stamp duty in respect of assessments that have been raised by various state authorities but at the date of this Document are being disputed by either CNP or the Aggregation Funds and non-current employee entitlements.
- 10 Full look-through gearing attributable to members is Centro Retail Australia's proportionate share of borrowings of all investments, including investments in Centro MCS Syndicates divided by Centro Retail Australia's proportionate share of all property investments.
- 11 No account has been taken of trading by any of the Aggregating Funds since 30 June 2011.



7. FINANCIAL INFORMATION

7.3.4. Pro Forma adjustments

Set out below are the Pro Forma adjustments made to the historical and Pro Forma historical balance sheets of the Aggregation Funds to compile the Pro Forma historical balance sheet of Centro Retail Australia as at 30 June 2011.

TABLE 7.3 PRO FORMA ADJUSTMENTS TO THE HISTORICAL AND PRO FORMA HISTORICAL BALANCE SHEETS OF THE AGGREGATION FUNDS

	CPT Assets Note 1 \$m	Services Business Note 2 \$m	CSIF-A Note 3 \$m	Payment to CSIF-Holders Note 4 \$m	CER US proceeds Note 5 \$m
As at 30 June 2011					
Current assets					
Cash	-	2.5	8.1	(22.7)	(120.6)
Other current assets	253.8	71.4	4.6	-	(34.8)
Total current assets	253.8	73.9	12.7	(22.7)	(155.4)
Non-current assets					
Investment property	47.3	-	95.6	-	-
Equity accounted investments	-	-	149.9	-	-
Managed fund investments	78.7	-	-	-	-
Intangible assets	-	199.7	-	-	-
Other non-current assets	-	2.9	30.6	-	-
Total non-current assets	126.0	202.6	276.1	-	-
Total assets	379.8	276.6	288.8	(22.7)	(155.4)
Current liabilities					
Borrowings	-	-	205.5	-	(155.4)
Other current liabilities	-	21.1	5.1	-	-
Total current liabilities	-	21.1	210.6	-	(155.4)
Non-current liabilities					
Borrowings	-	-	-	-	-
Puttable interests in consolidated finite life trusts	-	-	-	-	-
Other non-current liabilities	88.5	3.9	-	-	-
Total non-current liabilities	88.5	3.9	-	-	-
Total liabilities	88.5	25.0	210.6	-	(155.4)
Net assets	291.3	251.5	78.2	(22.7)	-
Total equity	291.3	251.5	78.2	(22.7)	-

Estimated costs Note 6 \$m	Gross-up investments Note 7 \$m	Consolidate CMCS Syndicates Note 8 \$m	Eliminations Note 9 \$m	Acquisition of Centro Arndale Note 10 \$m	New Debt Facilities Note 11 \$m	Other Note 12 \$m	Pro Forma adjustments \$m
(27.2)	22.7	34.6	-	-	(19.1)	(4.5)	(126.2)
-	7.3	37.2	(237.6)	-	-	-	101.9
(27.2)	30.0	71.8	(237.6)	-	(19.1)	(4.5)	(24.3)
-	3,308.7	497.0	109.4	97.0	-	-	4,155.0
-	(2,840.7)	84.2	(134.3)	(48.5)	(88.2)	-	(2,877.6)
-	-	-	(200.1)	-	-	-	(121.5)
-	-	-	-	-	-	-	199.7
-	(48.6)	8.6	(39.5)	-	-	(1.7)	(47.6)
-	419.4	589.8	(264.5)	48.5	(88.2)	(1.7)	1,308.1
(27.2)	449.4	661.6	(502.1)	48.5	(107.3)	(6.2)	1,283.8
-	39.1	260.5	(156.9)	-	(1,290.9)	1.8	(1,096.2)
(8.2)	26.6	39.5	(48.5)	-	-	(18.2)	17.5
(8.2)	65.7	300.0	(205.4)	-	(1,290.9)	(16.4)	(1,078.7)
60.0	300.0	59.3	(6.4)	48.5	1,183.6	-	1,645.0
-	-	93.6	-	-	-	-	93.6
-	62.2	208.7	(287.6)	-	-	-	75.7
60.0	362.2	361.6	(294.0)	48.5	1,183.6	-	1,814.3
51.8	427.9	661.6	(499.4)	48.5	(107.3)	(16.4)	735.6
(79.0)	21.5	-	(2.7)	-	-	10.2	548.2
(79.0)	21.5	-	2.7	-	-	10.2	548.2

Notes on the following page.

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Notes

- 1 Acquisition of related party loans of \$203.4 million, other working capital related receivables of \$25.1 million and derivative balances of \$25.3 million (all included within 'other current assets'), Centro Somerville for \$38.5 million and the land adjoining Centro Keilor for \$8.8 million ('investment property'), investments in managed funds totalling \$78.7 million and a stamp duty provision of \$88.5 million (included within 'other non-current liabilities').
- 2 Acquisition of Services Business including accrued roll-over, performance, wind-up and deferred RE fees of \$40.0 million and other working capital related receivables of \$31.4 million (included with 'other current assets'), intangible assets of \$199.7 million and working capital liabilities, including employee entitlement liabilities of \$24.9 million (current and non-current).
- 3 Consolidation of 100% of CSIF-A assets, currently owned by CNP and three Centro MCS Syndicates (CMCS 4, CMCS 14 and CMCS 25).
- 4 Payment to acquire the 28.73% of CSIF-A that the three Centro MCS Syndicates currently own of \$22.7 million with the remaining CSIF-A interest being acquired as part of the CNP assets (refer note 3).
- 5 Receipt of final distribution from US Centro MCS Syndicates (Centro MCS Syndicates 38, 39 and 40) of \$34.8 million and utilisation of remaining US sale proceeds on hand at 30 June 2011 to repay borrowings of \$155.4 million.
- 6 Estimated joint transaction costs to be borne by the Aggregation Funds of \$27.2 million, \$8.2 million of which had been provided for at 30 June 2011. Also includes estimated stamp duty on Aggregation of \$60.0 million which is to be debt funded and immediately written off.
- 7 CER, CAWF and CSIF-A currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of these properties on to the balance sheet of Centro Retail Australia.
- 8 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates that is not owned by Centro Retail Australia will be presented as "Puttable interests in consolidated finite life trusts"
- 9 Elimination of intergroup balances within Centro Retail Australia on consolidation. This includes the elimination of related party loans (acquired from CNP) with the Aggregating Parties and the elimination of investments in the Centro MCS Syndicates that are consolidated through Pro Forma adjustments 1 and 7.
- 10 Debt-funded acquisition of the 50% interest in Centro Arndale currently owned by Centro MCS Syndicate 33 on Aggregation.
- 11 Adjustment to reflect Centro Retail Australia entering into the new debt facilities, as outlined in Section 7.3.6.
- 12 Primarily reflect the payment by CAWF of its 30 June 2011 distribution and the reinvestment of the 30 June 2011 special distribution. Both distributions were provided in CAWF's 30 June 2011 statutory financial statements.



7.3.5. Reconciliation between DPF historical balance sheet and the DHT Pro Forma historical balance sheet

Presented above in Section 7.3.3 is the DHT Pro Forma balance sheet. DHT is a subsidiary of DPF and does not produce statutory financial statements in its own right. Accordingly, this information has been extracted from the audited financial statements of DPF for the year ended 30 June 2011 as set out below.

TABLE 7.4 RECONCILIATION BETWEEN DPF HISTORICAL BALANCE SHEET AND DHT PRO FORMA HISTORICAL BALANCE SHEET

As at 30 June 2011	Pro Forma adjustments				DHT Pro Forma
	DPF Historical	Eliminate assets not owned by DHT Note 1	Acquisition of investments by DHT Note 2	Reclassify managed fund investments to non-current Note 3	
	\$m	\$m	\$m	\$m	\$m
Current assets					
Cash	3.8	(3.8)	-	-	-
Other current	21.7	(21.7)	8.0	(8.0)	-
Managed fund investments	1,400.1	(1,225.9)	245.1	(419.4)	-
Total current assets	1,425.6	(1,251.4)	253.1	(427.4)	-
Non-current assets					
Investment property	-	-	-	-	-
Equity accounted investments	-	-	-	-	-
Managed fund investments	-	-	-	419.4	419.4
Intangible assets	-	-	-	-	-
Other non-current	-	-	-	8.0	8.0
Total non-current assets	-	-	-	427.4	427.4
Total assets	1,425.6	(1,251.4)	253.1	-	427.4
Current liabilities					
Borrowings	-	-	-	-	-
Other current liabilities	9.1	(9.1)	-	-	-
Total current liabilities	9.1	(9.1)	-	-	-
Non-current liabilities					
Borrowings	-	-	-	-	-
Puttable interests in consolidated finite life trusts	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-
Total liabilities	9.1	(9.1)	-	-	-
Net assets	1,416.5	(1,242.3)	253.1	-	427.4
Total equity	1,416.5	(1,242.3)	253.1	-	427.4

Notes

- 1 This Pro Forma adjustment separates DHT from DPF and eliminates the DPF investments which are not owned by DHT. DPF investments in other Aggregation Funds are eliminated as these will be converted to New Stapled Securities in their own right as part of the Aggregation.
- 2 In accordance with the proposed Aggregation transaction steps, DHT will acquire the remaining Centro MCS Syndicate investments of \$245.1 million from other DPF Group entities and the investment in MPG Bulky Goods Trust and MAB Diversified Fund totalling \$8.0 million.
- 3 The statutory financial statements of DPF were prepared on a liquidation basis at 30 June 2011 therefore all assets and liabilities were presented as current. This adjustment reverses that liquidation basis presentation, as this is not applicable to Centro Retail Australia.

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7.3.6. CENTRO RETAIL AUSTRALIA FUND DEBT FACILITIES

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

Set out in Table 7.5 below is a summary of Centro Retail Australia's Pro Forma borrowings as at 30 June 2011 based on either existing facilities extending beyond Aggregation or on facilities the subject of those negotiations.

The facilities include:

- \$248.7 million of current borrowings and \$55.0 million of non-current borrowings of Centro MCS Syndicates that Centro Retail Australia will consolidate of which all are existing facilities. These borrowings are shown as current as the relevant Centro MCS Syndicates (not the Aggregation Funds) are currently negotiating to refinance or extend their facilities as required. If the Centro MCS Syndicates successfully negotiate to refinance or extend their facilities, and Aggregation proceeds, then some or all of these borrowings would be expected to be reclassified as non-current;
- \$1,590.0 million of non-current consolidated borrowings (net of capitalised establishment costs) associated with properties in which Centro Retail Australia will hold a direct interest of which \$300.0 million are existing facilities; and
- \$234.9 million of borrowings in equity accounted vehicles that will not be separately identified on Centro Retail Australia's balance sheet of which \$146.8 million are existing facilities.

Centro Retail Australia will also have indirect exposure to other borrowings (which are not included in Table 7.5) via investments in Centro MCS Syndicates that are neither consolidated nor equity accounted and the relevant Centro MCS Syndicates (not the Aggregation Funds) are currently negotiating to refinance or extend those facilities as required (refer to Table 8.12 for further details).

TABLE 7.5 CENTRO RETAIL AUSTRALIA PRO FORMA BORROWINGS AS AT 30 JUNE 2011

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

Notes

- 1 Recourse is solely to each individual Syndicate's property assets and not to any assets of Centro Retail Australia.
- 2 Refer to further detail in following Sections below.
- 3 Existing syndicated facility of CER and CAWF with a maturity date of 4 December 2012 is intended to be extended to 4 December 2013 subject to final approval and Aggregation proceeding. The loan is secured over Cranbourne, Karingal, Warriewood and Mandurah. Recourse is solely to those four properties and not to any other assets of Centro Retail Australia.
- 4 Recourse will be solely to each individual property interest and not to any other assets of Centro Retail Australia.
- 5 Centro Retail Australia's loans secured by its 50% interests in Bankstown and Roselands are expected to be cross-collateralised (as it is intended they be provided by the same lender).
- 6 Reflects capitalised costs on existing facilities and the anticipated costs of establishing new facilities.
- 7 Existing facility expires on 15 December 2011. In addition to having recourse to Centro Retail Australia's 50% interest in Tuggeranong Hyperdome, the lender is expected to have recourse to up to \$45 million in the form of a bank guarantee from Centro Retail Australia.
- 8 Existing facility expires on 15 December 2011. Recourse will be solely to the individual property interest.

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Centro Retail Australia's largest debt facility is intended to be a new Core Facility of \$1,280 million (including \$100 million for development purposes and a \$50 million working capital facility which are not expected to be drawn down on Aggregation). Security for the Core Facility is expected to include all of Centro Retail Australia's direct and indirect property interests that are not otherwise used to secure the other debt facilities outlined above.

The Core Facility is being negotiated with a syndicate of domestic and international banks led jointly by lead arrangers and book-runners. The banks forming the syndicate are at various stages of due diligence and seeking approvals to participate. A term sheet is being negotiated and indicative terms therein have formed the basis of Pro Forma forecast financing costs for Centro Retail Australia for the year ending 30 June 2012 in Sections 7.4 and 7.8. However, credit approvals have not been obtained as at the date of this document and there is no guarantee that approval will be obtained or that margins will be consistent with forecast assumptions.

Although not Centro Retail Australia's preferred solution, if sufficient approvals cannot be obtained for the Core Facility, an option that may be considered is separately offering one or more of the properties the subject of the Core Facility security as security for bi-lateral facilities with other financiers that express an interest in providing that form of finance.

The key terms of the proposed Core Facility are as set out in Table 7.6:

TABLE 7.6 CORE FACILITY

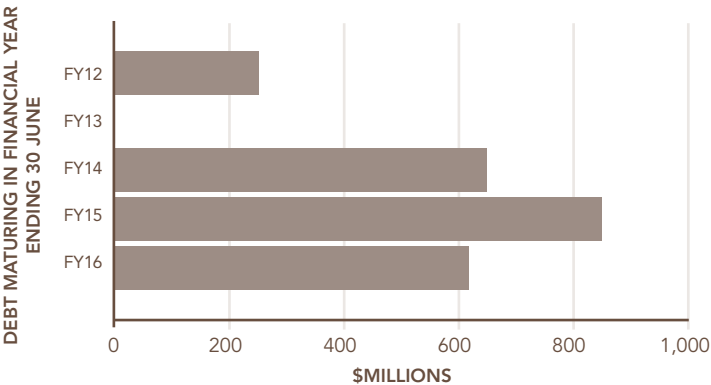
Tranches	Maturity Date
\$665 million	3 years from date of facility agreement
\$615 million	4 years from date of facility agreement
Interest rates	BBSY plus a Margin based on Centro Retail Australia's loan to value ratio.
Conditions precedent to initial draw down	The detailed terms sheet currently being negotiated contains market standard conditions precedent to initial drawdown for a facility of this nature. Additional conditions include: - the Aggregation becoming effective; - provision of evidence that the other non-core debt facilities shown in Table 7.5 can be refinanced or extended; - provision of a mitigation plan acceptable to the financiers setting out how Centro Retail Australia would fund any adverse decision in relation to the CER Class Action Litigation; - provision of evidence that debt facilities of the Centro MCS Syndicates can be refinanced or extended; and - no material adverse effect impacting the ability of Centro Retail Australia to perform its obligations under the facility. Accordingly, there can be no guarantee that conditions will be satisfied by the Aggregation Implementation Date to enable drawdown on the Core facility to occur.
Security	The obligations of Centro Retail Australia under the terms of the Core Facility will be guaranteed on a joint and several basis by Centro Retail Australia and each of its relevant wholly-owned subsidiaries as well as by provision of a first mortgage over the assets to which the facility relates and charges over the assets of Centro Retail Australia and of its wholly owned subsidiaries
Covenants	The Core Facility includes typical financial covenants, including: - Interest cover ratios; and - Gearing and loan to value ratios.

The Aggregation Funds intend to seek financier credit committee approvals, satisfy financier due diligence requirements and enter into formal agreements (which are likely to include normal conditions precedent to draw down) with each financier so as to ensure that all of the facilities that they are negotiating are available to be drawn down upon Aggregation.

Successful refinancing is a critical condition precedent to Aggregation. Whilst this condition precedent is capable of being waived to allow Aggregation to proceed, the respective Boards of the Aggregation Funds have determined that the condition precedent would not be waived except in circumstances where existing CAWF, CER and CSIF facilities are fully refinanced and the Boards have reasonable grounds to believe other facilities could be refinanced on reasonable terms shortly after Aggregation. The Directors of each of the Issuers consider that the new and existing facilities detailed in Table 7.5, combined with the cash flow expected to be generated from Centro Retail Australia, will be sufficient to allow Centro Retail Australia to carry out its business and stated objectives immediately following Aggregation, having regard to the financial and investment profile of Centro Retail Australia following Aggregation. Risks relating to funding requirements and liquidity are outlined in Sections 5.3.3, 5.4.2 and 5.4.3.

Table 7.7 below outlines Centro Retail Australia’s Pro Forma borrowings maturity profile based on facility limits and maturity dates of total borrowings in Table 7.5.

TABLE 7.7 CENTRO RETAIL AUSTRALIA PRO FORMA TOTAL BORROWINGS MATURITY PROFILE



Over time, Centro Retail Australia’s finance facilities may include secured and/or unsecured facilities (either syndicated or bilateral) with a number of lenders as well as bonds and hybrid instruments with staggered maturities to assist in managing credit risk and refinancing risk. Centro Retail Australia intends to seek an investment grade credit rating in due course to support its capital management strategies.

Centro Retail Australia intends to maintain gearing within a target range that will be established having regard to a number of factors such as the stage of the property value cycle and capital markets. Centro Retail Australia does not intend to materially increase its gearing following Aggregation.

7.3.7. Disclosure about financing and treasury risks

Centro Retail Australia’s activities will be exposed to changes in interest rates. Policies and limits will be implemented in respect of the use of derivative and other financial instruments to hedge cash flows and economic exposures subject to interest rate risks. Centro Retail Australia’s hedging policies will be approved and monitored by the Centro Retail Australia Board. Centro Retail Australia policy will not permit derivatives to be entered into for speculative purposes. Whilst Centro Retail Australia intends to use derivative instruments to manage its interest rate risk, its financial and operating results may be adversely affected if its hedges are not effective in managing that risk, if Centro Retail Australia is under-hedged, or over-hedged, or if a hedge counter-party defaults on its obligations under the hedging instruments. Consequently there can be no assurance that Centro Retail Australia’s hedging arrangements or changes in interest rates will not have a material adverse effect on its business, operational performance or financial results.

Centro Retail Australia may also experience volatility in its reported earnings due to movements in the mark-to-market valuations of interest rate derivative financial instruments. Under Australian Accounting Standards, hedge accounting could be utilised to recognise these changes through equity, rather than through earnings which may reduce the earnings impact from these movements. However, due to the documentation, designation and effectiveness requirements under Australian Accounting Standards applying at the date of this Document, Centro Retail Australia does not anticipate applying hedge accounting.

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7.3.8. Other financing arrangements

Centro Retail Australia has prepared the Pro Forma historical balance sheet presented in Section 7.3.3 in accordance with Australian Accounting Standards, whereby investments held in joint ventures and associates are equity accounted, with assets and liabilities disclosed on a net basis, based on Centro Retail Australia's ownership interest in the entity. Debt facilities of equity accounted investments are included in Section 7.3.6.

Centro Retail Australia will also have an indirect exposure to borrowings via its investments in non consolidated Centro MCS Syndicates which collectively have approximately \$1.0 billion of external/senior debt facilities. Refer to Section 8.4.4 for further information. There is no recourse to Centro Retail Australia under any of these facilities.

Centro MCS 16 is the only syndicate that at the date of this Document is in breach of a debt facility covenant. Centro MCS 16's financier has effectively reserved its rights by not calling an event of default or waiving the breach. Centro Retail Australia's exposure to Centro MCS 16 includes a \$1.9 million co-investment and a \$15.2 million related party loan which has been fully provided for.

7.3.9. Capital expenditure commitments

Detailed below are capital expenditure commitments of the Aggregation Funds that are contracted at 30 June 2011 but are not recognised as liabilities in the Pro Forma historical balance sheet. If Aggregation were to proceed, these commitments would become commitments of Centro Retail Australia.

In addition, a development opportunity exists at Centro Arndale. This capital expenditure commitment is included below as a Pro Forma adjustment because the 50% interest in Centro Arndale not owned by the Aggregation parties is being acquired as part of the Aggregation; the development will only be committed should Aggregation proceed. These commitments, (and if committed, Centro Arndale), are fully funded through the borrowing facilities referred to in Section 7.3.6.

TABLE 7.8 CAPITAL EXPENDITURE COMMITMENTS⁵⁰

	CER	CAWF	DHT	Pro Forma adjustments	Centro Retail Australia
30 June 2011	\$m	\$m	\$m	\$m	\$m
Capital expenditure:					
Board approved capital expenditure projects:					
Centro Toombul	2.7	2.7	-	-	5.5
Centro Tweed	2.0	2.0	-	-	4.0
Centro Warwick	0.7	0.7	-	-	1.5
Centro Bankstown	-	1.2	-	-	1.2
Centro Arndale	-	-	-	41.0	41.0
	5.5	6.7	-	41.0	53.1

⁵⁰ Capital expenditure commitments at Centro Arndale reflect development costs only rather than the cost of acquisition of a 50% interest on Aggregation.

7.3.10. Contingent liabilities

The statutory financial statements of CER, CAWF and DPF for the year ended 30 June 2011 include disclosure of contingent liabilities as at 30 June 2011, which are set out below. If Aggregation was to proceed, these would become contingent liabilities of Centro Retail Australia.

Stamp duty exposures

Set out below are potential stamp duty exposures that are noted as contingent liabilities in each of CER, CAWF and DPF (as relevant). It is noted that the exposure numbers take into account recent reductions in assessed amounts.

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

CAWF has been assessed by the SRO in relation to its acquisition of Victorian property interests on the establishment of the fund and is subject to investigation in relation to its interest in the Centro Karingal/Starzone centre. The assessed amount (including penalties and interest) is approximately \$32.6 million. SA Revenue is also currently investigating CAWF in relation to its acquisition of South Australian property interests on establishment of CAWF.

DPF and CAWF have been jointly assessed by the SRO in relation to DPF's acquisition of units in CAWF on the basis that CAWF was not an eligible wholesale trust at the time of acquisition. The assessed amount (including penalties and interest) is approximately \$15.1 million.

Where assessments have been raised in relation to these transactions, objections have been lodged (some of which have been allowed in part) and arrangements have been made to stay payment of the duty (subject to certain conditions) until such time as the matters are ultimately determined.

The stamp duty provision held by CNP in relation to these matters (and a further matter specific to CNP for which an assessment of approximately \$13.1 million has been raised) totalling \$88.5 million has been taken into account for the purpose of calculating the Aggregation Ratios. This amount has been recorded as a non-current provision on the pro forma balance sheet of Centro Retail Australia set out in Section 7.3.3. In connection with this, and as part of the

acquisition by Centro Retail Australia of assets and liabilities from CNP as part of Aggregation, Centro Retail Australia has agreed to indemnify DPF and CNP and their related entities against existing and future stamp duty assessments in respect of certain historical transactions.

Other contingent liabilities

CER Class Action Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against CRL and Centro MCS Manager Limited (as the RE of CRT) (together, CER).

One proceeding is being conducted by Maurice Blackburn and the other by Slater & Gordon. The statements of claim in each proceeding allege that CER engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations, in relation to:

- the classification of certain liabilities as non-current liabilities in CER's consolidated financial statements, which were published in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007, and in the explanatory memorandum for the proposed merger of Centro Shopping America Trust (CSF) and CRT, lodged with ASIC on 14 September 2007;
- CER's operating distributable profit per security (DPS) forecasts for the 2008 financial year;
- the refinancing of United States Joint venture debt due in December 2007; and
- the treatment of Super LLC's debts and the issue of consolidation of Super LLC financial statements in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007 and in the explanatory memorandum for the proposed merger of CSF and CRT, lodged with ASIC on 14 September 2007.

Similar proceedings were commenced against CPL and CPT Manager Limited.

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

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

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

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

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

The proceedings are being vigorously defended (with defences filed). The parties are completing various interlocutory steps ordered by the court with a view to a trial commencing in March 2012. No amount has been provided for in the Pro Forma historical balance sheet as at 30 June 2011, set out in Section 7.3.3 and no amount is assumed to be settled or is to be paid under any judgment in the forecast period to 30 June 2012. However, the financial effect of this contingent liability may be material if it becomes an actual liability.

7.4. FORECAST FINANCIAL INFORMATION

Set out below is the Pro Forma and Statutory forecast earnings and distribution information for Centro Retail Australia.

The Forecast Financial Information does not include the impact of any future fair value adjustments. Any profit or loss arising from the revaluation of investment properties, interest rate derivatives and any potential accounting impact on the fair value measurement of the CATS (which will be classified as debt for financial reporting purpose refer to Section 10 for further information regarding CATS), will be dependent upon a number of external market conditions which cannot be reliably forecast with any degree of certainty. Whilst impacting net profit, unrealised profits or losses from such fair value adjustments does not impact distributable earnings.

7.4.1. Forecast earnings and distribution information

The forecast earnings and distribution information has been prepared and presented based on two scenarios:

- assuming Aggregation occurred on 30 June 2011 (a Pro Forma forecast for full year year ending 30 June 2012); and
- assuming Aggregation occurred on 1 December 2011 (a statutory forecast for the year ending 30 June 2012 assuming that Aggregation occurs in accordance with the planned timetable).

Under Australian Accounting Standards, an accounting parent must be identified for the purposes of determining which entity presents the results of the consolidated group. CRL is anticipated to be the accounting parent of Centro Retail Australia as the Centro Retail Australia Board and management will be employed by CRL and its controlled entities. CRL is currently stapled to CRT, trading together as CER. CRL's only current activity is the employment and payment of the CER Directors, for which it is reimbursed.

Accordingly, the Statutory earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 will present the results of the accounting parent (CRL) for the period up to Aggregation (assumed to be from 1 July 2011 to 30 November 2011) and the results of Centro Retail Australia for the period from Aggregation to 30 June 2012 (assumed to be 1 December 2011 to 30 June 2012). Section 7.4.3 includes a reconciliation of the information presented under these two scenarios. If, however, as part of the Aggregation accounting described in Section 7.7, an entity or group of entities other than CRL is determined to be the parent of Centro Retail Australia their results will be reflected in the statutory earnings up to Aggregation rather than CRL's. Management has considered alternatives for the parent of Centro Retail Australia, such as the Services Business as a collective and Centro MCS Manager Limited, and does not consider this would materially alter the net profit excluding fair value adjustments as reflected in the statutory column of Table 7.9, although use of such entities as the parent of Centro Retail Australia would result in the gross up of certain line items such as services revenue, employee benefits expense and interest expense.

TABLE 7.9 CENTRO RETAIL AUSTRALIA PRO FORMA AND STATUTORY EARNINGS AND DISTRIBUTION INFORMATION

	Pro Forma Year Ended 30 June 2011 \$m	Pro Forma Year Ending 30 June 2012 \$m	Statutory ¹ Year Ending 30 June 2012 \$m
Property ownership revenue	474.8	490.9	288.7
Property services revenue	35.0	28.6	14.9
Distribution revenue	11.9	14.3	11.3
Total revenue	521.7	533.8	314.9
Other income	2.1	0.2	0.6
Share of net profits of associates and joint ventures accounted for by equity method	53.3	53.0	31.0
Direct property expenses	(127.5)	(131.9)	(76.8)
Employee benefit expenses	(61.4)	(61.9)	(35.2)
Adviser fees	(10.3)	(9.6)	(7.7)
Other expenses	(8.7)	(7.9)	(64.6)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(16.3)	(15.1)	(8.8)
EBITDA excluding fair value adjustments	352.9	360.6	153.4
Depreciation and amortisation expense	(1.1)	(1.2)	(0.7)
EBIT excluding fair value adjustments	351.8	359.4	152.7
Financing costs		(149.3)	(88.4)
Financing costs – share of net profits of associates and joint ventures accounted for by equity investments		(17.7)	(9.8)
Financing costs – attributable to puttable interests in consolidated finite life trusts		7.9	4.6
Interest revenue		7.2	4.9
Net profit excluding fair value adjustments		207.5	64.0
Adjusted for non-distributable items:			
– estimated transaction costs on Aggregation ²		-	60.0
– other non-distributable income/(expenses)		(2.7)	(1.5)
Underlying earnings		204.8	122.5
Cash retained to fund operational capital expenditure requirements		(38.0)	(19.7)
Undistributed earnings		-	(17.0)
Cash distribution		166.8	85.8
Underlying earnings per unit (cents)		15.3	9.1
Distribution payout ratio (%)		81.4%	70.1%
Units on issue (number)		1,340,727,759	1,340,727,759
Cash distribution per unit (cents)		12.4	6.4
Interest cover ratio (times)		2.4	1.7
Earnings yield (%) ³		6.1%	6.3%
Cash distribution yield (%) ⁴		5.0%	5.1%

Note

- Includes only seven months of Centro Retail Australia and five months of CRL, comprising \$0.5m of other income and \$0.5m of expenses.
- Refer to Adjustment 2 in Table 7.10.
- Earnings yield is Underlying Earnings as a proportion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.
- Cash distribution yield is distributable cash as a portion of net asset value (including intangibles). Statutory year to 30 June 2012 yield has been calculated on an annualised basis.

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

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7.4.2. Management discussion and analysis of the Pro Forma forecast earnings and distribution information – assuming aggregation occurred on 30 June 2011

Revenue

- Property ownership revenue is forecast to increase by 3.4% or \$16.1 million from \$474.8 million in FY11 to \$490.9 million in FY12, driven by increases in rental income from annual reviews.
- Services revenue, which reflects only revenue generated from non-consolidated properties and Centro MCS Syndicates, is forecast to decrease by 18.4% or \$6.4 million from \$35.0 million in FY11 to \$28.6 million in FY12 due to a full year impact of property sales on both funds management and property management fee income as well as decrease in rollover/performance fees forecast in FY12.
- Distribution revenue is forecast to increase by 20.1% or \$2.4 million from \$11.9 million in FY11 to \$14.3 million in FY12, due to forecast increased ownership in underlying investments as a result of participating in Syndicate rollovers and acquiring interests from unit holders who elect to exit during the forecast period. Additionally, distribution yields are forecast to increase due to improved property performance and the Syndicates' ability to meet required capital expenditure with cash on hand.

EBIT excluding fair value adjustments

EBIT excluding fair value adjustments is forecast to increase by 2.2% or \$7.6 million from \$351.8 million in FY11 to \$359.4 million in FY12. The main drivers of this increase are forecast to be:

- total revenue is forecast to increase by 2.3% or \$12.1 million from \$521.7 million in FY11 to \$533.8 million in FY12 as noted above, partially offset by:
- forecast increase in direct property expenses of 3.5% or \$4.4 million from \$127.5 million in FY11 to \$131.9 million in FY12 in line with revenue growth and inflation.



7.4.3. Reconciliation of Pro Forma and Statutory forecast earnings information

Set out below is a reconciliation of the Pro Forma and Statutory forecast earnings information of Centro Retail Australia for the year ending 30 June 2012, should Aggregation proceed occur on 1 December 2011.

As described in Section 7.4.1, the Statutory forecast includes only seven months of Centro Retail Australia (based on forecast results by month) and reflects the expected results of Centro Retail Australia at 30 June 2012 as will be disclosed in Centro Retail Australia's Statutory financial statements for the year ending 30 June 2012.

TABLE 7.10 RECONCILIATION OF PRO FORMA AND STATUTORY FORECAST EARNINGS INFORMATION

	Pro Forma Year Ended 30 June 2012 \$m	Adjustment 1 \$m	Adjustment 2 \$m	Statutory Year Ended 30 June 2012 \$m
Property ownership revenue	490.5	(202.2)	-	288.7
Property services revenue	28.6	(13.7)	-	14.9
Distribution revenue	14.3	(3.0)	-	11.3
Total revenue	533.8	(218.9)	-	314.9
Other income	0.2	0.4	-	0.6
Share of net profits of associates and joint ventures accounted for by equity method	53.0	(22.0)	-	31.0
Direct property expenses	(131.9)	55.1	-	(76.8)
Employee benefit expenses	(61.9)	26.7	-	(35.2)
Adviser fees	(9.6)	1.9	-	(7.7)
Other expenses	(7.9)	3.3	(60.0)	(64.6)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	(15.1)	6.3	-	(8.8)
EBITDA excluding fair value adjustments	360.6	(147.2)	(60.0)	153.4
Depreciation and amortisation expense	(1.2)	0.5	-	(0.7)
EBIT excluding fair value adjustments	359.4	(146.7)	(60.0)	152.7
Financing costs	(149.3)	60.9	-	(88.4)
Financing costs – equity accounted investments	(17.7)	7.8	-	(9.8)
Financing costs – attributable to puttable interests in consolidated finite life trusts	7.9	(3.3)	-	4.6
Interest revenue	7.2	(2.3)	-	4.9
Net profit excluding fair value adjustments	207.5	(83.6)	(60.0)	64.0

Adjustments

- 1 Removal of the Pro Forma forecast earnings for the period from 1 July to 30 November 2011 (assuming Aggregation occurs on 1 December) and replace with the forecast earnings of the accounting parent, CRL for that period, comprising \$0.5 million of income and \$0.5 million of expense.
- 2 Inclusion of the estimated transaction costs on Aggregation representing stamp duty payable. This amount has not been included in the Pro Forma earnings as it is assumed to occur immediately prior to 1 July 2011 for Pro Forma purposes.

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7.5. KEY BEST ESTIMATE ASSUMPTIONS

The Forecast Financial Information is based on the following key best estimate assumptions, which should be read in conjunction with the risk factors, set out in Section 5 and the Investigating Accountant's Report in Section 12.

The Directors of each of the Issuers believe that they have prepared the forecasts with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Document.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that assumptions will occur.

General assumptions

The following key general assumptions are relevant to the Forecast Financial Information:

- no material changes in the macroeconomic, industry, or competitive operating environment from those in place as at the date of this Document;
- no significant amendment to any material agreement or arrangement relating to the business. The parties to those agreements and arrangements are assumed to continue to comply with the terms of all material agreements and arrangements and maintain all relevant licences and approvals;
- no significant change in the legislative regimes and regulatory environments in which Centro Retail Australia or its key customers operate that will materially affect the Forecast Financial Information (including in the areas of taxation or carbon pollution reduction and various state retail tenancy legislation);
- no changes in capital structure during the forecast period, other than those set out in, or contemplated by, this Document;
- no material contract disputes or new litigation;
- no acquisitions or disposals of interests in direct property investments during the forecast period;
- no changes in Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the Forecast Financial Information;
- consumer price index increase of 3.1%; and
- consistency of application of accounting policies over the forecast period.

Specific assumptions

The specific assumptions adopted in preparing the Pro Forma forecast earnings and distribution information for Centro Retail Australia for the year ending 30 June 2012 include:

- Centro Retail Australia controls Centro MCS 12, 25, 26, 27, 30 and 37 during the forecast period;
- no development projects are undertaken other than those set out in Section 7.3.9 in respect of Centro Toombul, Centro Tweed, Centro Warwick, Centro Bankstown and Centro Arndale;
- there are no significant changes to the terms of the underlying rental agreements during the forecast period affecting property ownership income including existing annual reviews;
- no material movement from the 30 June 2011 99.4% occupancy rate across the portfolio during the forecast period;
- forecasts for rent relief and other tenant related allowances have been estimated based on the assessment of prevailing trading conditions;
- no change in property valuations during the forecast period;
- employee remuneration expense in respect of the equity based long-term incentive is not materially different to the expense recognised on an equivalent cash based incentive plan;
- 4% reduction in corporate overheads as a result of simplified ownership structure;
- financing costs assume a base interest rate of 4.29% throughout the forecast period plus relevant margins and line fees reflecting non-credit approved term sheets or management estimates where term sheets have not been received;
- wind up of four Centro MCS Syndicates through the on-market sale at book value of nine properties⁵¹ (book value of \$246.3 million at 30 June 2011) which will reduce funds under management and services business income;

51 Includes two properties co-owned by CMCS 19NZ (30%) and CMCS 19UT (70%). CMCS 19UT is assumed to rollover in the forecast period, with CMCS 19 NZ winding up. Book value quoted is at ownership percentage.

- roll over of eight Centro MCS syndicates for an additional term with the sale of eight properties⁵¹ (book value of \$242 million at 30 June 2011), which will reduce funds under management and services business income, to allow for the redemption of Investors and/or de-leverage for the new term requiring \$82.8 million of capital injection by Centro Retail Australia to facilitate rollover, fully funded by capital returns from Syndicates winding up, related party loan repayment, and various transaction fees payable by Syndicates;
- no income tax is payable during the forecast period;
- Existing litigation, including the CER Class Action litigation, is either successfully defended, or otherwise resolved in a manner that does not require payment of any material amounts, or remains unresolved at the end of the forecast period, and no expense has been recognised in the forecast period. An amount of \$5 million has been included as an expense within the forecast period for the cost of defending the CER Class Action litigation. In the event that a payment is made to settle the CER Class Action litigation, the settlement expense and corresponding reduction in Centro Retail Australia's NTA will be shared by all investors in Centro Retail Australia. The CATS (as outlined in Section 10) will then serve to compensate non CER investors (subject to the Caps described in Section 10) for the reduction in Centro Retail Australia's NTA. This is achieved by effectively reallocating the cost of any settlement to ensure it is to be borne up to the Caps by the CER investors at the date of Aggregation via the holders of CATS receiving either cash or a number of New Stapled Securities when a CER Class Action Litigation liability is crystallised; and
- While the CATS are assumed to have nil value on Aggregation implementation, they will be carried at either fair value, which would have regard to their trading price, or amortised cost based on any anticipated settlement amount and timing thereof. This will result in a separate expense within Centro Retail Australia's income statement and the recognition of a liability on Centro Retail Australia's balance sheet, reflecting the estimated amount which the holders of the CATS (being, on Aggregation, CAWF Unitholders, DHT Unitholders, DPF and CNP (whose CATS will then be transferred to the Senior Lenders under the Senior Debt Scheme)) would receive to partially neutralise (subject to the Caps) the impact of any anticipated settlement on their holding on Centro Retail Australia. No value for CATS has been recognised in the forecast period.

7.6. SENSITIVITY ANALYSIS

The Forecast Financial Information in Section 7.4 is based on certain economic and business assumptions about future events that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Directors of each of the Issuers and management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of the Pro Forma forecast net profit, excluding fair value adjustments, for changes in three key variables. The changes in key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

TABLE 7.11 SENSITIVITY ANALYSIS

	Impact on Net Profit excluding FV adjustments (\$m)	% Movement	Distribution per unit impact (cents)	% Movement
Direct property net operating income growth (+/- 100bps)	4.4	2.1%	0.33	2.6%
Interest rate (+/- 25 bps) pre hedging	4.9	2.4%	0.36	2.9%
Interest rate (+/- 25 bps) post hedging	0.4	0.2%	0.03	0.2%
Syndicate funds under management (+/- 5%)	1.7	0.8%	0.13	1.0%

Sensitivity to capitalisation rates are discussed below.

In accordance with Australian Accounting Standards, Centro Retail Australia's properties will be required to be revalued every reporting period, with any increase or decrease in the value of those properties recorded in the income statement in the period during which the revaluation occurs. As a result Centro Retail Australia could have significant non-cash revenue gains and losses depending on the change in fair market values of its property portfolio from period to period, whether or not such properties are sold. If a substantial decrease occurs in the fair market value of its properties, Centro Retail Australia's financial results could be adversely

51 Includes two properties co-owned by CMCS 19NZ (30%) and CMCS 19UT (70%). CMCS 19UT is assumed to rollover in the forecast period, with CMCS 19 NZ winding up. Book value quoted is at ownership percentage.

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affected and, as a result, it may have difficulty in maintaining its desired gearing ratio, which could in turn impact its ability to comply with the terms of relevant financing arrangements.

The Forecast Financial Information does not include the impact of any future fair value adjustments. Any profit or loss arising from the revaluation of investment properties, interest rate derivatives and any potential impact on the fair value measurement of the CATS will all be dependent upon a number of external market conditions be at the time these items are measured. Whilst impacting net profit, unrealised profits or losses from such fair value adjustments are non-cash items. Should Centro Retail Australia's directly owned property portfolio grow in line with underlying net operating income and capitalisation rates compress by 0.25%, net profit would increase by approximately \$257 million at 30 June 2012. Should Centro Retail Australia's directly owned property portfolio grow in line with underlying net operating income but capitalisation rates expand by 0.25%, net profit would decrease by approximately \$56 million at 30 June 2012.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on the Pro Forma forecast net profit excluding fair value adjustments and the distribution per Stapled Security. In practice, changes in variables may offset each other or be cumulative.

7.7. KEY ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

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

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

The key accounting policies outlined below are consistent with those applied by CER, CAWF and DPF in their statutory financial statements for the year ended 30 June 2011, except to the extent that, at the date of this Document, those policies are not applicable to the Aggregation Funds, for example services revenue. Such accounting policies are included below to assist users in understanding the accounting treatment proposed in Centro Retail Australia.

Principles of consolidation

Controlled entities are those entities over which Centro Retail Australia has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The acquisition method of accounting is used to account for the acquisition of subsidiaries by Centro Retail Australia. Acquisition-related costs are expensed as incurred.

The effects of all transactions between entities controlled by Centro Retail Australia are eliminated in full.

Aggregation accounting

The Aggregation will be accounted for as either a business combination or a common control transaction. In the event that Aggregation is a business combination it has been assumed that the Services Business as a collective would be the acquirer. Should the transaction be a common control transaction, the acquisition method will not be applied. Rather, the assets and liabilities contributed by entities under common control are transferred to the receiving entity at their carrying value at the date of transfer (although adjustments are recorded to achieve uniform accounting policies).

Specifically, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquirer in accordance with applicable Australian Accounting Standards. Aggregation expenses are written off immediately in the income statement. Comparative amounts are not restated.

Under a business combination the assets and liabilities of the acquired entities are fair valued and any cumulative difference to the consideration paid is recognised as goodwill or a discount on acquisition.

Under either scenario it is anticipated that no material adjustments are required to the existing carrying values of the assets and liabilities of the Aggregating Funds.

Investment properties

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

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

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

Managed fund investments

Centro Retail Australia classifies its investments in Centro MCS Syndicates as "managed fund investments".

Managed fund investments are measured initially at fair value excluding any transaction costs. Transaction costs are expensed immediately in the income statement. Managed fund investments are subsequently measured at fair value each reporting period with realised and unrealised gains and losses arising from changes in the fair value included in the income statement in the period in which they arise.

The fair value of managed fund investments is determined by reference to the Net Asset Backing of the managed funds, as advised by the relevant RE.

Borrowings

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Centro Retail Australia recognises revenue when: the amount of revenue can be reliably measured; it is probable that the future economic benefits will flow to the entity; and specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. Revenue is recognised for the following activities:

(i) Property ownership revenue

As the owner of shopping centres, Centro Retail Australia will derive rental revenue from the leasing of these properties. Lease income is recognised on a straight-line basis over the lease term. Contingent rental revenue is recognised on an accruals basis as earned.

(ii) Services revenue

Property, leasing and development management

Property management and leasing fees are generated from properties and development fees are derived in respect of new developments and redevelopments. Fees are in accordance with generally accepted commercial terms and conditions.

Fee revenue is recognised on an accruals basis as earned.

Funds management

Centro Retail Australia derives fees from the establishment and ongoing management of managed funds. Funds management revenue is recognised on an accruals basis as earned.

(iii) Distribution revenue

Distribution revenue is recognised as revenue when the right to receive payment is established.

(iv) Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

CER Class Action Litigation and CATS

As noted in Section 7.5, no amount has been provided for in respect of the CER Class Action Litigation or the CATS in the Pro Forma historical balance sheet as at 30 June 2011 and no amount is assumed to be settled or paid under any judgement during the forecast period to 30 June 2012.

7.8. ALTERNATIVE PRO FORMA EARNINGS AND HISTORICAL BALANCE SHEET AND EARNINGS INFORMATION

As noted in Section 7.2, the primary basis of presentation of the Financial Information is in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards whereby:

- property investments held in joint ventures and associates are equity accounted (with revenues and expenses, and assets and liabilities disclosed on a net basis);
- all investments controlled by Centro Retail Australia, including the Centro MCS Syndicates outlined in Section 7.2.1, are consolidated (with revenues and expenses, and assets and liabilities disclosed on a gross basis); and

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- revenues and expenses, and assets and liabilities between controlled entities are eliminated in full.

While this method of presentation will be used for statutory reporting purposes, this does not fully reflect the financial information that will be used by management and the Directors in considering the financial performance and position of Centro Retail Australia. Therefore, an alternative basis of presenting earnings information and a Pro Forma historical balance sheet is set out in this Section.

This alternative basis is consistent with the format that will be used for internal reporting purposes and will be the basis on which the chief operating decision maker(s) of Centro Retail Australia assess its performance and determine the allocation of resources. Furthermore, should Aggregation proceed, this alternative basis will ultimately be the format used in the preparation and presentation of the segment information within the statutory financial statements of Centro Retail Australia.

The Directors of each of the Issuers also believe the information is helpful to investors and analysts when comparing relative performance to Centro Retail Australia's peers who may not be internally managed.

The following items are presented differently under the alternative basis of presentation when compared to the Statutory reporting:

- Direct property investment income – reflects net operating income (**NOI**) from property investments, both 50% and 100% interests, after deducting related expenses, including property management fees payable to Centro Retail Australia's Services Business, which is now internalised and on a statutory basis would be eliminated on consolidation;
- Managed fund investment income – investment income from Centro MCS Syndicates is recognised based on forecast cash distributions from the Syndicates compared to the statutory treatment of which involves a mix of consolidation, equity accounting and fair value adjustments through profit and loss. The difference between the two methods represents undistributed profits from consolidated Syndicates, which is included in non-distributable items;

- Services income – Services income is partly eliminated on consolidation under the statutory basis of preparation. The alternative basis of preparation recognises property management income derived from all properties managed by Centro Retail Australia and funds management income from all the Centro MCS Syndicates under management;
- Expenses – represents expenses incurred directly by Centro Retail Australia net of recoveries. The statutory basis includes property related expenses and expenses incurred by consolidated Centro MCS Syndicates;
- Financing costs/borrowings – borrowings and interest rate swap derivatives held in joint ventures and associates are disclosed on a gross basis (that is a "look-through" basis) rather than netted within investment in associates under the statutory basis. Under the alternative basis of preparation financing costs/borrowings exclude the debt and interest expense of consolidated Centro MCS Syndicates; and
- Managed fund investments – investments in Centro MCS Syndicates are valued based on the number of units held by Centro Retail Australia multiplied by the net assets per unit for each Syndicate rather than consolidated, equity accounted or carried at fair value through the profit and loss under the statutory basis.

7.8.1. Pro Forma forecast earnings information – alternative basis of presentation

Set out below is the forecast Pro Forma earnings information for Centro Retail Australia for the year ended 30 June 2011 and the year ending 30 June 2012 prepared on the alternative basis of presentation.

TABLE 7.12 PRO FORMA FORECAST EARNINGS INFORMATION – ALTERNATIVE BASIS OF PREPARATION

	Pro Forma Year Ended 30 June 2011	Pro Forma Year Ended 30 June 2012
	\$m	\$m
Direct property investment income	317.3	327.9
Managed fund investment income	18.0	23.7
Investment income	335.3	351.6
Property management, development and leasing	33.7	34.4
Funds management	25.9	20.7
Services income	59.6	55.1
Total income	394.9	406.7
Expenses	(61.9)	(59.2)
EBITDA excluding fair value adjustments	333.0	347.5
Depreciation and amortisation expense	(1.2)	(1.2)
EBIT excluding fair value adjustments	331.8	346.3
Financing costs		(141.5)
Non-distributable items		2.7
Net profit excluding fair value adjustments		207.5

The line items presented above are not prepared and presented in the format as required by Australian Accounting Standards.

7.8.2. Management discussion and analysis of the Pro Forma forecast earnings information – alternative basis of presentation

Income

- Direct property investment income is forecast to increase by 3.4% or \$10.6 million from \$317.3 million to \$327.9 million in line with existing lease terms, continued high occupancy levels and management's assessment of prevailing trading conditions.
- Managed funds investment income is forecast to increase by 31.6% or \$5.7 million as a result of having more Syndicates in a position to pay distributions (or increase distributions) as a result of asset sales and / or refinancing; and
- Services income is forecast to fall by 7.4% or \$4.5 million largely as a result of property sales within the Centro MCS Syndicates business impacting the fees earned.

EBIT excluding fair value adjustments

EBIT excluding fair value adjustments is forecast to increase by 4.4% or \$14.5 million from \$331.8 million in FY11 to \$346.3 million in FY12. The main drivers of this increase are forecast to be:

- total income increase of 3.0% or \$11.8 million as explained above; and
- forecast overhead savings following headcount reductions as a result of Aggregation.

Non distributable items include \$7.7 million of undistributed profits in consolidated Syndicates, offset by \$5 million of litigation defence costs.

7.8.3. Reconciliation between Pro Forma forecast earnings information and Pro Forma forecast earnings information on an alternative basis

Set out below is a reconciliation of the Pro Forma forecast earnings information set out in Section 7.4.1 and that presented using the alternative basis of presentation in Section 7.8.1.

TABLE 7.13 RECONCILIATION BETWEEN PRO FORMA FORECAST EARNINGS INFORMATION IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS (TABLE 7.9) AND THE ALTERNATIVE BASIS OF PREPARATION (TABLE 7.12)

	Year Ending 30 June 2011 \$m	Year Ending 30 June 2012 \$m
EBIT excluding fair value adjustments as set out in Table 7.9	351.8	359.4
Less:		
Share of interest expense of consolidated syndicates ¹	(13.2)	(10.4)
Other non distributable items	(6.8)	(2.7)
EBIT excluding fair value adjustments as set out in Table 7.12	331.8	346.3

Notes

- 1 Shown below the EBIT line in Table 7.9.

7. FINANCIAL INFORMATION

7.8.4. Historical and Pro Forma historical balance sheets – alternative basis of presentation

Set out below is the Pro Forma historical balance sheet of Centro Retail Australia prepared in accordance with Australian Accounting Standards as set out in Section 7.3.3 together with the adjustments required to prepare the Pro Forma historical balance sheet on the alternative basis of presentation, as set out in Section 7.8.1.

TABLE 7.14 PRO FORMA HISTORICAL BALANCE SHEETS – ALTERNATIVE BASIS OF PRESENTATION

	Centro Retail Australia Section 7.3.3	Reverse consolidation of CMCS Syndicates Section 7.3.4	Reverse eliminations of CMCS Syndicate	Recognise Equity Accounted Investments at Gross Values	Centro Retail Australia
	Pro Forma				Alternative basis
As at 30 June 2011	\$m	\$m	\$m	\$m	\$m
Current assets					
Cash	54.1	(34.6)	-	-	19.5
Other current assets	174.6	(37.2)	37.9	-	175.3
Total current assets	228.7	(71.8)	37.9	-	194.8
Non-current assets					
Investment property	4,266.8	(497.0)	(109.4)	-	3,660.4
Equity accounted investments	513.9	(84.2)	118.6	238.5	786.8
Managed fund investments	297.9	-	177.0	-	474.9
Intangible assets	199.7	-	-	-	199.7
Other non-current assets	17.8	(8.6)	8.6	-	17.8
Total non-current assets	5,296.1	(589.8)	194.8	238.5	5,139.6
Total assets	5,524.8	(661.6)	232.7	238.5	5,334.4
Current liabilities					
Borrowings	248.7	(260.5)	11.8	-	-
Other current liabilities	90.6	(39.5)	8.6	-	59.7
Total current liabilities	339.3	(300.0)	20.4	-	59.7
Non-current liabilities					
Borrowings	1,645.0	(59.3)	5.0	235.0	1,825.7
Puttable interests in consolidated finite life trusts	93.6	(93.6)	-	-	-
Other non-current liabilities	95.1	(208.7)	207.3	3.6	97.3
Total non-current liabilities	1,833.7	(361.6)	212.3	238.5	1,923.0
Total liabilities	2,173.0	(661.6)	232.7	238.5	1,982.7
Net assets	3,351.8	-	-	-	3,351.8
Total equity	3,351.8	-	-	-	3,351.8
Stapled securities on issue (number)					1,340,727,759
Net asset value per security					\$2.50
Net tangible asset backing per security					\$2.35
Gearing (borrowings / investment property and equity accounted investments)					41.1%
Book gearing (total liabilities / total assets)					37.2%
Full Look-through gearing ratio ¹					43.4%

Note

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

The differences between the two presentation bases are described below.

Ownership interests in Centro MCS Syndicates

In the Pro Forma historical balance sheet, Centro Retail Australia controls and therefore consolidates certain Centro MCS Syndicates due to its ownership interest in those Syndicates exceeding 50%. The impact of having to consolidate these Syndicates is a "grossing-up" of the balance sheet. Centro Retail Australia must recognise 100% of each consolidated Syndicates assets and liabilities and must recognise a liability for the portion of the net assets of each that are not owned by Centro Retail Australia, described as "puttable interests" rather than "non-controlling interests", because the syndicates have finite life investment periods at the end of which the equity of the Syndicate must be returned to investors.

In the alternative presentation basis, Centro MCS Syndicate investments are recognised as "Managed fund investments" regardless of the level of ownership held by Centro Retail Australia. The investment value is calculated based on the ownership interest attributable to Centro Retail Australia multiplied by the net asset value per unit of the Syndicate. No liabilities are therefore recorded for these investments on Centro Retail Australia's balance sheet.

Equity accounted investments

In the Pro Forma historical balance sheet, investments held in joint ventures and associates are equity accounted, with assets and liabilities disclosed on a net basis as a single line item.

In the alternative presentation basis, investments held in joint ventures and associates are reported on a "look-through" or gross basis, to reflect the gross property value of the underlying investment property. Any borrowings and interest rate swap derivatives of the equity accounted investments are also grossed up and separately recorded on the balance sheet of Centro Retail Australia.

7.9. MATERIAL FINANCIAL POSITION CHANGES SINCE LAST BALANCE DATE

The last financial statements of each of CER, CAWF and DPF are the financial statements for the year ended 30 June 2011 that were, in the case of CER, released to ASX on 29 August 2011 and in the case of each of CAWF and DPF filed with ASIC on 29 August 2011. As DHT was not a registered managed investment scheme until September 2011, its 30 June 2011 accounts were not lodged with ASIC.

To the knowledge of the Directors of CRL and CRT RE, there has not been a material change in the financial position of CER since 30 June 2011, except as disclosed in this Document, the CER Explanatory Memorandum or CER's announcements to ASX.

To the knowledge of the Directors of CAWF RE there has not been a material change in the financial position of CAWF since 30 June 2011, except as disclosed in this Document or the CAWF Explanatory Memorandum.

To the knowledge of the Directors of DHT RE there has not been a material change in the financial position of DHT since 30 June 2011, except as disclosed in this Document or the DHT Explanatory Memorandum.

CRL, CRT RE, CAWF RE, DHT RE and Centro Retail Australia RE will provide, free of charge, copies of the annual financial statements for the year ended 30 June 2011 to anyone who requests them before the CRL Members' Scheme and the Senior Debt Scheme are approved by the Court. Alternatively, a copy can be downloaded from www.centro.com.au.



8. Profile of Aggregation Funds

8.1. INTRODUCTION

This Section provides further information on each of the Aggregation Funds given that if Aggregation proceeds, Securityholders will have a direct ownership interest in each of the Aggregation Funds.

The information in this Section shows each Aggregation Fund's position prior to Aggregation. Aggregation will mitigate some of the risks described in this Section (including exposures as a result of each Aggregation Fund's existing relationship with CNP). As such, some of this information is historical and will not apply to Centro Retail Australia from the Aggregation Implementation Date.

8.2. PROFILE OF CER

8.2.1. Overview

CER is an A-REIT offering investors direct property investment in Australian shopping centres. An investment in CER is a listed Stapled Security trading on ASX, and comprises one CRL Share stapled to one Unit in CRT.

At the date of this Document, CPT holds in aggregate a 29.0% interest in CER, and DPF holds a further 21.7% interest, meaning, in total, entities associated with CNP control 50.7% of CER Stapled Securities on issue.

8.2.2. Responsible Entity and CER Board

The RE of CRT is, at the date of this Document, Centro MCS Manager Limited, a subsidiary of CPL and the Board of CRL and Centro MCS Manager Limited (the **CER Board**) is as follows:

- Peter Day – Chairman, Non-executive independent director;
- Bill Bowness – Non-executive independent director;
- Anna Buduls – Non-executive independent director;
- Paul Cooper – Non-executive independent director;
- Michael Humphris – Non-executive independent director; and
- Fraser MacKenzie – Non-executive independent director.

8. PROFILE OF AGGREGATION FUNDS

8.2.3. Investment portfolio

Portfolio overview

CER's investment portfolio at 30 June 2011 (excluding Birralelee which was sold on 25 July 2011) included investments in 28 Australian shopping centres valued at \$1.7 billion. Twenty-five of CER's 28 assets are co-owned with other CNP-managed funds. If Aggregation occurs, all of these properties will be 100% owned by Centro Retail Australia. The table below outlines CER's direct property investments:

TABLE 8.1 CER DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011

Property Name	Ownership	Portfolio Weighting	Jun 11 Value ¹ \$m	State	Centre Type	Cap Rate 30 Jun 11
Centro Galleria	50.0%	17.93%	307.5	WA	Regional	6.00%
Centro The Glen	50.0%	12.00%	205.8	VIC	Regional	6.25%
Centro Colonnades	50.0%	8.67%	148.7	SA	Regional	7.25%
Centro Mandurah ²	50.0%	6.88%	118.1	WA	Sub Regional	7.25%
Centro Toombul	50.0%	5.78%	99.2	QLD	Sub Regional	8.00%
Centro Karingal	50.0%	5.25%	90.0	VIC	Sub Regional	7.25%
Centro Warriewood	50.0%	3.92%	67.3	NSW	Sub Regional	7.25%
Centro Warwick	50.0%	3.72%	63.8	WA	Sub Regional	7.75%
Centro Cranbourne	50.0%	3.50%	60.0	VIC	Sub Regional	7.50%
Centro Box Hill (South)	50.0%	3.16%	54.3	VIC	Sub Regional	7.75%
Centro Warnbro	100%	2.77%	47.5	WA	Convenience	7.75%
Centro Mildura	50.0%	2.61%	44.9	VIC	Sub Regional	8.00%
Centro Taigum	50.0%	2.25%	38.6	QLD	Sub Regional	7.50%
Centro Mount Gambier	100%	2.19%	37.5	SA	Sub Regional	9.50%
Centro Tweed	50.0%	2.13%	36.5	NSW	Sub Regional	8.25%
Centro Box Hill (North)	50.0%	1.78%	30.5	VIC	Sub Regional	8.00%
Centro Lavington	50.0%	1.78%	30.5	NSW	Sub Regional	7.75%
Centro Mornington	50.0%	1.57%	27.0	VIC	Sub Regional	7.50%
Centro Albany (WA)	100%	1.56%	26.8	WA	Convenience	8.50%
Centro Springwood	50.0%	1.52%	26.0	QLD	Sub Regional	8.00%
Centro Whitsunday	50.0%	1.45%	24.9	QLD	Sub Regional	8.25%
Centro Goulburn	50.0%	1.40%	24.0	NSW	Sub Regional	8.75%
Centro Wodonga	50.0%	1.21%	20.8	VIC	Sub Regional	9.00%
Centro Armidale	50.0%	1.14%	19.5	NSW	Sub Regional	8.50%
Centro Westside	50.0%	1.01%	17.3	NSW	Sub Regional	9.50%
Centro Buranda	50.0%	0.99%	17.0	QLD	Sub Regional	7.75%
Centro Lansell	50.0%	0.99%	17.0	VIC	Sub Regional	9.00%
Centro Halls Head	50.0%	0.84%	14.4	WA	Convenience	8.00%
Total			1,715.2			7.28%

Notes

1 Value by Ownership percentage

2 Current interest held via a leasehold interest with an entity wholly owned by CPL expiring 31 March 2305.

GLA sqm	Occupancy	MAT \$m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (Incl. GST)
73,122	100%	482.3	6,596	10,160	16.4%
59,161	100.0%	331.1	5,597	8,407	16.3%
65,578	99.1%	286.8	4,373	5,989	17.2%
39,735	100%	354.3	8,917	9,632	12.9%
33,731	100%	205.8	6,101	6,975	15.6%
41,582	100%	229.9	5,528	7,048	12.5%
22,153	100%	166.9	7,533	9,357	15.1%
29,983	100%	190.3	6,346	7,536	12.6%
33,892	100%	192.5	5,679	8,121	11.7%
23,470	100%	122.4	5,215	7,170	14.6%
11,331	100%	99.3	8,765	7,953	11.3%
20,157	99.5%	143.7	7,127	6,472	10.0%
22,798	100%	122.2	5,359	5,989	12.9%
12,648	98.0%	61.7	4,876	9,372	9.4%
18,549	98.3%	102.6	5,531	5,632	15.6%
14,232	100%	70.7	4,965	4,999	15.7%
20,052	99.3%	119.1	5,938	7,168	11.9%
11,670	99.1%	93.6	8,019	9,482	14.0%
12,309	99.8%	50.6	4,110	4,351	9.4%
15,431	100%	78.0	5,057	7,195	11.6%
22,337	95.7%	99.5	4,454	7,629	9.2%
13,802	97.2%	98.4	7,127	7,686	11.3%
17,587	99.7%	95.0	5,401	6,191	11.3%
14,627	100%	96.5	6,597	5,039	12.8%
16,682	100%	108.0	6,474	8,598	7.5%
11,585	100%	75.4	6,508	7,563	12.0%
18,227	98.1%	85.7	4,701	5,473	10.0%
5,978	100%	36.6	6,114	5,039	12.7%
702,410	99.5%	4,198.6			

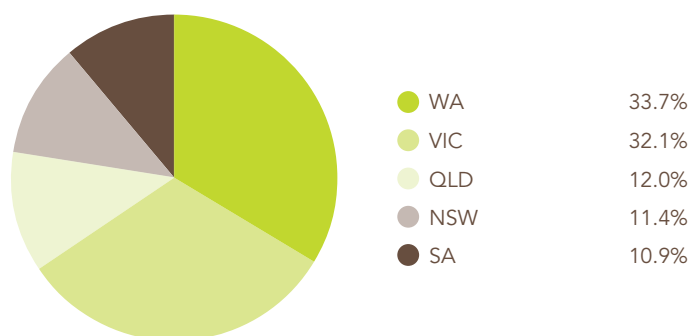
8. PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to CER's direct property portfolio include:

- the portfolio is geographically diverse spanning five Australian States, with Western Australia and Victoria accounting for 66% of the portfolio exposure by value as detailed in the chart below;
- the portfolio is predominately exposed to sub-regional and regional shopping centres;
- the portfolio has over 2,800 retail tenants;
- portfolio occupancy was 99.5% at 30 June 2011; and
- the largest asset in CER is Centro Galleria, a regional shopping centre in Western Australia, representing 17.9% of CER's portfolio by value as at 30 June 2011.

TABLE 8.2 CER DIRECT PROPERTY INVESTMENTS – GEOGRAPHIC DIVERSIFICATION AS AT 30 JUNE 2011



CER's portfolio is predominately anchored by Australia's largest retailers, being Coles and Woolworths. The table below outlines the top 10 tenants in CER's property investment portfolio at 30 June 2011:

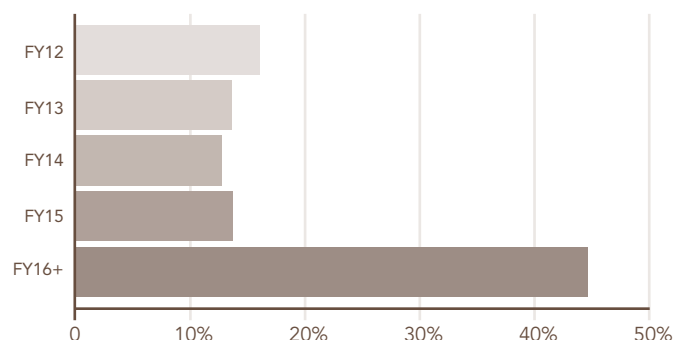
TABLE 8.3 CER DIRECT PROPERTY INVESTMENTS – TOP 10 TENANTS AS AT 30 JUNE 2011

Tenant	No of Leases	GLA %
Woolworths	23	11.8%
Kmart	10	10.4%
Big W	9	8.8%
Coles	15	7.9%
Target	8	7.0%
Myer	3	3.3%
David Jones	1	2.1%
Best & Less	13	1.4%
The Reject Shop	12	1.1%
Village Cinemas	1	1.0%
Total top 10	95	54.8%

Note: Gross lettable area based on percentage of ownership

CER has a stable income profile with 58% of total income secured by leases that expire in FY15 and beyond. The majority of specialty tenant leases in the portfolio have contracted annual rent reviews that typically reflect fixed increases of between 4.0% and 5.0%. The average term to maturity of CER's leases, weighted by income, is 4.5 years with an expiry profile as shown in the chart below.

TABLE 8.4 CER DIRECT PROPERTY INVESTMENTS – LEASE EXPIRY PROFILE AS AT 30 JUNE 2011



Development potential

Within CER's property portfolio, there are opportunities to enhance value through selective reinvestment and expansion of some of CER's centres, but in most cases these will be subject to agreement with the relevant co-owner. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain a competitive advantage. Since 2007 there has been modest development activity in the portfolio. A key rationale for the Aggregation is that through combining CER's interests with other CNP Group co-owners, the ability to pursue further development opportunities will be better facilitated.

Existing opportunities for CER's direct property portfolio total \$141 million across the nine properties shown in the table below. Of those, only Centro Toombul, Centro Tweed and Centro Warwick are CER Board approved and underway (\$5.5 million in total). These developments are expected to be completed by December 2011, with further stages of development at Toombul being considered. In line with CER's normal investment policies, all development proposals involving expenditure of more than \$10 million require CER RE Board approval. The CER RE Board will review a number of criteria when assessing any development opportunity to assess the likely the returns to Securityholders from undertaking the developments and the inherent risk involved, and as such there can be no guarantee that the current development pipeline noted below will proceed.

TABLE 8.5 CER DIRECT PROPERTY INVESTMENTS – DEVELOPMENT PIPELINE AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place	Board approval required
Centro Tweed	NSW	✓	
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)
Centro Mount Gambier	SA		✓
Centro Box Hill North	VIC		✓
Centro Warwick	WA	✓	
Centro Albany (WA)	WA		✓
Centro Galleria	WA		✓
Centro Halls Head	WA		✓
Centro Warnbro	WA		✓

8. PROFILE OF AGGREGATION FUNDS

8.2.4. Debt and Hedging

As at 30 June 2011, CER had \$624.5 million of secured debt which is due to expire between 30 November 2011 and 15 December 2011, and a further \$111.3 million of related party loans owing to members of the CNP group. CER has since repaid \$161.1 million of this debt leaving \$463.3 million of secured debt expiring by 15 December 2011.

In order to mitigate the risk of the debt falling due by 15 December 2011, CER is currently negotiating with its financiers for short term extensions of these maturing debt facilities, but there can be no certainty that extensions will be successfully negotiated on acceptable terms.

In addition to its secured debt, CER has two related party loans owing to members of the CNP Group, in the amounts of \$101 million and \$10 million respectively. If Aggregation proceeds, the \$101 million loan will be settled for New Stapled Securities as part of Aggregation for an amount equivalent to the book value of the Karingal asset (50% interest), which, at the date of this Document, is \$89.8 million. If Aggregation does not proceed, this amount will become due and payable. The second loan of \$10 million is payable on reasonable notice and would be transferred to Centro Retail Australia for New Stapled Securities as part of the proposed Aggregation, should it proceed.

As at 30 June 2011, and following completion of the sale of its US assets, CER had terminated all of its foreign exchange hedges. Interest rate hedging remains in place, which matches the duration of the existing debt profile.

8.2.5. Risks inherent in an investment in CER

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As CER is primarily exposed to the same property, business and market risks, the CER Board is of the view all of these risks would apply to an investment in CER today, with the exception of those referred to in Sections 5.2.14, 5.3.1 to 5.3.4, 5.4.8 to 5.4.10 and 5.5.3.

8.3. PROFILE OF CAWF

8.3.1. Overview

Centro Australia Wholesale Fund (CAWF) was established around December 2006, offering investors direct property investment in Australian shopping centres.

At the date of this Document, CNP holds a 49.98% interest in CAWF, DPF holds a further 49.90% interest and CER holds the remaining 0.12% interest, meaning, in total, entities managed by CNP control 100% of CAWF Units on issue.

8.3.2. Responsible Entity and Board

At the date of this Document the RE of CAWF is CPT Manager Limited, a subsidiary of CPL and the Board of CPT Manager Limited (**CAWF RE Board**) is as follows:

- Paul Cooper – Chairman, Non-executive independent director;
- Robert Tsenin – Chief Executive Officer;
- Anna Buduls – Non-executive independent director;
- Jim Hall – Non-executive independent director;
- Susan Oliver – Non-executive independent director; and
- Rob Wylie – Non-executive independent director.



8. PROFILE OF AGGREGATION FUNDS

8.3.3. Investment Portfolio

Portfolio overview

CAWF's investment portfolio at 30 June 2011 included investments in 26 Australian shopping centres valued at \$2.3 billion of which 20 are co-owned with CER. If Aggregation occurs, 21 of these properties will be 100% owned by Centro Retail Australia with the other 5 being co-owned with Centro MCS Syndicates and external joint ventures.

The table below outlines CAWF's direct property investments.

TABLE 8.6 CAWF DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011

Property Name	Ownership	Portfolio Weighting	Jun 11 Value ¹ \$m	State	Centre Type	Cap Rate 30 Jun 11
Centro Galleria	50.0%	13.44%	307.5	WA	Regional	6.00%
Centro Bankstown	50.0%	12.12%	277.5	NSW	Regional	6.75%
Centro The Glen	50.0%	8.99%	205.8	VIC	Regional	6.25%
Centro Roselands	50.0%	7.12%	162.9	NSW	Regional	7.00%
Tuggeranong Hyperdome	50.0%	6.88%	157.5	ACT	Regional	7.50%
Centro Colonnades	50.0%	6.50%	148.7	SA	Regional	7.25%
Centro Mandurah ²	50.0%	5.16%	118.1	WA	Sub Regional	7.25%
Centro Toombul	50.0%	4.33%	99.2	QLD	Sub Regional	8.00%
Centro Karingal	50.0%	3.93%	90.0	VIC	Sub Regional	7.25%
Victoria Gardens	50.0%	3.65%	83.5	VIC	Sub Regional	7.00%
Centro Warriewood	50.0%	2.94%	67.3	NSW	Sub Regional	7.25%
Centro Warwick	50.0%	2.79%	63.8	WA	Sub Regional	7.75%
Centro Cranbourne	50.0%	2.62%	60.0	VIC	Sub Regional	7.50%
Centro Box Hill (South)	50.0%	2.37%	54.3	VIC	Sub Regional	7.75%
Centro Arndale	50.0%	2.12%	48.5	SA	Sub Regional	8.50%
Centro Karratha	50.0%	2.05%	47.0	WA	Sub Regional	7.75%
Centro Mildura	50.0%	1.96%	44.9	VIC	Sub Regional	8.00%
Centro Taigum	50.0%	1.69%	38.6	QLD	Sub Regional	7.50%
Centro Tweed	50.0%	1.59%	36.5	NSW	Sub Regional	8.25%
Centro Lavington	50.0%	1.33%	30.5	NSW	Sub Regional	7.75%
Centro Box Hill (North)	50.0%	1.33%	30.5	VIC	Sub Regional	8.00%
Centro Mornington	50.0%	1.18%	27.0	VIC	Sub Regional	7.50%
Centro Springwood	50.0%	1.14%	26.0	QLD	Sub Regional	8.00%
Centro Whitsunday	50.0%	1.09%	24.9	QLD	Sub Regional	8.25%
Centro Goulburn	50.0%	1.05%	24.0	NSW	Sub Regional	8.75%
Centro Halls Head	50.0%	0.63%	14.4	WA	Convenience	8.00%
Total			2,288.8			7.12%

Notes

1 Value by Ownership percentage

2 Current interest held via a leasehold interest with an entity wholly owned by CPL expiring 31 March 2305.

GLA sqm	Occupancy	MAT \$m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (Incl. GST)
73,122	100%	482.3	6,596	10,160	16.4%
85,689	99.6%	416.4	4,862	7,726	18.1%
59,161	100%	331.1	5,597	8,407	16.3%
61,439	100%	296.0	4,817	8,115	17.3%
76,847	97.9%	268.9	3,499	6,636	13.4%
65,578	99.1%	286.8	4,373	5,989	17.2%
39,735	100%	354.3	8,917	9,632	12.9%
33,731	100%	205.8	6,101	6,975	15.6%
41,582	100%	229.8	5,528	7,048	12.5%
31,108	99.6%	161.8	5,200	8,421	12.9%
22,153	100%	166.9	7,533	9,357	15.1%
29,983	100%	190.3	6,346	7,536	12.6%
33,892	100%	192.5	5,679	8,121	11.7%
23,470	100%	122.4	5,215	7,170	14.6%
40,529	99.7%	162.0	3,997	6,484	14.9%
23,852	99.4%	246.4	10,332	9,625	8.7%
20,157	99.5%	143.7	7,127	6,472	10.0%
22,798	100%	122.2	5,359	5,989	12.9%
18,549	98.3%	102.6	5,531	5,632	15.6%
20,052	99.3%	119.1	5,938	7,168	11.9%
14,232	100%	70.7	4,965	4,999	15.7%
11,670	99.1%	93.6	8,019	9,482	14.0%
15,431	100%	78.0	5,057	7,195	11.6%
22,337	95.7%	99.5	4,454	7,629	9.2%
13,802	97.2%	98.4	7,127	7,686	11.3%
5,978	100%	36.6	6,114	5,039	12.7%
906,878	99.4%	5,079.1			

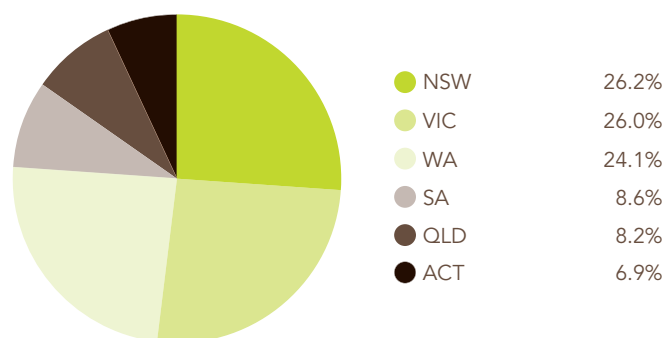
8. PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to CAWF's direct property investment portfolio include:

- the portfolio is geographically diverse spanning five Australian States and the ACT as detailed in the chart below;
- the portfolio includes regional, sub-regional centres and a convenience shopping centre;
- the portfolio has a diverse base of over 3,400 retail tenants;
- portfolio occupancy stood at 99.4% at 30 June 2011; and
- Centro Galleria in Western Australia is CAWF's largest asset, representing 13.4% of the portfolio.

TABLE 8.7 GEOGRAPHIC DIVERSIFICATION OF CAWF DIRECT PROPERTY INVESTMENTS AS AT 30 JUNE 2011



CAWF's portfolio is predominately anchored by Australia's largest retailers, being Coles and Woolworths. The table below outlines the top 10 tenants in CAWF's property investment portfolio at 30 June 2011.

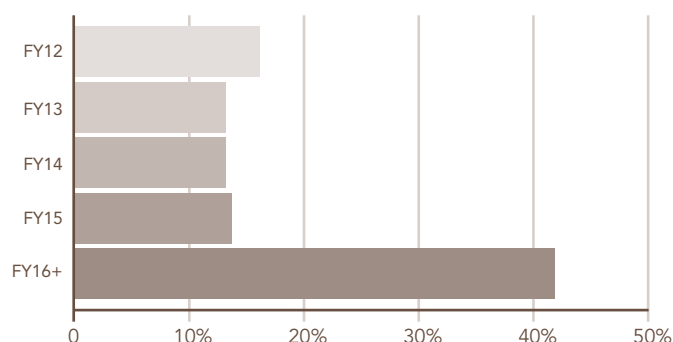
TABLE 8.8 CAWF DIRECT PROPERTY INVESTMENTS – TOP 10 TENANTS AS AT 30 JUNE 2011

Tenant	No of Leases	GLA %
Kmart	11	9.5%
Big W	8	8.1%
Woolworths	18	7.9%
Coles	16	7.5%
Myer	5	7.2%
Target	8	6.8%
David Jones	1	1.9%
Best & Less	19	1.6%
Harris Scarfe	3	1.6%
The Reject Shop	11	1.0%
Total Top 10	100	53.1%

Note: Gross lettable area based on percentage of ownership.

CAWF has a stable income profile with 56% of total income secured by leases that expire in FY15 and beyond. The majority of specialty tenant leases in the portfolio have contracted annual rent reviews that typically reflect fixed increases of between 4.0% and 5.0%. The average term to maturity of CAWF's leases, weighted by income is 4.4 years with an expiry profile as shown in the chart below.

TABLE 8.9 CAWF DIRECT PROPERTY INVESTMENTS – LEASE EXPIRY PROFILE AS AT 30 JUNE 2011



Development potential

Within CAWF's property portfolio, there are opportunities to enhance value through selective reinvestment and expansion of some of CAWF's centres, but in most cases this will be subject to agreement with the relevant co-owner. Existing opportunities have been identified in response to major tenant requirements and in recognition of the need for retail property to be regularly refurbished and redeveloped to retain a competitive advantage. Since 2007 there has been modest development activity in the portfolio. A key rationale for the Aggregation is through combining CAWF's interests with other CNP Group co-owners, the ability to pursue such development opportunities will be better facilitated.

Existing opportunities for CAWF's direct property portfolio total \$240 million across the 10 properties shown in the table below. Of those, only Centro Toombul (first of two stages), Centro Warwick and Centro Tweed have been approved by the CAWF RE Board and are underway (\$5 million in total). In addition, some minor works are under way at Centro Bankstown (\$1.2 million), which are unrelated to a more substantial proposed development noted in table 8.10. These developments are expected to be completed by December 2011, respectively, with further stages of development at Toombul being considered. In line with CAWF's normal investment policies, all development proposals involving expenditure of more than \$10 million will require CAWF RE Board approval. The CAWF RE Board will review a number of criteria when assessing any development opportunity to assess the likely returns to Unitholders from undertaking the developments and the inherent risk involved, and as such there can be no guarantee that the current development pipeline noted below will proceed. Further, the existing co-owners of Centro Arndale, Centro Bankstown, Centro Roselands and Centro Karratha have notified CAWF that at the current time they are unlikely to be able to pursue development opportunities. This would adversely impact CAWF's ability to pursue development at those centres.

TABLE 8.10 CAWF DIRECT PROPERTY INVESTMENTS – DEVELOPMENT PIPELINE AS AT 30 JUNE 2011

Property	State	Immediate priority with funding in place	Board approval required	Co-owner interest may need to be acquired to facilitate development
Centro Bankstown	NSW	✓ (minor works)	✓ (major works)	✓ (major works)
Centro Roselands	NSW		✓	✓
Centro Tweed	NSW	✓		
Centro Toombul	QLD	✓ (stage 1)	✓ (stage 2)	
Centro Arndale	SA	✓	✓	✓
Centro Box Hill North	VIC		✓	
Centro Warwick	WA	✓		
Centro Galleria	WA		✓	
Centro Halls Head	WA		✓	
Centro Karratha	WA		✓	✓

8. PROFILE OF AGGREGATION FUNDS

8.3.4. Debt and hedging

As at 30 June 2011, CAWF held total external borrowings of \$907.2 million, comprising balance sheet debt of \$610.6 million (including unamortised borrowing costs) maturing on 15 December 2011 and debt held within the net assets of investments accounted for using the equity method of \$296.6 million (of which \$146.6 million matures on December 2011 and \$150.0 million matures on 4 December 2012).

Whilst these debt facilities are proposed to be refinanced as part of Aggregation, in the event Aggregation does not proceed the Directors have concluded that there are reasonable grounds to believe the debt can be refinanced or extended as and when it becomes due and payable.

As at 30 June 2011, CAWF had interest rate hedging arrangements in place with CNP and external counterparties.

8.3.5. Risks inherent in an investment in CAWF

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As CAWF is primarily exposed to the same property, business and market risks, the CAWF RE Board are of the view all of these risks would apply to an investment in CAWF today, with the exception of those referred to in Sections 5.3, 5.4.7, 5.4.9, 5.4.10 and 5.5.

8.4. PROFILE OF DHT

8.4.1. Overview

DHT is an unlisted investment trust, which invests predominantly in other CNP managed funds.

DHT holds investments in a range of Centro MCS Syndicates, more fully described in Section 8.4.3 below. Should Aggregation proceed, the majority of DPF's assets, excluding its unitholding in DHT and DPF's direct and indirect interests in CER and CAWF will be transferred from DPF to DHT for market value consideration of \$253 million, to be satisfied by the issue of DHT Units. As such, when Aggregation is completed all of DPF's interests in Centro MCS Syndicates will be held by DHT as one of the Aggregation Funds in Centro Retail Australia. On that basis, this Section presents information on DHT immediately prior to Aggregation but on the assumption that the transfer of DPF assets to DHT has occurred.

8.4.2. Responsible Entity and Board

The RE of DHT is Centro MCS Manager Limited, a subsidiary of CPL. At the date of this Document, the Board of Centro MCS Manager Limited is currently as follows:

- Peter Day – Chairman, Non-executive independent director;
- Bill Bowness – Non-executive independent director;
- Anna Buduls – Non-executive independent director;
- Paul Cooper – Non-executive independent director;
- Michael Humphris – Non-executive independent director; and
- Fraser MacKenzie – Non-executive independent director.

8.4.3. Investment portfolio

DHT's investment portfolio (after the transfer referred to above) comprises interests in 27 Centro MCS Syndicates, which were collectively valued at \$389.3 million at 30 June 2011 as set out in the table below.

TABLE 8.11 DHT'S INVESTMENT PORTFOLIO – AS AT 30 JUNE 2011

	Maturity	Look Through Interest	Valuation \$m	Portfolio Weight
CMCS 04	Aug-14	35%	10.7	2.7%
CMCS 05	Oct-10	23%	15.2	3.9%
CMCS 06	Aug-11	16%	9.6	2.5%
CMCS 08	May-10	8%	3.0	0.8%
CMCS 09	Nov-11	10%	7.3	1.9%
CMCS 10	Jun-13	24%	7.2	1.8%
CMCS 11	Mar-10	6%	6.8	1.7%
CMCS 12	Jun-17	23%	5.7	1.5%
CMCS 14	Aug-14	31%	11.4	2.9%
CMCS 15	Apr-12	24%	7.5	1.9%
CMCS 16	May-11	28%	1.9	0.5%
CMCS 17	Oct-11	10%	6.2	1.6%
CMCS 18	Mar-12	23%	8.1	2.1%
CMCS 19NZ	Nov-11	33%	3.7	0.9%
CMCS 19UT	Jun-11	12%	7.7	2.0%
CMCS 20	May-13	15%	3.2	0.8%
CMCS 21	Jun-11	56%	43.8	11.3%
CMCS 22	Mar-12	32%	7.2	1.9%
CMCS 23	Apr-11	39%	5.8	1.5%
CMCS 25	Jun-14	50%	30.8	7.9%
CMCS 26	Mar-15	32%	25.4	6.5%
CMCS 27	Apr-13	58%	18.9	4.8%
CMCS 28	Jun-12	49%	65.2	16.7%
CMCS 30	Aug-14	17%	1.1	0.3%
CMCS 33	Sep-12	44%	32.0	8.2%
CMCS 34	Dec-11	47%	20.2	5.2%
CMCS 37	May-13	51%	23.4	6.0%
Total			389.3	100%

Notes

- 1 Excludes investments in MPG Bulky Goods Trust and MAB Diversified Fund (both unlisted managed investment schemes) which will transfer to Centro Retail Australia on Aggregation, with a collective value of \$8 million.
- 2 Excludes investment in CMCS 3 as this property is included in the schedule of direct property investments shown in Section 4.4 and referred to in Section 9.5.

8. PROFILE OF AGGREGATION FUNDS

Key portfolio metrics

Key points to note in relation to the Centro MCS Syndicates that DHT invests in include:

- they are unlisted investment trusts with fixed investment terms (generally between 5 and 7 years);
 - with a few notable exceptions, they generally own sub-regional and convenience neighbourhood shopping centres;
 - they typically pay quarterly distributions to investors;
 - at the end of each Syndicate's fixed investment term, the RE determines whether the Syndicate should "roll over" for a further fixed term or be wound up (i.e. an investor meeting is convened to consider the recommendation of the RE);
 - in certain cases an investor meeting may also be convened (either during or at the end of a Syndicate term) to consider a recommendation of the RE to restructure the Syndicate or to make other required Constitution changes; and
- the portfolio includes 50% interests in the following properties which are co-owned with either CAWF or CSIF A:
 - Centro Bankstown (Centro MCS 28's interest was valued at \$277.5 million at June 2011);
 - Centro Roselands (Centro MCS 21's interest was valued at \$162.9 million at June 2011);
 - Centro Karratha (Centro MCS 25's interest was valued at \$47.0 million at June 2011);
 - City Central (Centro MCS 28's interest was valued at \$28.4 million at June 2011); and
 - Centro Lutwyche (Centro MCS 33's interest was valued at \$30.0 million at June 2011).



8.4.4. Debt and hedging

DHT has no debt facilities or interest rate hedges. DHT does, however, have an indirect exposure to debt via its investments in the Centro MCS Syndicates, which collectively have \$1.3 billion of debt as set out in the table below.

TABLE 8.12 DHT'S LOOK-THROUGH INDEBTEDNESS
– AS AT 30 JUNE 2011

	CMCS Syndicate Debt \$m ¹	Interest	Look through debt \$m
CMCS 04	39.8	34.5%	13.7
CMCS 05	49.2	23.3%	11.5
CMCS 06	44.3	15.7%	7.0
CMCS 08	43.1	8.4%	3.6
CMCS 09	100.0	10.2%	10.2
CMCS 10	32.5	24.3%	7.9
CMCS 11	68.2	6.3%	4.3
CMCS 12	29.9	23.0%	6.9
CMCS 14	17.2	30.7%	5.3
CMCS 15	4.7	24.1%	1.1
CMCS 16	43.1	28.2%	12.2
CMCS 17	16.0	9.7%	1.6
CMCS 18	7.9	22.9%	1.8
CMCS 19NZ	0.3	33.1%	0.1
CMCS 19UT	31.2	12.4%	3.9
CMCS 20	20.5	15.4%	3.2
CMCS 21	73.6	55.9%	41.1
CMCS 22	16.2	32.8%	5.3
CMCS 23	21.7	38.8%	8.4
CMCS 25	62.4	49.8%	31.1
CMCS 26	54.4	32.4%	17.6
CMCS 27	55.0	57.9%	31.8
CMCS 28	171.9	48.5%	83.4
CMCS 30	9.5	16.9%	1.6
CMCS 33	117.9	44.0%	51.9
CMCS 34	72.5	47.1%	34.1
CMCS 37	92.7	50.9%	47.2
Total	1,295.3		447.8

Note

1 Excludes related party loans.

8.4.5. Risks inherent in an investment in DHT

Section 5 sets out a number of risks inherent in an investment in Centro Retail Australia. As DHT is primarily exposed to the same property, business and market risks, the Directors of DHT RE are of the view all of these risks would apply to an investment in DHT today, with the exception of those referred to in Sections 5.3.1, 5.3.3, 5.4.9, 5.4.10 and 5.5.



DAVID JONES

DAVID JONES

DAVID JONES

9. Profile of Assets to be Acquired in Aggregation

9.1. INTRODUCTION

This Section provides an overview of all assets that Centro Retail Australia will acquire as part of Aggregation that are not assets of the Aggregation Funds at the date of this Document and are therefore not outlined in Section 8. The assets that will be acquired comprise:

- direct freehold property investments and co-investments in Centro MCS Syndicates (to be acquired from CNP);
- related party loans, working capital balances, and interest rate swap agreements and provisions (to be acquired from CNP)⁵²;
- entities and assets comprising the Services Business (to be acquired from CNP);
- interests in the Centro Syndicate Investment Fund CSIF-A portfolio (to be acquired from CNP and certain Centro MCS Syndicates);
- Centro Nepean (effectively acquired as the result of the acquisition of certain investments in CNP managed funds and Syndicates referred to above); and
- 50% interest in Centro Arndale (to be acquired from Centro MCS 33).

In general terms, following Aggregation (including the acquisition of the assets described in this Section), substantially all of the Australian property and related assets in which each of CNP, CER, CAWF and DPF had a direct ownership interest prior to Aggregation, will be owned within Centro Retail Australia, together with all assets owned by CNP which are required to operate the Services Business in the manner described in Section 4.

9.2. INVESTMENTS TO BE ACQUIRED FROM CNP

9.2.1. Direct Property investments

Should Aggregation proceed, Centro Retail Australia will acquire certain direct property investments valued at approximately \$47.3 million (as at 30 June 2011) from CNP including:

- **Centro Somerville** (100% interest valued at \$38.5 million at 30 June 2011) – sub-regional shopping centre located on the Mornington Peninsula, approximately 60 km south from Melbourne's CBD, anchored by Coles and Target with four mini majors, 28 specialty shops and one freestanding shop. Developed in 2008, occupancy stood at 99.3% and weighted average lease expiry at 8.5 years at June 2011; and
- **Vacant land adjoining Centro Keilor** (valued at \$8.8 million at 30 June 2011), which could facilitate a future development.

In addition, as part of Aggregation, Centro Retail Australia will acquire:

- the reversionary freehold interest in Centro Mandurah, subject to existing leases in place (for no additional consideration); and
- a reversionary 50% interest in Centro Bankstown, subject to existing leases in place (for no additional consideration).

52 The provisions are effectively transferred to Centro Retail Australia through being taken into account in determining the Aggregation Ratios.

9. PROFILE OF ASSETS TO BE ACQUIRED IN AGGREGATION

9.2.2. Investments in Centro MCS Syndicates

Should Aggregation proceed, Centro Retail Australia will acquire CNP's co-investments in the Centro MCS Syndicates valued at \$78.7 million as at 30 June 2011, as shown in the table below.

TABLE 9.1 CPT'S DIRECT AND INDIRECT INTERESTS IN CENTRO MCS SYNDICATES BEING ACQUIRED BY CENTRO RETAIL AUSTRALIA

Managed Fund	Investment Value Jun-11 (\$m)
CMCS 03	0.4
CMCS 04	0.5
CMCS 05	0.8
CMCS 06	0.5
CMCS 08	0.1
CMCS 09	0.4
CMCS 10	0.4
CMCS 11	0.3
CMCS 12	4.1
CMCS 14	0.6
CMCS 15	0.4
CMCS 16	0.1
CMCS 17	0.3
CMCS 18	0.4
CMCS 19UT	0.4
CMCS 19NZ	0.2
CMCS 20	0.2
CMCS 21	1.9
CMCS 22	0.4
CMCS 23	0.3
CMCS 25	11.6
CMCS 26	42.2
CMCS 27	1.3
CMCS 28	3.4
CMCS 30	2.6
CMCS 33	1.7
CMCS 34	0.7
CMCS 37	2.3
Total	78.7

The most significant investments in the table above are:

- Centro MCS 25 – which owns interests in five properties collectively valued at \$115.75 million, including a 50% interest in Centro Karratha, a sub-regional centre in WA, which is co-owned with CAWF; and
- Centro MCS 26 – which owns interests in three properties collectively valued at \$128.2 million, including a 76.43% interest in Centro Maddington, a sub-regional centre in WA.

9.2.3. Related party loans and other items

As at 30 June 2011, there were loan balances outstanding under a number of documented loans provided by CNP to either Centro MCS Syndicates or other entities which will form part of Centro Retail Australia following Aggregation. These loan balances will be transferred to Centro Retail Australia on Aggregation. Loan balances totalling \$137.6 million which relate to entities which will be part of Centro Retail Australia following Aggregation will be settled between the respective parties (which will both be part of Centro Retail Australia and therefore settled internally). Loan balances totalling \$94.8 million which relate to Centro MCS Syndicates will be held by Centro Retail Australia until repayment. Provisions in relation to the loan balances to be transferred to Centro Retail Australia (totalling \$26.5 million as at 30 June 2011) are to be taken into account in determining the Aggregation Ratios. The loan balances as at 30 June 2011 are set out in the table below and will be transferred at the 30 June 2011 values.

TABLE 9.2 RELATED PARTY LOANS TRANSFERRING TO CENTRO RETAIL AUSTRALIA

Managed Fund	Loan Balance as at 30 June 2011	Provisions held at CPT	Balance transferred to Centro Retail Australia
CMCS 03	3.9	-	3.9
CMCS 04	29.7	-	29.7
CMCS 05	2.1	-	2.1
CMCS 06	2.1	-	2.1
CMCS 08 ¹	1.8	-	1.8
CMCS 09	14.3	-	14.3
CMCS 11	1.9	-	1.9
CMCS 12 ¹	8.2	-	8.2
CMCS 14	0.4	-	0.4
CMCS 16	15.2	(15.2)	-
CMCS 19UT	1.8	-	1.8
CMCS 21	2.5	-	2.5
CMCS 26	2.5	-	2.5
CMCS 27	0.9	-	0.9
CMCS 34	7.7	-	7.7
Bankstown Sub-Trust No.1	0.9	-	0.9
Centro Shopping America Trust ²	101.1	(11.3)	89.8
CSIF-A	25.4	-	25.4
CSIF-B	10.3	-	10.3
Total	232.4	(26.5)	205.9

Notes

- 1 Related party loan balance reduced by \$2.5 million subsequent to 30 June 2011, through the full repayment CMCS 8 loan balance and partial repayment of CMCS 12 loan balance.
- 2 Wholly owned by CER.

The most significant of the loans transferring that will remain as balances owed to Centro Retail Australia are those to:

- Centro MCS 4 – which owns 100% of Centro Seven Hills, a sub-regional centre in NSW, valued at \$91.5 million;
- Centro MCS 9 – which owns 100% interests in three sub-regional centres properties collectively valued at \$197.0 million being Centro Hollywood in SA, Centro Gympie in QLD and Centro Dianella in WA; and
- Centro MCS 16 – which owns 100% of Centro Toormina, a sub-regional centre in NSW, valued at \$63.5 million. Given the high loan to value ratio (LVR) position in Centro MCS 16 this related party loan is fully provided for in the accounts of CPT and so is transferred to Centro Retail Australia at nil balance. The gross amount before provision was \$15.2 million as at 30 June 2011.

9. PROFILE OF ASSETS TO BE ACQUIRED IN AGGREGATION

All of the loans acquired by Centro Retail Australia are interest bearing and repayable on reasonable notice and are expected to be ultimately repaid at the net amount shown in Table 9.2.

In addition, there are other CNP assets and liabilities that are due to be transferred to Centro Retail Australia as part of Aggregation, with the value to reflect the 30 June 2011 balance or balance on date of Aggregation (depending on the nature of the asset or liability). In summary these relate to:

- working capital related receivables relating to interest, normal trade debtors and other payables to CNP which had a book value of \$25.1 million as at 30 June 2011; and
- interest rate swap agreements with balances totalling \$25.3 million (assets) as at 30 June 2011.

CNP's existing provisions in respect of stamp duty assessments of \$88.5 million as at 30 June 2011 will effectively be transferred to Centro Retail Australia through being taken into account in determining the Aggregation Ratios.

9.3. SERVICES BUSINESS TO BE ACQUIRED FROM CNP

Centro Retail Australia will acquire a number of entities and assets that together comprise the Services Business (valued at approximately \$200 million), which provides property management, development, leasing and funds management services to various CNP managed funds (including the Aggregation Funds).

The \$200 million purchase price reflects:

- a component that relates to the "internalisation" of management of the Aggregation Funds (i.e. CER, CAWF and DHT will no longer be paying fees to an external manager); and
- a component that relates to the acquisition of the rights to provide "external" property management, development and leasing services to 27 Centro MCS Syndicates, which collectively owned \$2.6 billion of Australian shopping centres at 30 June 2011.

The \$200 million purchase price reflects a discounted cash flow forecast based valuation as at 31 December 2010 (assuming Centro Retail Australia acquires the management rights to all 27 Centro MCS Syndicates on Aggregation). In the event that Aggregation proceeds in circumstances where a CNP Junior Stakeholders Approval has not been obtained, the purchase price to be paid by Centro Retail Australia for the Services Business on Aggregation will be reduced by an amount equal to 4.4% of the estimated funds under management of any Centro MCS Syndicates for which Centro Retail Australia does not acquire the management rights. If the management rights of any such Syndicate are subsequently delivered to Centro Retail Australia within 6 months after Aggregation, Centro Retail Australia will issue additional New Stapled Securities and CATS as payment of the deferred consideration for these management rights⁵³.

In addition to entities and assets valued at approximately \$200 million, Centro Retail Australia will acquire accrued roll-over, performance, wind-up and deferred RE fees which are expected to total a further amount of approximately \$40 million as at 30 June 2011.

53 As outlined in Section 5.3.2, a process has been put in place to replace CPT Manager Limited with CMCS Manager Limited as the RE of certain Centro MCS Syndicates and, as at the date of this Document, the replacement has been implemented for all but two of these Syndicates, which collectively represent approximately 17% of estimated funds under management for all Centro MCS Syndicates. If the management rights for these two Syndicates are not delivered on Aggregation, this would result in the initial consideration for the Services Business being reduced by approximately \$19 million. If the management rights were subsequently delivered within 6 months following Aggregation, this would result in the issue of up to 8 million New Stapled Securities and 8 million CATS at the time of delivery.

In addition to the management rights outlined above, other principal assets and liabilities of the Services Business include:

- an experienced management team comprising over 600 staff with capabilities spanning property management, development, leasing, funds management and various support functions including accounting, legal, human resources and information technology;
- office equipment, information technology infrastructure and integrated information systems with extensive historical performance data for all properties managed by the CNP Group;
- all necessary licenses and/or regulatory approvals relevant to the operations of the Services Business (e.g. Australian financial services licences, real estate agents licences);
- the Centro brand (including goodwill, trademarks, business names and domain names);
- the leases on head office premises in Victoria at Centro The Glen and CNP's Melbourne city office; and
- working capital (including accounts receivable, accounts payable and employee entitlement liabilities).

Section 4.5 provides additional information in relation to the Services Business.

9.4. CSIF-A PORTFOLIO

As part of Aggregation, Centro Retail Australia will acquire 100% of a class of units in the CSIF with beneficial ownership of the "A" class portfolio of properties. At the date of this Document these units are currently owned by CPT and the CSIF Holder Syndicates, being three of the Centro MCS Syndicates. CPT will receive New Stapled Securities in connection with Centro Retail Australia's acquisition of its interest of 71.3% (\$55.5 million). The balance held by the three Syndicates (28.7% interest valued at \$22.7 million) will be settled in cash.

The class "A" investment portfolio at 30 June 2011 had net assets of \$78.2 million and comprises 50% and 100% interests in 12 Australian shopping centres valued at \$246 million including several properties that are co-owned with other CNP managed funds, a 50% interest in CMCS 3 (which owns Centro Nepean as referred to in Section 9.5) and a minor interest in Centro DPF International (1.1% of CSIF A's net assets at 30 June 2011). The table below outlines the key property metrics of class 'A' \$246 million portfolio direct property portfolio being acquired by Centro Retail Australia.



9. PROFILE OF ASSETS TO BE ACQUIRED IN AGGREGATION

TABLE 9.3 CSIF-A DIRECT PROPERTY PORTFOLIO – AS AT 30 JUNE 2011.

Property Name	Ownership	Portfolio Weighting	Jun 11 Value ¹ \$m	State	Centre Type	Cap Rate 30 Jun 11
Centro Lutwyche	50.0%	12.22%	30.0	QLD	Convenience	7.75%
City Central Perth	50.0%	11.55%	28.4	WA	CBD Retail	8.50%
Katherine Oasis Shopping Centre	100%	10.02%	24.6	NT	Convenience	9.00%
Centro Victoria Park	100%	9.27%	22.8	WA	Convenience	8.00%
Centro Wodonga	50.0%	8.45%	20.8	VIC	Sub Regional	9.00%
Centro Armidale	50.0%	7.94%	19.5	NSW	Sub Regional	8.50%
Goldfields Plaza Shopping Centre	100%	7.84%	19.3	QLD	Convenience	9.25%
Centro North Shore	100%	7.13%	17.5	QLD	Convenience	7.75%
Centro Westside	50.0%	7.05%	17.3	NSW	Sub Regional	9.50%
Centro Lansell	50.0%	6.92%	17.0	VIC	Sub Regional	9.00%
Centro Buranda	50.0%	6.92%	17.0	QLD	Sub Regional	7.75%
Centro Warrnambool	100%	4.68%	11.5	VIC	Convenience	8.75%
Total			245.5			8.52%

Notes

1 Value by Ownership percentage.

Key points to note in relation to the CSIF class A direct property investment portfolio include:

- The portfolio is geographically diverse spanning five Australian States and the Northern Territory;
- The portfolio includes sub-regional, convenience shopping centres and one CBD Retail shopping centre;
- The portfolio has a base of over 500 retail tenants; and
- Portfolio occupancy stood at 99.5% at 30 June 2011.

Obligations that Centro Retail Australia will assume as part of its acquisition of units having beneficial interest in the class 'A' portfolio include \$205.4 million of borrowings (including a \$25.4 million loan from CNP), of which \$142.5 million is hedged with an external counterparty until October 2011.

GLA sqm	Occupancy	MAT \$m	Sales per sqm	Specialty Sales per sqm	Occupancy Cost (incl. GST)
19,518	100%	73.8	3,779	4,579	11.5%
13,067	100%	57.0	4,361	7,872	17.1%
7,157	99.4%	76.5	10,695	8,525	8.3%
5,480	100%	59.5	10,863	5,412	12.0%
17,587	99.7%	95.0	5,401	6,191	11.3%
14,627	100%	96.5	6,597	5,039	12.8%
8,285	97.6%	47.3	5,715	9,269	7.2%
4,046	100%	43.3	10,711	5,070	13.0%
16,682	100%	108.0	6,474	8,598	7.5%
18,227	98.1%	85.7	4,701	5,473	10.0%
11,585	100%	75.4	6,508	7,563	12.0%
4,491	100%	37.3	8,316	6,645	6.9%
140,752	99.5%	855.4			

9.5 CENTRO NEPEAN AND 50% INTEREST IN CENTRO ARNDALE

Should Aggregation proceed, Centro Retail Australia will acquire two other direct property investments together valued at \$150.5 million (as at 30 June 2011) as follows:

- **Centro Nepean** (100% interest valued at \$102.0 million at June 2011) – sub-regional shopping centre located in Penrith, approximately 54km west from Sydney's CBD, anchored by Coles and Kmart with three mini majors, 59 specialty shops and one freestanding shop. Most recently developed in 1999, occupancy stood at 97.0% as at 30 June 2011 and weighted average lease expiry at 5.6 years at 30 June 2011. Centro Nepean enhances the geographic diversification of Centro Retail Australia's portfolio by increasing the NSW weighting. The 100% interest is to be effectively acquired by Centro Retail Australia as a result of Centro Retail Australia acquiring DPF's, CNP's and certain Centro MCS Syndicate's interests in CSIF and CMCS 3, which result in Centro Retail Australia holding (in aggregate) 100% of CMCS 3, which owns the Centro Nepean property.
- **Centro Arndale** (50% interest valued at \$48.5 million at June 2011) – sub-regional shopping centre located 8 km north west from Adelaide's CBD, anchored by Big W, Coles, Greater Union, Harris Scarfe and Woolworths, with three mini majors, 94 specialty shops and four freestanding shops. Most recently developed in 1999, occupancy stood at 99.7% as at 30 June 2011 and weighted average lease expiry at 3.4 years at 30 June 2011. At the date of this Document, a development opportunity currently exists involving expansions of Big W and Woolworths. The acquisition of Centro MCS 33's 50% interest in Centro Arndale will result in Centro Retail Australia owning a 100% because, at the date of this Document, CAWF owns the other 50% interest.

The Centro Retail Australia debt facility outlined in Table 7.6 is intended to be used to fund the acquisition of the two property interests outlined above.

Market



10. CATS

10.1. ISSUE OF CATS

CATS are Class Action True-up Securities (**CATS**) that are issued to CNP and DPF (in respect of certain asset transfers) and to CAWF Unitholders and DHT Unitholders that are issued New Stapled Securities by each of the Aggregation Funds on Aggregation. CNP, DPF, CAWF Unitholders and DHT Unitholders will be issued with 1 CATS for every 1 New Stapled Security that they are issued on Aggregation. Accordingly, it is expected that there will be approximately 947 million CATS on issue at Aggregation. After that issue has been made, it is not anticipated that further CATS are to be issued (other than in connection with the deferred consideration for the Services Business, referred to in Section 9.3). However, as noted in Section 10.4 below, CATS may be transferred.

CER is subject to class action litigation (referred to in this Document as the "**CER Class Action Litigation**") alleging that in the period 17 July 2007 to 28 February 2008, CER engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations in relation to certain matters as outlined in Section 7.3.10. There are 4 separate proceedings that have been commenced in the Federal Court of Australia to which CER is a party, being: Kirby v Centro Retail Limited & another, proceeding VID 327 of 2008; Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010; Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008; and Vlachos & others v PricewaterhouseCoopers, proceeding VID 1041 of 2010. The potential liability arising from the CER Class Action Litigation is not known.

Through Aggregation, CNP will transfer assets including the Services Business to Centro Retail Australia and will receive New Stapled Securities in connection with such transfer. DPF will also receive New Stapled Securities in respect of

certain asset transfers as part of Aggregation. In addition, the Unitholders in each of CAWF and DHT immediately prior to Aggregation, by also becoming Securityholders in CER when Aggregation occurs, will become exposed to the effect of the CER Class Action Litigation. However, that exposure is not quantified and unless all of the legal actions have been finalised in advance, neither the purchase price for the assets transferred to Centro Retail Australia as part of Aggregation nor the Aggregation Ratios (referred to in Section 3.3) which are used to calculate the issues of New Stapled Securities on Aggregation reflect that exposure.

The CATS are therefore issued to provide to their holders some compensation in the event that CER becomes liable to pay specified amounts in relation to the CER Class Action Litigation (including costs of CER and other parties). There is no assurance that the compensation will cover all or any particular amount of liability.

CATS holders are entitled to receive further issues of New Stapled Securities or cash payments after any of the CER Class Action Litigation is resolved, settled, or a final judgement is given. Any such event will be a 'Crystallisation Event' for the CATS and will trigger such issue or payment. The number of New Stapled Securities to be issued, or cash to be paid to CATS holders is subject to the Cap described in Section 10.6 below. Whether an issue of New Stapled Securities or cash payment is selected is a matter for determination by a majority of the Aggregation Funds in accordance with the Issuers' duties (please refer to the different calculations in the examples in Section 10.6 below). As there are 4 separate proceedings, it is possible that there could be more than one Crystallisation Event for the CATS and therefore more than one issue or payment under the CATS. Examples are set out in Section 10.6 below.

DPF'S UNITHOLDERS

DPF is not an Aggregation Fund. This means that its Unitholders do not receive an issue of CATS. However, DPF will receive CATS because it is a Unitholder in CAWF and DHT and in respect of certain asset transfers.

Once Aggregation has occurred, DPF RE intends to permit DPF Unitholders to redeem their DPF Units for either cash or, at the DPF Unitholder's election, a pro rata portion of the New Stapled Securities and CATS that DPF holds.

DPF Unitholders should refer to the Brochure about such opportunities that they receive from the DPF RE with this Document. DPF Unitholders should also consider the information about the New Stapled Securities, CATS and Centro Retail Australia in this Document before deciding whether to request redemption of their DPF Units and, if they decide to request redemption, whether to request a cash redemption or instead a transfer of New Stapled Securities and CATS. DPF Unitholders do not have an interest in or right to any particular assets of DPF so have no right to a pro rata portion of any particular DPF assets such as New Stapled Securities or CATS. Whilst the cash redemption amount for DPF units will reflect the net asset value of all of the DPF assets, if for instance, the value of the CATS is nil the redemption amount will reflect that. CATS and New Stapled Securities could still remain an asset of DPF and even if at a later time those securities have a value, then DPF Unitholders whose DPF units have been redeemed will not receive consideration for them.

10.2. NO PAYMENT BY HOLDERS OF CATS

No separate amount is to be paid by a holder of CATS for the issue of the CATS to them or for any New Stapled Security issued by the Aggregation Funds pursuant to the terms of the CATS. This does not mean that the CATS do not come at a cost to those to whom they are issued. For instance, had the CER Class Action Litigation been a quantified liability on Aggregation then the Aggregation Ratios referred to in Section 3.3 would have reflected that liability with an issue of more New Stapled Securities to the CAWF and DHT Unitholders and CNP at Aggregation.

10.3. ENTITLEMENTS AND DISTRIBUTIONS

All New Stapled Securities issued pursuant to the terms of the CATS will be ordinary securities of their issuers on the same terms as the other New Stapled Securities with entitlement to receive any dividend or distribution the record date for which is on or after those New Stapled Securities were issued.

CATS do not give their holders any entitlement to participate in new issues of New Stapled Securities.

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the equity of Centro Retail Australia, the rights of the holders in respect of any CATS will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

10.4. TRADING AND TRANSFER

10.4.1. CATS are not listed

It is not intended that the CATS will be quoted on ASX or any other exchange. However, if any New Stapled Securities are issued pursuant to the terms of the CATS, application will be made to quote those New Stapled Securities on ASX.

10.4.2. Transfers

The CATS may be transferred subject to the transfer meeting applicable legal requirements. However, there is no assurance that there will be a market for the CATS or what, if any, value will be attributed to them and they may have no value, particularly prior to any liability crystallising under any CER Class Action Litigation and there is no certainty that any such liability will crystallise or when the position might become clearer. CER is subject to continuous disclosure obligations and you should refer to any material that Centro Retail Australia may disclose from time to time.

Any stamp duty or other costs associated with transferring the CATS must be borne by the holder.

In addition, any Ineligible Holder (referred to in Section 10.4.3 below) of CATS will not receive any New Stapled Securities when an issue is made pursuant to the terms of the CATS. The issues relating to Ineligible Holders are to be made to a nominee appointed by Centro Retail Australia who is to sell the New Stapled Securities and the Ineligible Holders are to be paid their pro rata portion of the net proceeds of sale.

10.4.3. Ineligible Holders

An Ineligible Holder under the CATS is:

- any holder with a registered address outside Australia and New Zealand. These holders will not be entitled to receive an issue of New Stapled Securities if the Issuers decide that it would be unreasonable to make the issue having regard to the number of holders in the relevant foreign place, the number and value of New Stapled Securities that would be issued to holders in that place and the cost of complying with the regulatory requirements in that place; or
- any holder to whom an issue of the New Stapled Securities would fail to comply with the *Foreign Acquisitions and Takeovers Act 1975* and takeovers requirements under the Corporations Act or the ASX Listing Rules.

Where an issue of New Stapled Securities would otherwise be made to Ineligible Holders then they are to be made instead to a nominee for sale as referred to in Section 10.4.2 above. This means that the nominee will receive the securities that would otherwise have been issued to those Ineligible Holders of CATS, sell them and the net proceeds will be paid to the Ineligible Holders pro rata to the number of CATS of the Ineligible Holder.

10.5. EXPIRY

The CATS will continue until the earlier of 6 months after the last of all 4 proceedings have been finally determined or settled and the date that the aggregate issues of New Stapled Securities or cash payments for the purpose of the CATS has reached the Cap described in Section 10.6.3 below and the New Stapled Securities have been issued or the payment made.

There is no certainty when this may occur and whether that will occur at one time or on different occasions for the different actions.

10.6. DELIVERABLES UNDER CATS

10.6.1. Who is the recipient

A holder must be noted in the Aggregation Funds' register in order to be recognised for any payment or issue as a holder of CATS and provide any information about themselves that the Aggregation Funds are required by law to collect. Otherwise the holder does not need to do anything to receive any amount of cash or any New Stapled Security that is deliverable under their CATS or to ensure that they continue to be a CATS holder after any one amount is provided under the CATS should any of the proceedings then remain on foot.

10.6.2. When provided

Amounts deliverable to holders of the CATS are to be provided as any of the 4 CER Class Action Litigation actions are finally determined or settled. This could be on one or more occasions. You should note that an action is not finally determined until all avenues of appeal have been exhausted.

Amounts are to be provided to holders by the earlier of:

- 30 business days of the action being settled or finalised; or
- the record date for a pro rata issue conducted by the Aggregation Funds for the purpose of raising funds to pay all or part of any liability from that litigation, including to repay any indebtedness incurred to fund the litigation liability.

Subject to the applicable law, within 10 Business Days of their issue, a holding statement for New Stapled Securities that are issued pursuant to the CATS will be sent to the CATS holders.

10.6.3. What is provided

CATS holders are entitled to receive further issues of New Stapled Securities or cash payments after any of the CER Class Action Litigation is resolved, settled, or a final judgement is given. Whether an issue of New Stapled Securities or cash payment is selected is a matter for determination by a majority of the Aggregation Funds. Any such decision would be determined in accordance with the Issuers' duties and, as a result, in the best interests of the investors as a whole and so that it is fair between classes of investors.

The issue of New Stapled Securities and cash payment is subject to the Share Cap and the Cash Cap, respectively. The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)). The Cash Cap determines the maximum amount of cash which can be paid to CATS holders, having regard to the Share Cap and the theoretical Pro Forma NAV per New Stapled Security implied by the Share Cap.

As there is more than one class action, issues of New Stapled Securities or cash payments made pursuant to CATS may occur more than once. The CATS will remain in issue until all of the CER Class Action Litigation has been finalised or New Stapled Securities issued and payments have been made to the extent of the Cap.

The potential liability arising from the CER Class Action Litigation is not known. The Cap is not an estimate of

10. CATS

potential liability and the Cap may be more or less than the aggregate liability (if any) that might be realised as a result of the CER Class Action Litigation. As a result, there is no assurance that the CATS will compensate their holders for all liability that might arise as a result of the CER Class Action Litigation.

Any further issues of New Stapled Securities or cash payments to the holders of CATS will dilute NAV per New Stapled Security and/or the interests of the then current holders of New Stapled Securities. The extent of any dilution from such issues of New Stapled Securities or the making of cash payments is not currently known but is limited by the Cap.

A. New Stapled Securities

If the Aggregation Funds elect to issue New Stapled Securities, the number of New Stapled Securities that a CATS holder will receive for each CATS that they hold is, subject to the Share Cap described below, determined by reference to the amount of the litigation liability, the latest published NAV per New Stapled Security and the number of Reference Securities on issue (see below). Specifically, the number of New Stapled Securities that a CATS holder will receive for each CATS that they hold is, subject to the Share Cap described below, the number equal to the proportion that the last published NAV per New Stapled Security (**Last Published NAV**) bears to a "Pro Forma NAV" per New Stapled Security (as adjusted to exclude any provision for liability relating to the CER Class Action Litigation), less 1. The deduction of 1 means that the proportion is the increase above the existing level rather than including it – for instance, 102% becomes 2%.

Number of New Stapled Securities to be issued for each CATS = (Last Published NAV / Pro Forma NAV) – 1.

If more than one of the 4 CER Class Action Litigation actions are determined or settled, when the calculation is performed for any event after the first, the above number will be multiplied by an "Adjustment Factor" which is the sum of the previous number of New Stapled Securities calculated under the above formula, plus one.

The Pro Forma NAV is in part determined by reference to:

- the New Stapled Securities that are held by CER Securityholders on Aggregation immediately after consolidation of the securities in the Aggregation Funds to ensure that their securities have the same net asset backing; and
- any new equity offering and bonus issues since Aggregation up to the time that the litigation liability crystallised, (such securities being referred to as "**Reference Securities**"). The Pro Forma NAV is a Pro

Forma NAV per New Stapled Security as if the entire litigation liability had been allocated to the Reference Securities.

The Pro Forma NAV is determined as follows:

$$\text{Pro Forma NAV} = \frac{((\text{Last Published NAV} \times \text{Reference Securities}) - \text{Litigation Liability})}{\text{Reference Securities}}$$

Share Cap

The Share Cap is equivalent to 20% of the number of New Stapled Securities that will be on issue immediately following the Aggregation Implementation Date (subject to adjustments for any reorganisation of the capital structure of Centro Retail Australia (including consolidation and sub-division)).

If at any time New Stapled Securities are to be issued pursuant to the CATS, and the number of New Stapled Securities to be issued (together with any previous issues pursuant to the CATS) would exceed the Share Cap, then the terms of the CATS provide that the number of New Stapled Securities to be issued on that occasion will be reduced on a pro rata basis to such number as will not result in the Share Cap being exceeded.

B. Cash

If the Aggregation Funds elect to make a cash payment, the cash amount that a CATS holder will receive for each CATS that they hold is, subject to the Cash Cap described below, equal to the number of New Stapled Securities that would be issued for a CATS as a result of that litigation liability multiplied by the Pro Forma NAV. However, any Adjustment Factor is always 1.

Cash Cap

The Cash Cap determines the maximum amount of cash which can be paid to CATS holders, having regard to the Share Cap and the "theoretical Pro Forma NAV" (described below) per New Stapled Security implied by the Share Cap.

$$\text{Aggregate Cash Cap} = \text{Share Cap} \times \text{theoretical Pro Forma NAV}$$

The Theoretical Pro Forma NAV is, in effect, the theoretical NAV per New Stapled Security immediately following an assumed crystallisation of the maximum litigation liability implied by the Share Cap and the issuance of New Stapled Securities equal to the Share Cap (in accordance with the formula). It is determined with reference to the Last Published NAV, the Share Cap and the number of CATS on issue.

$$\text{Theoretical Pro Forma NAV} = \frac{\text{Last Published NAV}}{((\text{Share Cap} / \text{number of CATS on issue}) + 1)}$$

If at any time a cash payment is to be made pursuant to the CATS, that cash payment (together with any previous cash payments pursuant to the CATS) would exceed the Cash Cap, the cash amount to be paid on that occasion will be reduced on a pro rata basis to such amount as will not result in the Cash Cap being exceeded.

Other

In the event that the litigation liability exceeds the combined value of the NAV attributable to the Reference Securities, the aggregate of the New Stapled Securities or the aggregate of the cash amounts to be issued or paid to the holders of CATS collectively in relation to a Crystallisation Event will be equal to the amount of the Cash Cap or the Share Cap (as the case may be), after deducting the aggregate of all New Stapled Securities or cash amounts previously issued or paid to holders of CATS.

C. Examples

Set out below are examples of how the number of New Stapled Securities or cash amount is determined. They are illustrations to show how the calculations work and are not actual, expected or forecast issues or payments. Any issues or payments may be higher or lower and there may be no issue or payment at all.

Example when a single CER Class Action Litigation is finally determined or settled:

Assume a \$20 million settlement

Assumptions and calculations

Notation in Formula	Relevant Information	
	New Stapled Securities on issue on Aggregation implementation	1,341 million
A	Last Published NAV Per New Stapled Security	\$2.50
B	Reference Securities	394 million
C	Litigation Liability	\$20 million
PF NAV	Pro Forma NAV Per New Stapled Security $((A \times B) - C) / B$	\$2.45
Adjustment Factor	Adjustment Factor	1.0

Application for an issue of New Stapled Securities

Notation in Formula	Relevant Information	Number
N	Number of New Stapled Securities to be issued for each CATS held by the Holder $(A / PF NAV - 1) \times Adjustment Factor$	0.0207*
Example Holding	Number of CATS held	10,000
	Total number of New Stapled Securities issued to the CATS holder	207*

* The aggregate number of New Stapled Securities to be issued to a Holder will be rounded

Application for cash payment

Notation in Formula	Relevant Information	Amount
Cash Amount	Cash amount paid per CATS $N^* \times PF NAV$	\$0.0507
Example Holding	Number of CATS held	10,000
	Total cash amount paid to the CATS holder	\$507

* As described above, the Adjustment Factor for cash is always 1.

Example when two separate CER Class Action matters are finally determined or settled:

Assume a first settlement of \$10 million, followed by second settlement of \$10 million

Assumptions and calculations

Notation in Formula	Relevant Information	Value Settlement 1	Value Settlement 2
	New Stapled Securities on issue on Aggregation implementation	1,341 million	1,314 million
A	Last Published NAV Per New Stapled Security	\$2.50	\$2.47
B	Reference Securities	394 million	394 million
C	Litigation Liability	\$10 million	\$10 million
PF NAV	Pro Forma NAV Per New Stapled Security $((A \times B) - C) / B$	\$2.47	\$2.45
Adjustment Factor	Adjustment Factor	1.0	1.0103

Application for an issue of New Stapled Securities

Notation in Formula	Relevant Information	Number – Settlement 1	Number – Settlement 2
N	Number of New Stapled Securities to be issued for each CATS held by the Holder $(A / PF NAV - 1) \times \text{Adjustment Factor}$	0.0103*	0.0105*
Example Holding	Number of CATS held		10,000
	Total number of New Stapled Securities issued to the CATS holder	103*	105*
	Total number of securities for each CATS held for both settlement/determination events		0.0207*
	Total number of New Stapled Securities issued to the CATS holder		207*

Application for a cash payment

Notation in Formula	Relevant Information	Amount – Settlement 1	Amount – Settlement 2
Cash Amount	Cash amount paid per CATS $N^* \times PF NAV$	\$0.0254	\$0.0254
Example Holding	Number of CATS held	10,000 before and after the event	
	Total cash amount paid to the CATS holder for each event	\$254	\$254
	Total cash amount paid to the CATS holder for each CATS held for both settlement/determination events		\$0.0507
	Total cash amount paid to the CATS holder for both settlement/determination events		\$507

* As described above, the Adjustment Factor for cash is always 1.

- The following table sets out examples of the number of New Stapled Securities issued or cash paid to a holder of 10,000 CATS

New Stapled Securities Issued								
NAV per Security Immediately Prior to Crystallisation Event		Single Settlement (A\$m)						
		0	50	100	150	200	250	300
	\$1.75	0	782	1,696	2,779	2,833	2,833	2,833
	\$2.00	0	677	1,453	2,350	2,833	2,833	2,833
	\$2.25	0	598	1,271	2,036	2,833	2,833	2,833
	\$2.50	0	535	1,130	1,796	2,547	2,833	2,833
	\$2.75	0	484	1,016	1,606	2,263	2,833	2,833
	\$3.00	0	442	924	1,453	2,036	2,681	2,833
	\$3.25	0	406	847	1,326	1,850	2,425	2,833

Total Cash Amount Paid to CATS Holders (A\$m)								
NAV per Security Immediately Prior to Crystallisation Event		Single Settlement (A\$m)						
		0	50	100	150	200	250	300
	\$1.75	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$2.00	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$2.25	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$2.50	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$2.75	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$3.00	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519
	\$3.25	\$0	\$1,269	\$2,537	\$3,806	\$5,075	\$5,519	\$5,519

Assumptions:

- Total New Stapled Securities on issue on Aggregation implementation is 1,341 million
- The number of Reference Securities is 394 million
- Note that the number of New Stapled Securities issued is capped in accordance with the CATS terms.



11. FEES AND OTHER COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

When you read the information included in Sections 11.1, 11.2 and 11.3, please note that Centro Retail Australia will be internally managed, which means that the fund and property management business owned by Centro Retail Australia is to provide services for the Aggregation Funds and associated costs are incurred directly.

11. FEES AND OTHER COSTS

11.1. FEES AND OTHER COSTS

Table 11.1 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

General information regarding taxes is set out in Sections 3.5 and 13 of this Document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

TABLE 11.1 FEES AND OTHER COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not applicable
<i>Termination fee</i> The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment ¹	The RE of each Trust which comprises Centro Retail Australia will not charge any management fees ² . However, the RE of each Trust will recover its costs and expenses in managing and administering the Trust. These costs and expenses are estimated to be 0.04% p.a. of the net assets of the Trusts which comprise Centro Retail Australia ³ . Actual costs and expenses may be higher than the estimate.	Paid from assets of each Trust which comprises Centro Retail Australia when the amount is incurred.
Costs of Aggregation ⁴	The costs of the Aggregation to Centro Retail Australia are estimated at \$107.2 million. Actual costs may be higher than the estimate.	Paid from assets of each Trust which comprises Centro Retail Australia at or about the time of Aggregation.
Service fees		
<i>Investment switching fee</i> The fee for changing investment options	Nil	Not applicable

Notes

- For an additional explanation, see "Additional explanation of fees and costs" in Section 11.2.
- Centro Retail Australia RE will not charge any management fees because Centro Retail Australia will be an internally managed fund, which means that fund and property management specialists are employed directly and associated costs are incurred directly.
- This assumes that the total net asset value of the Trusts which comprise Centro Retail Australia during the year ended 30 June 2012 is \$3.1 billion.
- For additional information on the costs of Aggregation, see Section 15.7.

11.2. ADDITIONAL EXPLANATION OF FEES AND COSTS

(a) Management Costs

Centro Retail Australia will not charge any management fees but will instead incur costs and expenses in managing Centro Retail Australia. These management costs and expenses, when incurred by the Trust are deducted from the assets of the Trusts which comprise Centro Retail Australia. The management costs for Centro Retail Australia is an estimate and is expressed as a percentage of the net asset value of the Trusts which comprise Centro Retail Australia. An estimate of the aggregate of such costs and expenses is set out in Table 11.1 above.

Whilst Centro Retail Australia RE is entitled under each Trust's Constitution to a management fee and in some instances, performance fee for its services in managing the relevant Trusts, Centro Retail Australia RE intends to waive each of the management fee and performance fee in full.

(b) Reimbursement of other expenses

Under the Constitution of each Trust which comprises Centro Retail Australia, Centro Retail Australia RE is entitled to pay from, or be reimbursed out of, the assets of the relevant Trust for all costs and expenses incurred in the proper performance of its duties in respect of the relevant Trust.

(c) Adviser remuneration

No commission will be paid to any adviser in respect of the issue of New Stapled Securities or CATS.

(d) No specific fees and costs relating to CATS

Centro Retail Australia will not charge any specific fees or costs relating to CATS.

(e) Costs of Aggregation

Assuming that Aggregation occurs, the expenses of Aggregation to be incurred by Centro Retail Australia are estimated at \$107.2 million. Further information is available in Section 15.7.

11.3. EXAMPLE OF ANNUAL FEES AND COSTS

Tables 11.2 and 11.3 give examples of how the fees and costs of Centro Retail Australia can affect your investment over a one year period. You should use these tables to compare Centro Retail Australia with other managed investment products.

All amounts are GST inclusive net of any reduced input tax credits.

TABLE 11.2 FIRST YEAR AFTER THE ISSUE OF NEW STAPLED SECURITIES

Type of fee or cost		BALANCE OF \$50,000 DURING YEAR
Contribution Fee	Nil	Nil
PLUS Management Costs	0.04%	And , for every \$50,000 you have in the fund you will be charged \$20 each year.
Aggregation costs	3.51%	\$1,755
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year, you would be charged \$1,755

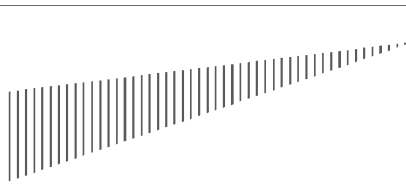
TABLE 11.3 SECOND YEAR AFTER THE ISSUE OF NEW STAPLED SECURITIES

Type of fee or cost		BALANCE OF \$50,000 DURING YEAR
Contribution Fee	Nil	Nil
PLUS Management Costs	0.04%	And , for every \$50,000 you have in the fund you will be charged \$20 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year, you would be charged \$20

The above examples are based on the "Fees and Other Costs" table in Section 13.1 and assumes that the total net asset value of the Trusts which comprise Centro Retail Australia during each of 2012 and 2013 is \$3.1 billion.



12. INVESTIGATING ACCOUNTANT'S REPORT



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5 October 2011

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Glen Waverley, Victoria 3150

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

The Directors
CRL (1) Limited ACN 149 781 322 as Responsible Entity for Centro Retail Australia
Corporate Offices
3rd Floor, Centro The Glen
235 Springvale Rd
Glen Waverley, Victoria 3150

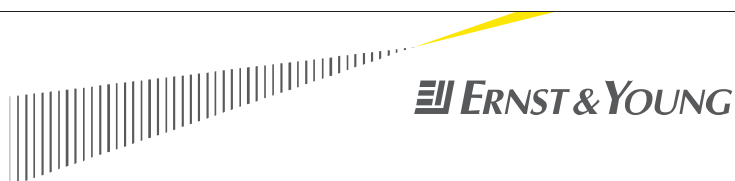
Dear Directors

Investigating Accountant's Report on the Financial Information and Financial Information – Alternative Basis of Preparation

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on certain financial information (defined below) of Centro Retail Limited and Centro MCS Manager Limited as responsible entity for the Centro Retail Trust (together Central Retail Group "CER"), CPT Manager Limited as responsible entity for the Centro Australia Wholesale Fund ("CAWF"), Centro MCS Manager Limited as trustee of the Centro Direct Property Fund ("DPF") and the Centro DPF Holding Trust ("DHT") and CRL (1) Limited ACN 149 781 322 ("Centro Retail Australia RE") as responsible entity for Centro Retail Australia for inclusion in the Disclosure Document to be dated

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



on or about 5 October 2011, and to be issued by CER, CAWF, DPF and DHT (the Centro Parties), in respect of the potential amalgamation of CER's Australian portfolio with the Australian portfolio of CAWF and DHT by way of the issue and stapling of securities in each of CER, CAWF, and DHT. The financial metrics of the merger will be based on the respective value of the assets being contributed by each of the Centro Parties. Certain other property investments and other assets owned by parties in the Centro Group will also be vended in (the "Aggregation").

Expressions defined in the Disclosure Document have the same meaning in this report.

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

2. Scope

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

Historical Financial Information

The Historical Financial Information comprises:

- the historical balance sheets of CER, CAWF and DPF as at 30 June 2011, as set out in section 7.3 of the Disclosure Document.

(Hereafter the 'Historical Financial Information').

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information comprises:

- the pro forma historical earnings before interest and tax ("EBIT") for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
- the pro forma historical balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

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

Forecast Financial Information

The Forecast Financial Information comprises:

- the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and
- the pro forma statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document.

(Hereafter 'the Forecast Financial Information').

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

The Pro Forma Historical and Forecast Financial Information assumes completion of the proposed transactions outlined in section 7.3 of the Disclosure Document.

The Forecast Financial Information is based on the assumptions outlined in section 7.5 of the Disclosure Document.

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

Pro Forma Historical Financial Information – Alternative Basis of Preparation

The Pro Forma Historical Financial Information – Alternative Basis of Preparation comprises:

- the pro forma historical earnings information under the alternative basis of presentation of Centro Retail Australia for the year ended 30 June 2011 as set out in section 7.8 of the Disclosure Document; and
- the pro forma historical balance sheet under the alternative basis of presentation of Centro Retail Australia as at 30 June 2011.

(Hereafter the 'Pro Forma Historical Financial Information – Alternative Basis of Preparation').

Pro Forma Forecast Financial Information – Alternative Basis of Preparation

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation comprises:

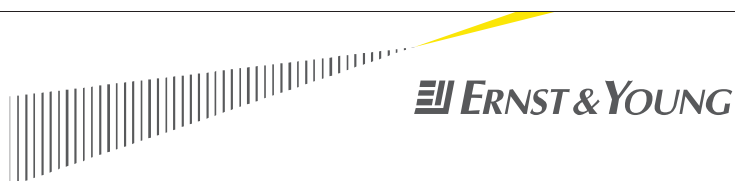
- the pro forma forecast earnings information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.8 of the Disclosure Document.

(Hereafter 'the Pro Forma Forecast Financial Information – Alternative Basis of Preparation').

(Collectively, the Pro Forma Historical Financial Information – Alternative Basis of Preparation and the Pro Forma Forecast Financial Information – Alternative Basis of Preparation comprise the 'Financial Information – Alternative Basis of Preparation').

The Pro Forma Historical and Forecast Financial Information – Alternative Basis of Preparation assumes completion of the proposed adjustments outlined in section 7.8 of the Disclosure Document.

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation is based on the assumptions outlined in section 7.8 of the Disclosure Document.



The Financial Information – Alternative Basis of Preparation is presented in a format that will be used for internal management reporting purposes which does not comply with all the recognition, measurement, presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information and the Financial Information – Alternative Basis of Preparation to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Disclosure Document.

3. Directors' Responsibility for the Financial Information and the Financial Information – Alternative Basis of Preparation

The directors of CRL, the responsible entities of CER, CAWF, DPF, DHT and Centro Retail Australia are responsible for the preparation and presentation of the Financial Information and the Financial Information – Alternative Basis of Preparation in the Disclosure Document. Those directors are also responsible for the determination of the pro forma adjustments as set out in sections 7.3.4 and 7.8.4 and the best-estimate assumptions as set out in sections 7.5 of the Disclosure Document and the compilation process.

4. Our Responsibility for the Financial Information and the Financial Information – Alternative Basis of Preparation

Historical Financial Information

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

The Historical Financial Information has been extracted from the audited statutory financial statements. The CER financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the CER financial statements, noting the inherent uncertainty regarding the continuation of CER as a going concern due to the net current asset deficiency at 30 June 2011 as a result of certain loan facilities expiring within 12 months. The inherent uncertainty is due to CER remaining reliant on the continued support of its lenders, through the extension of certain loan facilities beyond existing expiry dates. The CAWF financial statements were audited by Ernst & Young, which has issued an unqualified modified opinion on the financial statements, noting inherent uncertainty regarding the continuation of CAWF as a going concern due to the net current asset deficiency at 30 June 2011 as a result of certain loan facilities expiring within 12 months. The DPF financial statements were audited by Ernst & Young, which has issued an unqualified opinion on the financial statements, with an emphasis of matter regarding the liquidation basis of preparation of the financial statements. DPF adopted the liquidation basis of accounting for the year ended 30 June 2011 as a result of the responsible entities intention to wind up the fund to provide liquidity to its investors.

We have conducted an independent review of the Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information has not been properly extracted from

the respective CER, CAWF and DPF audited Financial Statements for the year ended 30 June 2011.

Pro Forma Historical Financial Information

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

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

- a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information;
- b. The Pro Forma Historical Financial Information has not been prepared on the basis of the transactions and assumptions set out in section 7.3 of the Disclosure Document;
- c. The Pro Forma Historical Financial Information does not present fairly:
 - the pro forma historical EBIT for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
 - the pro forma balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

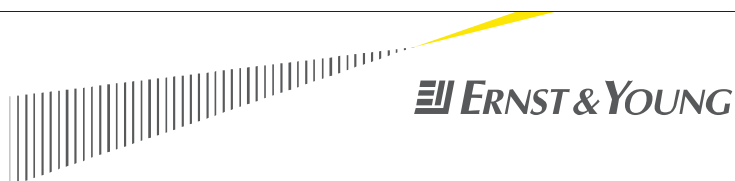
in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out above had occurred at 30 June 2011.

Forecast Financial Information

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

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

- a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- b. The Forecast Financial Information was not prepared on the basis of the best-estimate assumptions;
- c. The Forecast Financial Information does not present fairly:



- the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and
- the statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document

in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

d. The Forecast Financial Information is unreasonable.

The Forecast Financial Information has been prepared by the Directors to provide investors with a guide to the potential future financial performance of Centro Retail Australia based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast Financial Information. Actual results may vary materially from this Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Sections 5 of the Disclosure Document and Sensitivity Analysis set out in Sections 7.6 of the Disclosure Document.

Pro Forma Historical Financial Information – Alternative Basis of Preparation

Our responsibility is to express a conclusion on the Pro Forma Historical Financial Information – Alternative Basis of Preparation based on our review.

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

- a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information – Alternative Basis of Preparation;
- b. The Pro Forma Historical Financial Information – Alternative Basis of Preparation has not been prepared on the basis of the transactions and assumptions set out in section 7.8 of the Disclosure Document;

Pro Forma Forecast Financial Information – Alternative Basis of Preparation

Our responsibility is to express a conclusion on the Pro Forma Forecast Financial Information – Alternative Basis of Preparation based on our review.

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

- a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation;
- b. The Pro Forma Forecast Financial Information – Alternative Basis of Preparation was not prepared on the basis of the best-estimate assumptions; and
- c. The Pro Forma Forecast Financial Information – Alternative Basis of Preparation is unreasonable.

The Pro Forma Forecast Financial Information – Alternative Basis of Preparation has been prepared by the Directors to provide investors with a guide to the potential future financial performance of Centro Retail Australia based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation. Actual results may vary materially from this Pro Forma Forecast Financial Information – Alternative Basis of Preparation and the variation may be materially positive or

negative. Accordingly, investors should have regard to the Risk Factors set out in Sections 5 of the Disclosure Document and Sensitivity Analysis set out in Sections 7.6 of the Disclosure Document.

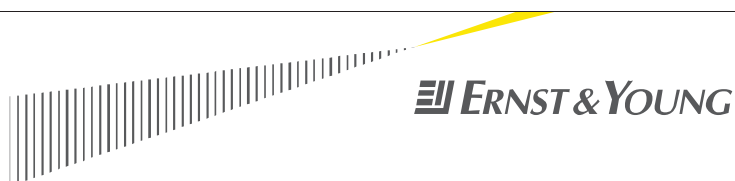
Our independent review of the Financial Information and Financial Information – Alternative Basis of Preparation has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of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

We have not performed an audit and, accordingly, we do not express an audit opinion on the Forecast Financial Information or the Pro Forma Forecast Financial Information – Alternative Basis of Preparation.

5. Review conclusion on the Financial Information

Review conclusion on the Historical Financial Information

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



Review conclusion on the Pro Forma Historical Financial Information

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

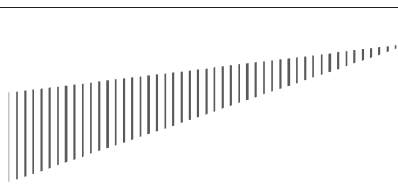
- a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Financial Information;
- b. The Pro Forma Historical Financial Information has not been prepared on the basis of the transactions and assumptions set out in Section 7.3 of the Disclosure Document;
- c. The Pro Forma Financial Information does not present fairly:
 - the pro forma historical EBIT for the years ended 30 June 2010 and 30 June 2011 as set out in section 7.3 of the Disclosure Document; and
 - the pro forma balance sheet of DHT and Centro Retail Australia as at 30 June 2011 as set out in section 7.3 of the Disclosure Document

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out above had occurred at 30 June 2011.

Review conclusion on Forecast Financial Information

Based on our review of the Forecast Financial Information, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

- a. the Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- b. the Forecast Financial Information was not prepared on the basis of the best-estimate assumptions;
- c. the Forecast Financial Information does not present fairly:
 - the pro forma forecast earnings and distribution information of Centro Retail Australia for the year ending 30 June 2012 as set out in section 7.4 of the Disclosure Document; and
 - the pro forma statutory forecast earnings and distribution information of Centro Retail Australia for the seven months ending 30 June 2012 as set out in section 7.4 of the Disclosure Document



in accordance with the recognition and measurement requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

- d. the Forecast Financial Information is unreasonable.

The best-estimate assumptions, set out in section 7.5 of the Disclosure Document, are subject to significant uncertainties and contingencies often outside the control of each of Centro Retail Australia and the Directors of CRL and the responsible entities of CER, and Centro Retail Australia. If events do not occur as assumed, actual results achieved and distributions provided by Centro Retail Australia may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Review conclusion on the Pro Forma Historical Financial Information – Alternative Basis of Preparation

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

- a. The Pro Forma transactions and assumptions do not provide a reasonable basis for the Pro Forma Historical Financial Information – Alternative Basis of Preparation; and
- b. The Pro Forma Historical Financial Information – Alternative Basis of Preparation has not been prepared on the basis of the transactions and assumptions set out in Section 7.3 and 7.8 of the Disclosure Document.

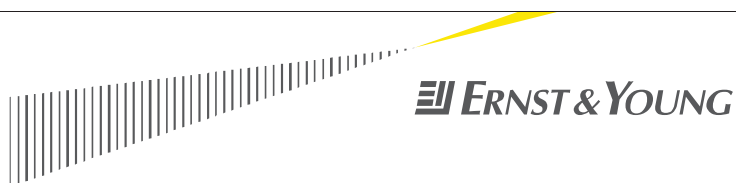
Review conclusion on Pro Forma Forecast Financial Information – Alternative Basis of Preparation

Based on our review of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

- a. the Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation;
- b. the Pro Forma Forecast Financial Information – Alternative Basis of Preparation was not prepared on the basis of the best-estimate assumptions; and
- c. the Pro Forma Forecast Financial Information – Alternative Basis of Preparation is unreasonable.

The best-estimate assumptions, set out in section 7.5 of the Disclosure Document, are subject to significant uncertainties and contingencies often outside the control of each of Centro Retail Australia and the Directors of CRL and the responsible entities of CER, and Centro Retail Australia. If events do not occur as assumed, actual results achieved and distributions provided

12. INVESTIGATING ACCOUNTANT'S REPORT



10

by Centro Retail Australia may vary significantly from the Pro Forma Forecast Financial Information – Alternative Basis of Preparation. Accordingly, we do not confirm or guarantee the achievement of the Pro Forma Forecast Financial Information – Alternative Basis of Preparation, as future events, by their very nature, are not capable of independent substantiation.

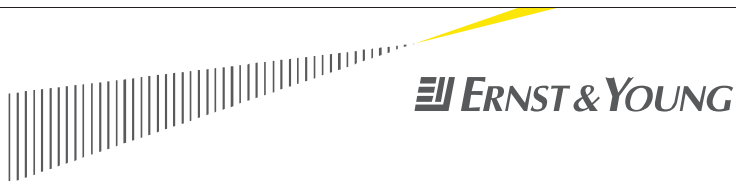
6. Independence or Disclosure of Interest

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

Yours faithfully

A handwritten signature in black ink, which appears to read 'Stephen Lomas', is positioned above the printed name.

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



**Ernst & Young Transaction
Advisory Services Limited**
Ernst & Young Building
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www.ey.com/au

5 October 2011

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

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

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

2. Financial Services Guide

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

3. Financial services we offer

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

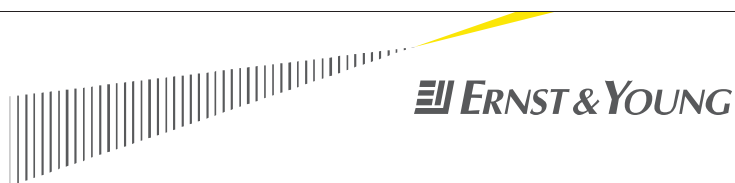
- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

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

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

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will



be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$150,000 (inclusive of GST).

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

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

6. Associations with product issuers

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

7. Responsibility

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

8. Complaints process

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

9. Compensation Arrangements

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

Contacting Ernst & Young Transaction Advisory Services AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Contacting the Independent Dispute Resolution Scheme: Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.



13. TAXATION ADVISER'S REPORT



Tax
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DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Centro Corporate Services Pty Limited
Centro Properties Limited
Centro Retail Limited
CPT Manager Ltd as responsible entity of Centro
Property Trust and Centro Australia Wholesale Fund
Centro MCS Manager Ltd as responsible entity of
Centro Retail Trust, Centro Direct Property Fund
and Centro Direct Property Fund Holding Trust
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

5 October 2011

Dear Directors

Taxation implications of holding securities in Centro Retail Australia

We provide below our taxation opinion, to be included in the Disclosure Document dated 5 October 2011, on the Australian income tax consequences that arise in relation to the proposed Aggregation and stapling of Centro Retail Trust (**CRT**) and Centro Retail Limited (**CRL**) (together **CER**), Centro Direct Property Fund Holding Trust (**DHT**) (being a 100% subsidiary of Centro Direct Property Fund (**DPF**)) and the Centro Australian Wholesale Fund (**CAWF**) to form a new listed Australian retail property fund (**Centro Retail Australia**). Each proposed stapled entity is here forth also referred to as a proposed **Aggregation Fund**.

The purpose of this tax opinion is to provide a general outline of the Australian income taxation implications arising from holding securities in Centro Retail Australia.

In particular, this opinion outlines the Australian income taxation implications for Australian resident unitholders (**Investors**) of Centro Retail Australia who hold their investments on capital account. It does not attempt to address all of the Australian tax consequences that may be relevant to Investors. In this respect, it does not cover the stamp duty or GST consequences of the creation of Centro Retail Australia. Different tax implications may apply to non-resident investors and investors whose investments are held on revenue account or as trading stock.

This opinion is general in nature because the tax implications for each Investor may vary depending on their particular circumstances. Accordingly, it is recommended that each Investor seek their own professional advice regarding the taxation implications associated with the restructure. This taxation opinion is not, and is not intended to be, taxation advice to any particular Investor.



*Tax implications of holding
securities in Centro Retail Fund
5 October 2011*

This opinion is based on the *Income Tax Assessment Act 1936 (ITAA 1936)* and the *Income Tax Assessment Act 1997 (ITAA 1997)* (collectively referred to as **the Tax Law**) as applicable at the date of this opinion.

1 Overview of the Aggregation and creation of Centro Retail Australia

1.1 Background and overview of the Aggregation

Our understanding of the background facts, relating to the proposed Aggregation and stapling is as follows:

- On 1 March 2011, CRT announced that it had entered into discussions with Centro Properties Group (**CNP**), CNP's Senior Lenders and other Centro Australian managed funds to work towards agreeing an amalgamation of their respective portfolios to create a retail property portfolio of high quality, largely 100% owned properties in a new listed Centro fund;
- On 9 August 2011, CNP, CER, DPF, DHT and CAWF executed the Implementation Agreement to effect the Aggregation and stapling process to form Centro Retail Australia;
- Once established, Centro Retail Australia is intended to be a stapled entity, comprising stapled securities in CER, units in DHT and units in CAWF; and
- The stapled group will be listed on the Australian Stock Exchange (**ASX**).

1.2 Aggregation Steps

We summarise below the key Aggregation steps prior to the formation of Centro Retail Australia:

Consolidation of shares / units

As part of the Aggregation there will be a consolidation of the number of existing securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each Centro Retail Australia stapled security will have a total net asset value of \$2.50 per stapled security.

Return of capital

Each of the Aggregation Funds will make a return of capital to its Investors, whereby each Investor will receive Securities in each of the other Aggregation Funds.

The amount of each return of capital amount will be calculated by reference to the net asset value of each Aggregation Fund compared to the total combined value of all the Aggregation Funds, as determined in accordance with the principles agreed by the parties in the Implementation Agreement. This step will allow each investor in the Aggregation Funds to obtain an interest in each of the other Aggregation Funds.

Equalisation through the issue of securities

Each of CER, CAWF and DHT will issue the Securities referred to in the previous step. The total value of the newly issued securities by each Aggregation Fund will equal the amount of capital returned to the Investors by each Aggregation Fund.

Stapling

A legal stapling of the CER securities, CAWF units and DHT units will then occur to form Centro Retail Australia stapled securities. Centro Retail Australia stapled securities will trade on the ASX as a single stapled entity.

That is, post stapling, whilst the Aggregation Funds will remain legally separate entities, the CER securities, CAWF units and DHT units will not be able to be traded or sold independently of each other.

Issue of Centro Retail Australia Class Action True-Up Securities (CATS)

All Centro Retail Australia Investors, except those who were CER securityholders immediately prior to Aggregation, will receive CATS. Each CATS will comprise a right issued by each of CER, CAWF and DHT to the holder of the CATS (with the rights stapled to form a single security).

CATS will provide an entitlement to the holders of those securities, in the event of a prescribed litigation settlement event in relation to CER, to either:

- receive cash payment; or
- at the discretion of the issuer of CATS, be issued with Centro Retail Australia securities, in settlement of their cash entitlement.

2 Tax profile of Centro Retail Australia entities

2.1 Centro Retail Limited

CRL is proposed to be the head company of a tax consolidated group that includes the CNP Services Business as subsidiary entities. As a corporate taxpayer, CRL will be taxed on the taxable income of the CRL tax consolidated group at the corporate tax rate of 30% (reducing to 29% from 1 July 2013). This will enable CRL to frank any dividends paid to Centro Retail Australia securityholders in the future.

Where revenue and capital losses are incurred by CRL, those losses will be carried forward by the company to be utilised in subsequent income years (subject to the satisfaction of the continuity of ownership test or the same business test). Capital losses will only offset gross capital gains of CRL, while carried forward revenue losses will offset against assessable income of CRL (including net capital gains).



*Tax implications of holding
securities in Centro Retail Fund
5 October 2011*

2.2 ***CRT, CAWF and DHT***

Taxation of trusts

As CRT, CAWF and DHT are unit trusts, they will be treated as “flow through” entities for Australian income tax purposes.

That is, the taxable income of each trust will be subject to tax in the hands of the Investors in Centro Retail Australia provided that the Investors are made presently entitled to the taxable income of the fund at the end of each income year.

For completeness, as we understand that CRT, CAWF and DHT primarily will only hold land for the purposes of deriving rent both before and after the Aggregation process, the public trading trust rules in Division 6C of the ITAA 1936 (which in effect may tax a trust at the corporate rate on its taxable income) will not apply.

Managed Investment Trust (MIT) Status

Each of CAWF, DHT and CRT have made an election pursuant to section 275-115 of the ITAA 1997 to adopt the Capital Gains Tax (**CGT**) rules as their primary code for taxing specified assets, such as equity interests and land.

Accordingly, in calculating the taxable income of the trusts in the future, taxable gains or losses from any transfer of assets by these entities will be determined under the CGT rules (provided such assets are not held as trading stock).

Trust losses

Where revenue losses are incurred by a trust, those losses cannot be distributed but instead are carried forward in the trust to offset against assessable income (including net capital gains) derived in subsequent income years.

Revenue losses incurred by a trust will be subject to the trust loss rules. For a listed trust, such as CRT, CAWF and DHT, the “continuity of ownership test” or the same business test must be satisfied before a deduction may be claimed in respect of prior and current year tax losses.

Stapling

On the basis that the Aggregation Funds will continue to remain legally separate, in our opinion, no income tax implications should arise from the stapling event for the Investors in the Aggregation Funds.

3 **Tax comments for Investors in Centro Retail Australia**

This section of the opinion contains an outline of the Australian income tax consequences that will generally apply to Investors that acquire Centro Retail Australia securities as capital assets for the purposes of the investment, including the tax consequences arising from the Aggregation and stapling process.

In this respect, the reference to the term “Investor” does not include any investors related to or controlled by Centro.

3.1 Consolidation of shares / units

As part of the Aggregation there will be a consolidation of the number of existing securities on issue in each of the Aggregation Funds. The consolidation is to ensure that, following the aggregation steps to create Centro Retail Australia, each Centro Retail Australia stapled security will have a total net asset value of \$2.50 per stapled security.

The consolidation of securities will not result in a taxable event for an Investor. The tax cost base of the individual securities that are consolidated will be added together.

For example, if you paid 28 cents per security on 1 June 2011 for 10,000 CER securities (\$2,800 in total), your cost base after the consolidation is \$1.622 per security for 1,726 securities. The overall cost base for your investment does not change and is still \$2,800.

3.2 Tax implications of the return of capital and subscription for new securities as part of the equalisation process

Income tax implications on the return of capital as part of the equalisation process

The return of capital received by an Investor will firstly reduce the CGT cost base of each unit they currently hold in the trust making the return of capital. The proposed return of capital is expected to be equivalent to approximately 18.22 cents per security (assuming the consolidation of securities at 3.1 had not occurred).

However, given the return of capital will occur after the consolidation of existing shares and units referred to at 3.1 above, the actual return of capital amount will be approximately \$1.054 per security (each Investors cost base in each security will be higher because of the consolidation referred to at 3.1 above).

This return of capital amount will reduce the CGT cost base of each CRT unit held by a retail Investor by \$1.054 (no distribution is expected in relation to the shares held in CRL as CRL has no material value for the purposes of the equalisation steps).

The CGT cost base of a CER stapled security held by an Investor generally will be the on-market purchase price paid for the security (reduced by any subsequent tax-deferred distributions received from CRT) adjusted for the consolidation event referred to at 3.1 above.

For example, if you paid 28 cents on 1 June 2011 for 10,000 CER securities, your cost base after the consolidation becomes \$1.622 per security for 1,726 securities. The return of capital reduces this cost base for each security by \$1.054 so that after both the consolidation *and* return of capital, you will have a remaining CGT cost base of \$0.568 per CER security (being \$1.622 less \$1.054) for 1,726 securities, being \$980 in total.

To the extent that the return of capital amount per security exceeds an Investor's CGT cost base of the security, the excess will be a CGT gain to the Investor.

For example, to the extent the return of capital amount of \$1.054 per security exceeds a CER Investor's CGT cost base of the security (as aggregated under 3.1 above), the excess will be a taxable CGT gain. An Investor may offset any capital losses they have against this gain. An Investor also may be eligible to claim the CGT discount concession on any gain that arises (after



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the reduction for prior year and current year capital losses) if the securities have been held for greater than 12 months (generally, a 50% CGT discount for individuals and a 33 1/3% discount for complying superannuation funds).

Class Rulings from the Australian Taxation Office (*ATO*) on behalf of the Investors is being sought to confirm these outcomes.

Income tax implications of the acquisition of new units and shares

The return of capital to the Investors in each of CRT, CAWF and DHT will effectively be re-invested on behalf of each Investor by way of subscription for newly issued units in the other Aggregation Funds in Centro Retail Australia.

An Investor will have a CGT cost base in their newly issued units equal to the consideration subscribed for those new units. This CGT cost base will be relevant to the calculation of a gain or loss on any future disposal of the stapled securities held in Centro Retail Australia.

Continuing from the example above, the \$1.054 returned to you will be reinvested by each Investor as \$0.656 to acquire each new CAWF unit and \$0.398 to acquire each new DHT unit. For example, if you paid 28 cents for 10,000 CER securities (\$2,800 in total), your total cost base in Centro Retail Australia after the equalisation process (i.e. consolidation, return of capital and acquisition of new units in CAWF and DHT) is a total of \$1.622 per Centro Retail Australia stapled security (for 1,726 stapled securities). Note that the overall cost base for your investment has not changed and is still \$2,800. The tax cost base for the individual staple-members is as follows:

- \$0.568 per CER security for 1,726 securities (as discussed in the example above) being \$980 in total;
- \$0.656 per CAWF unit for 1,726 units (representing 62.3% of the \$1.054 return of capital amount) being \$1,133 in total; and
- \$0.398 per DHT unit for 1,726 units (representing 37.7% of the \$1.054 return of capital amount) being \$687 in total.

The CGT discount concession requires a minimum holding period of greater than 12 months. Accordingly, while Investors may have held their CER securities for longer than 12 months, in the event of a disposal of Centro Retail Australia stapled securities in the future, the newly acquired units in CAWF and DPF (being parts of Centro Retail Australia stapled security) will not be eligible for the CGT discount until 12 months after the effective date of the schemes of arrangement that implement the equalisation steps.

Class Rulings from the ATO on behalf of the Investors is being sought to confirm these outcomes.

3.3

Tax implications of holding Centro Retail Australia securities

From time to time, an Investor may receive distributions on their Centro Retail Australia securities. These distributions will comprise either dividends or trust distributions, or both. We set out below the general income tax consequences of the receipt of such distributions.

Trust distributions from CRT, CAWF and DHT

From time to time, an Investor may receive trust distributions from CRT, CAWF and DHT. We expect that these distributions will comprise taxable and non-taxable amounts. An Investor is required to include the taxable component of any trust distribution in their assessable income.

Non-taxable distributions typically comprise “tax-deferred” amounts which represent amounts that will not immediately be taxable to an Investor. The tax-deferred portion of any distribution by CRT, CAWF or DHT will reduce the CGT cost base of the units held by an Investor in that particular trust.

This will require an Investor to maintain cost base information for their units in each of CRT, CAWF and DHT. This will be important for the calculation of the capital gain or loss that will arise to an Investor upon a future disposal of Centro Retail Australia securities.

To the extent tax-deferred distributions received from that particular trust over time in total exceed the Investor’s cost base of the units held in that trust, the excess will be taxable as a capital gain to the Investor.

In addition, distributions to Investors may also comprise non-taxable amounts that represent the benefit of the 50% CGT discount concession claimed by the trust in calculating its net taxable income. Such distributions will not reduce an Investor’s CGT cost base in their investment.

Any discounted CGT discounted gain of a trust distributed to Investors will be grossed up to its original amount in the Investor’s hands (ie. before the CGT discount). This grossed-up amount potentially may then reduced by any current or prior year capital losses of the Investor in calculating each Investor’s capital gain depending on the Investor’s specific circumstances. An Investor may then be entitled to claim the CGT discount on the amount (generally, a 50% CGT discount for individuals and a 33 ⅓% discount for complying superannuation funds) in determining their net capital gain.

Dividends from CRL

Dividends paid by CRL to Investors must be included in the assessable income of the Investor as dividend income. As CRL is required to pay tax at the corporate tax rate, CRL may frank its dividends. The availability of future franked dividends from CRL is dependent on the level of Australian corporate tax that CRL is required to pay (as well as its ability to declare and pay dividends in accordance with the Corporations Law).

Investors will be required to include the gross dividend (including any associated franking credits) in their assessable income and may be able to utilise any franking credits to offset against the Australian tax payable on that income. To the extent that a taxpayer receives franking credits in excess of the tax payable by the taxpayer, the franking credits may be refundable, depending on the taxpayer’s tax status. Generally, corporate taxpayers are not eligible for this refund, nor are the trustees of some trusts, where the trustee is liable to pay tax on part or all of the net income of the trust. However, corporate taxpayers may convert their excess franking credits to a tax loss which can be carried forward and offset against future income, subject to the satisfaction of certain tests.



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If an Investor does not satisfy the “holding period” in the tax law in relation to their shares in CRL, the franking credits attaching to the dividend will not be included in their assessable income, and will not be available to offset the tax payable in respect of the dividend.

The holding period rule provides that in order for a taxpayer to receive the benefit of any franking credits attached to a dividend, the taxpayer must have held their shares at risk for a continuous period of at least 45 days (not including the date of acquisition or disposal). Generally, individuals whose total franking credit entitlements for a relevant income year do not exceed \$5,000 will not be subject to the holding period rule.

3.4 Tax consequences of disposing Centro Retail Australia securities

CGT implications to Investors

As each Centro Retail Australia security consists of one share in CRL, and one unit in each of CRT, CAWF and DHT respectively, the CGT provisions must be considered separately in respect of each of these CGT assets in the event of a disposal of a Centro Retail Australia security.

Accordingly, where a Centro Retail Australia Investor disposes of Centro Retail Australia securities, they will realise a separate CGT gain or loss on the one share in CRL, and the one unit in each of CRT, CAWF and DHT respectively.

The calculation of a Centro Retail Australia Investor's capital proceeds in respect of the disposal of each share in CRL, and each unit in CRT, CAWF and DHT respectively, will require a reasonable apportionment of the consideration received across the one share in CRL, and the one unit in each of CRT, CAWF and DHT respectively.

If the consideration received in respect of the shares held in CRL, or in respect of any of the units held in CRT, CAWF or DHT exceeds the CGT cost base the shares held in CRL, or the units held in CRT, CAWF or DHT, the Investor will derive a CGT gain in respect of the shares or the units as the case may be.

If the consideration received in respect of the shares held in CRL, or in respect of any of the units held in CRT, CAWF or DHT is less than the CGT cost base the shares held in CRL, or the units held in CRT, CAWF or DHT, the Investor will derive a CGT loss in respect of the shares or the units as the case may be.

As an Investor's CGT cost base in each share in CRL, and in each unit in CRT, CAWF and DHT is calculated separately and affected by different factors during the course of holding an investment in Centro Retail Australia securities, a disposal of Centro Retail Australia securities may result in both taxable gains and losses in respect of the shares held in CRL, and the units held in CRT, CAWF and DHT, respectively.

For each Centro Retail Australia security, we understand that Centro Retail Australia Investors will be provided with information regarding the percentage split of the net tangible assets of Centro Retail Australia between one share in CRL, and one unit in CRT, CAWF and DHT. This will enable Centro Retail Australia Investors to apportion capital proceeds on the sale of Centro Retail Australia securities between each share in CRL, and each unit in CRT, CAWF and DHT.

Each Centro Retail Australia Investor's total capital gains and capital losses in a year of income from all sources are aggregated to determine whether there is a net capital gain or loss. Any net capital gain for the year is included in an Investor's assessable income and is subject to income tax at the Investor's marginal tax rate. Net capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against capital gains derived in future income years. Specific loss rules apply to Investors that are companies, which may limit their ability to offset capital losses in a current or later income year.

Centro Retail Australia Investors that are individuals, complying superannuation entities or trustees of trusts may be entitled to reduce the amount of any capital gain included in their assessable income on disposal of their Centro Retail Australia securities if they have held the shares and units that comprise their Centro Retail Australia securities for greater than 12 months at the time of the disposal. The CGT discount is applied only after available capital losses have been applied to reduce capital gains.

In this respect, it is important for Investors to maintain records for the first 12 months post Aggregation of their holdings in Centro Retail Australia given the CGT discount may not be available for all securities (i.e. interests in the other Aggregation Funds acquired as part of the equalisation process) they hold.

For individuals and trustees, the CGT discount rate is 50% and for complying superannuation entities the CGT discount rate is 33⅓%. Corporate investors are not eligible for the CGT discount and are required to include the full amount of the capital gain in their assessable income.

3.5 Tax consequences of CATS

Acquisition of CATS

All Centro Retail Australia Investors, except those that own CER securities immediately before Aggregation will receive CATS. Each CATS will comprise a right issued by each of CER, CAWF and DHT to the holder of the CATS (with the rights stapled to form a single security).

CATS will provide an entitlement to the holders of those securities, in the event of a prescribed litigation settlement event in relation to CER, to either:

- receive a cash payment; or
- at the discretion of the issuers of CATS, be issued with Centro Retail Australia securities, in settlement of their cash entitlement.

In our opinion:

- the issue of CATS will result in the acquisition of a CGT asset by the recipients from an income tax perspective. We do not expect the receipt of CATS to be taxable to the Investor;
- Where an entitlement that arises under the CATS is settled in cash, the holder of the CATS will recognise a taxable capital gain equal to the cash payment. An Investor may then be entitled to claim the CGT discount on the amount of any gain (generally, a 50% CGT discount for individuals and a 33 ⅓% discount for complying superannuation funds) in



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determining their net capital gain if they have held the CATS for greater than 12 months;
and

- Where an entitlement that arises under the CATS is settled by the issue of Centro Retail Australia securities, the holder may be entitled to disregard the taxable capital gain until the subsequent point in time when the Centro Retail Australia securities are disposed of by the Investors.

Class Rulings from the Australian Tax Commissioner will be sought to confirm the income tax and CGT consequences arising from the acquisition and disposal of CATS.

4 Other tax implications

This section of the opinion outlines other Australian income tax consequences that are relevant to the proposed Aggregation and stapling process.

4.1 Pay As You Go (PAYG) withholding

The collection of an Investor's Tax File Number (*TFN*) is authorised and its use is strictly regulated by law. Where an Investor does not quote their TFN or claim an exemption, the responsible entity is required to deduct from their distributions, tax at the highest marginal rate plus the Medicare levy. Business taxpayers may quote an ABN instead of a TFN. Investors may be able to claim an income tax credit for any amounts withheld.

* * * * *

5 Disclaimers

Our income tax advice is based on current taxation law as at the date our advice is provided. You will appreciate that the tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage.

Unless special arrangements are made, this advice will not be updated to take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of taxation authorities. It is your responsibility to take further advice, if you are to rely on our advice at a later date.

We are, of course, unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Australian Commissioner of Taxation.



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KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. You should consider taking advice from an Australian Financial Services Licence holder before making any decision on a financial product.

Yours faithfully

A handwritten signature in black ink that reads 'Stephen Carpenter'. The signature is written in a cursive, flowing style.

Stephen Carpenter
Partner



14. MATERIAL CONTRACTS

This Section contains information about certain material contracts and documents for Centro Retail Australia.

14.1. AGGREGATION FUNDS' CONSTITUTIONS

The rights attaching to New Stapled Securities are governed by the Constitutions of each of the Aggregation Funds, the Stapling Deed (which is referred to in Section 14.2), the Corporations Act, the ASX Listing Rules and general law.

On Aggregation, the provisions of the Constitutions of CRT, CAWF and DHT will be substantively the same. The material terms of the Constitutions are described below.

This summary is not exhaustive and assumes that the resolutions put to meetings of members of each of CRL, CAWF and DHT to amend their respective Constitutions as part of Aggregation have been passed and the amendments lodged with ASIC.

The Constitutions are lengthy documents. Copies are available for inspection at the offices of Centro, Level 3, Centro The Glen, 235 Springvale Road, Victoria 3150 between 9:00am and 5:00pm (AEST) on Business Days until the time the Securityholder votes occur. A copy will also be made available upon request free of charge by calling +61 2 9191 5974 or free call 1300 785 534.

Each Constitution of CRT (other than as to paragraphs (l)(ii) and (p)), CAWF and DHT contains provisions to the following effect:

- (a) **Rights and Obligations of Unitholders:** The Constitution provides that the liability of each Unitholder is limited to its investment in the Trust. A Unitholder is not required to indemnify the RE or a creditor of the RE against any liability of the RE in respect of the Trust.

However, complete assurance cannot be given in this regard, until the ultimate liability of a Unitholder has been finally determined by the Courts.

- (b) **RE:** The RE is responsible to Unitholders for the operation of the Trust and owes duties under Chapter 5C of the Corporations Act and also fiduciary duties as trustee of the Trust. The RE may only retire in the circumstances provided for in the Corporations Act. Unitholders may remove the RE by complying with the procedures set out in the Corporations Act.
- (c) **Powers of the RE:** The RE has all the powers in respect of the Trust that it is possible under the law to confer on a trustee, as though it were the absolute and beneficial owner of the assets of the Trust and acting in its personal capacity. The RE may appoint a person, including an associate of the RE, as its delegate, attorney or agent to exercise its powers and perform its obligations.
- (d) **Remuneration of the RE:** The RE is entitled under the Constitution, to the extent permitted by the Corporations Act, to receive fees for acting as the RE of the Trust and to be paid or reimbursed for certain expenses incurred in the proper performance of its duties in relation to the Trust. See Section 11 for more information.
- (e) **Limitation on Liability and Indemnity:** Subject to the Corporations Act, the liability of the RE to a Unitholder or any person in respect of the Trust is limited to the RE's ability to be indemnified from the assets of the Trust.

The RE is entitled to be indemnified out of the assets of the Trust for any liability incurred by the RE in properly performing or exercising any of its powers or duties in relation to the Trust. To the extent permitted by the Corporations Act, the indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the RE.

The RE is indemnified out of the assets of the Trust for any liability incurred by the RE performing or exercising any of its powers or duties in relation to the Trust. This indemnity applies both while it is the RE of the Trust and upon its retirement or removal and is in addition to any indemnity allowed by law.

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- (f) **Termination of the Trust:** The Trust terminates on the date on which the Trust is terminated under the Constitution or by law.
- (g) **Entitlements to Distributions:** Unitholders are each entitled to a share of distributable income in proportion to their aggregate paid up Unitholdings. One or more distributions may be made each year and will only be made to persons who hold Units on the last day of the income distribution period. There is some scope for compulsory reinvestment of income by unitholders.
- (h) **Voting Rights:** Each Unitholder is entitled to receive notice of, and attend meetings of, Unitholders. Each Unitholder present in person or by proxy has one vote on a show of hands and one vote on a poll for each dollar paid up on a Unit held.
- (i) **Rights on Winding Up:** On a winding up of the Trust, the net proceeds of realisation of the assets of the Trust, after discharging or providing for all liabilities of the Trust, must be distributed pro rata to Unitholders according to the number of Units they hold subject to any special rights attaching to any class of Units.
- (j) **Transfer of Units:** While the Trust is listed on ASX and Units are quoted, the RE may require the transfer to accord with the rules set down in the CHESS Rules. While Units remain New Stapled Securities, a transfer will only be accepted if it relates to or is accompanied by a contemporaneous transfer of an identical number of securities in the other Aggregation Funds in favour of the same transferee.
- (k) **Accounts:** The accounts of the Trust are prepared by the RE in accordance with the Corporations Act and the ASX Listing Rules and are audited and reported as required by the Corporations Act. Each Unitholder has a right to receive copies of the combined accounts of the Trust which includes the Trust annual and half yearly accounts.
- (l) **Issues at a Fixed Price:**
- Units can be issued at various issue prices as provided for under the Corporations Act and ASIC Class Orders. The right of the RE to issue Units at a particular price under one part of the Constitution is not limited by any other issue price provisions of the Constitution.
 - At any time while the New Stapled Securities are officially quoted, the RE may issue Units at a price determined by the RE by allocating the market price for the New Stapled Securities between the units and shares (as applicable) comprising the New Stapled Securities, generally on the basis of the respective net tangible assets of the Aggregation Funds.
- (m) **Issues at a Price Determined by the RE:** ASIC Class Order 05/26 authorises responsible entities of registered managed investment schemes to issue Units at a price determined by the RE in a number of specific circumstances set out in that Class Order. The Constitution includes provisions that are required to be included in the Constitution for the RE to rely on the Class Order. The RE is therefore authorised to issue Units at a price determined by it in a number of specific circumstances provided that these fall within the circumstances set out in the Class Order.
- The following are the main relevant circumstances (in each case, while Stapling applies, the Units must be issued together with an identical number of securities in each other Aggregation Fund):
- Placements of Units: At any time while New Stapled Securities are officially quoted the RE may issue such New Stapled Securities to any person at a price and on terms determined by the RE if the issue is to any person except the RE or an associate of the RE. In the case where the issue would comprise more than 15% of either:
 - all of the New Stapled Securities on issue of the relevant class;
 - the New Stapled Securities on issue of which the Units of that class form a component part are in the same class as the Units comprised in the issue; or
 - the amount by which the issue price of the New Stapled Securities of which the Units form a component part is less than the current Market Price (as defined in the Trust Constitution) for those New Stapled Securities exceeds 10%, the RE may only determine the issue price for Units provided that certain conditions are satisfied (including, without limitation, Unitholder approval).
 - Rights Issues of Units: At any time while New Stapled Securities are officially quoted, the RE may offer further New Stapled Securities for subscription at a price determined by the RE, to those persons who were holders of New Stapled Securities on a date determined by the RE, provided that conditions including the following are met:
 - the New Stapled Securities offered are of the same class;
 - the price of the New Stapled Securities offered is the same;

- the relevant price is not less than 50% of the issue price of New Stapled Securities that would otherwise apply;
 - the number of New Stapled Securities offered to each Securityholder is proportionate to the value of the Securityholder's interest;
 - the RE offers the New Stapled Securities to all Securityholders (but may decide to exclude foreign security holders from the offer where certain specified conditions are met); and
 - the RE only issues Units to its associates in their capacity as Securityholders.
- **Issues Pursuant to a book build:** The RE may issue Units (including where Stapling applies, as part of New Stapled Securities) at a price and on terms determined by it, if the Units are issued as part of such New Stapled Securities pursuant to a book build arranged by a reputable merchant bank in compliance with specified provisions of the Constitution ("Initial Placement") including without limitation, requirements that under an Initial Placement a majority of New Stapled Securities are issued:
 - to persons who are not associates of the RE; and
 - at an issue price determined in accordance with the terms of the book build and which has been certified as being in accordance with normal market practice by the auditor of the Trust (in the manner specified in the Trust Constitution).

The RE may issue further Units at an issue price equal to the issue price under an Initial Placement if the Units are issued as part of New Stapled Securities and the issue is:

- a placement to professional investors announced at the same time as, or within 15 business days of, the Initial Placement; or
 - made pursuant to a disclosure document or product disclosure statement lodged with ASIC, within 15 business days of the Initial Placement.
- (n) **No Withdrawal:** There is no facility available to holders of Units to apply to withdraw or redeem the Units, fully or partially while Units are officially quoted.
- (o) **Meetings:** Each Unitholder is entitled to receive a notice of meeting and is entitled to attend and vote at meetings of members of the Trust. Each Unitholder is entitled to receive all financial reports, notices and other documents required to be sent to Unitholders under the Corporations Act.

- (p) **Aggregation:** The Constitution contains provisions that allow the RE to implement the Aggregation, including but not limited to doing all things which the RE considers are necessary, desirable or reasonably incidental to give effect to the Aggregation in accordance with the Implementation Agreement.

Express powers of the RE under these provisions include (but are not limited to) division of Units, making a capital distribution in respect of Units, and applying the capital distribution to the acquisition (on behalf of Unitholders) of Securities in the other Aggregation Funds.

- (q) **Stapling:** The Constitution also contains provisions that permit the RE to implement Stapling in respect of the Units, and to ensure that dealings in the Securities in the Aggregation Funds are consistent with the Securities being Stapled, for example, provisions requiring that:

- there are no dealings or dispositions of Units unless there is an identical dealing or disposition in the Securities in the other Aggregation Funds;
- there are no issues or sales of the Units unless the same number of securities in the other Aggregation Funds are also sold; and
- the RE adopts consistent policies with the other Aggregation Funds including for example in relation to accounting and valuation policies, proposed investments, meetings, distributions and reporting to members.

- (r) **Compliance with Listing Rules:** While the Trust is listed, the RE is required under the terms of the Constitution to comply with the ASX Listing Rules.

The Constitution of CRL contains provisions to the following effect:

- (a) **Issue of Shares:** Directors may issue or cancel CRL Shares, or grant options over unissued Shares. The Shares may be ordinary or preference Shares. Shares can be issued at any price so long as the price is consistent with the provision of the Constitution of each Aggregation Fund (whilst Stapling applies) and with the ASX Listing Rules and the Corporations Act.
- (b) **Transfer of Units:** While Stapling applies, a CRL Share may only be transferred if the transfer is accompanied by a contemporaneous transfer of an identical number of Units in the Aggregation Funds to the same transferee. CRL Shares may be transferred in accordance with the ASTC Settlement Rules or by written transfer in the usual form or in any other form approved by the CRL Directors.

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- (c) **Stapling:** The CRL Constitution contains provisions that permit the Directors to implement Stapling in respect of the Shares, and to ensure that dealings in the Shares are consistent with the Shares being Stapled, for example, provisions requiring that while Stapling applies:
- the New Stapled Securities are listed on the ASX as one joint security;
 - nothing is done to alter the Share capital of CRL which would directly or indirectly result in a Share no longer being Stapled;
 - an issue or transfer of a Share may only be effected if there is a simultaneous issue or transfer of the securities to which the Share is Stapled; and
 - an issue of options over Shares may only be effected if there is a contemporaneous and corresponding issue of the same number of options over the unissued Securities in the Aggregation Funds.
- (d) **Dividends:** The CRL Directors may pay dividends if, in their judgment, the financial position of CRL justifies. Paying a dividend does not require confirmation at a general meeting. The Directors may decide the manner and means of the payment of any dividend or any amount in respect of a Share.
- (e) **Capitalisation of profits:** The CRL Directors may capitalise and apply profits for the benefit of members in the proportions to which those members would have been entitled upon distribution of that sum by way of dividend.
- (f) **General Meetings:** Each member is entitled to receive notice of and attend general meetings. When Stapling applies, the CRL Directors may convene a combined meeting of New Stapled Securityholders and determine the rules of conduct for such meetings. The chairman of a general meeting has a casting vote.
- (g) **Voting rights:** Each member present in person or by proxy has one vote on a show of hands. Each member present in person or by proxy has one vote for each fully paid Share or a fraction of one vote which the amount paid on the Share bears to the total amount paid and payable on the Share on a poll.
- (h) **Appointment and retirement of directors:** At every annual general meeting of CRL, one third of the CRL Directors (excluding one managing director or any CRL Director appointed to fill a casual vacancy) must retire from office. The minimum number of Directors is 3. The maximum number of Directors is to be fixed by the Directors, but may not be more than 10 unless CRL in general meeting resolves otherwise.
- (i) **Removal of director:** CRL members can by resolution remove any CRL Director and appoint another person as a replacement.
- (j) **Directors' remuneration:** The CRL Directors are entitled to be remunerated for their services as directors. The total amount or value of the remuneration must not exceed the sum determined from time to time by CRL in general meeting. The remuneration for a Director does not include any amount paid by CRL or related body corporate to a superannuation fund or for any insurance premium. A CRL Director may receive remuneration as determined by the CRL Directors, in addition to or in place of their existing remuneration, for additional or special duties. A CRL Director is also entitled to be reimbursed out of the funds of CRL for the reasonable travelling, accommodation and other expenses the CRL Director may incur.
- (k) **Insurance and indemnity:** CRL must indemnify each Director, alternate Director, managing Director, executive Director, secretary or assistant secretary of CRL on a full indemnity basis, to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred as an officer of CRL or of a related body corporate.
- (l) **Non-marketable parcels:** The CRL Directors may sell any Shares held by a CRL member which comprise less than a marketable parcel without request by the member. The Directors must give the CRL member 6 weeks notice of an intention to sell. The CRL member may notify CRL that it wishes to retain the Shares which are proposed to be sold, in which case those Shares must not be sold. If CRL does not receive such notification and the member has not increased his or her parcel to a marketable parcel, CRL may sell the Shares and any securities Stapled to the Shares as soon as practicable at a price which the Directors consider to be the best price reasonably obtainable.
- (m) **Restricted securities:** Shares classified by ASX as "restricted securities" cannot be disposed of during an escrow period except as permitted by ASX Listing Rules or the ASX.
- (n) **Lien and forfeiture:** CRL has a lien on every Share for due and unpaid calls and instalments as well as interest accruing and expenses incurred resulting from the unpaid amount. CRL may sell any CRL Share on which CRL has a lien upon 10 business days notice that it intends to do so.

- (o) **Rights on winding up:** On a winding up of CRL, the company's property (after discharging or providing for all liabilities of the company and the costs of the winding up) must be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares. With the sanction of a special resolution, a liquidator may divide among the members the whole or any part of CRL's property and decide how the division is to be carried out between the members or different classes of members.
- (p) **Application of Listing Rules:** While CRL is admitted to the official list of ASX, the Listing Rules prevail to the extent that there is an inconsistency between the provisions of the CRL Constitution and the ASX Listing Rules.
- (q) **Policies in relation to the exercise of discretion:** Centro Retail Australia RE may from time to time adopt policies relating to the exercise of its discretion in respect of the issue price to be applied to certain types of issues of New Stapled Securities. Any policies relating to the exercise of discretion that are adopted will be available at www.centro.com.au and a paper copy can be obtained free of charge by contacting Centro Retail Australia (see the Directory at the back of this Document).

14.2. STAPLING DEED

The Stapling Deed will be entered into between the Aggregation Funds before Aggregation implementation. It sets out the terms of the relationship between CRL and the REs of each of the Aggregation Funds in respect of the New Stapled Securities. The aspects of that relationship with which it deals include the following:

- (a) **Stapling:** The CRL Shares, CRT Units, CAWF Units and DHT Units (**Stapled Securities**) will remain Stapled unless a special resolution of New Stapled Securityholders approves unstapling.
- (b) **Co-operation and consultation:** The Aggregation Funds agree to share accounting and other information, and to cooperate in operating the Aggregation Funds in providing information to investors, valuing assets, preparing accounts, holding meetings, issuing Securities and making distributions.
- (c) **Dealings in New Stapled Securities:** The CRL Shares, CRT Units, CAWF Units and DHT Units may only be issued or transferred as New Stapled Securities on the basis that one unit in each Trust and one Share are Stapled.

- (d) **Allocation of issue price:** The Aggregation Funds must agree on the basis of fair value from time to time on the issue price to be allocated to each of the New Stapled Securities prior to the issue, redemption or buyback of any New Stapled Securities except in the case of the issue of an option.

Where the New Stapled Security is being issued pursuant to the exercise of one or more options, the allocation of the issue price of the New Stapled Securities must be agreed by the Aggregation Funds prior to the issue of the option or prior to the exercise of the option.

In the absence of agreement, Centro Retail Australia's auditor must determine the allocation based on the fair values of the respective New Stapled Securities, having regard to their respective net tangible assets and other factors that the auditor considers relevant.

- (e) **Registers:** The registers of holders of New Stapled Securities are to be kept jointly, in the New Stapled Securities register.
- (f) **Duties:** When carrying out their duties, CRL and the Aggregation Funds' REs may consider the interests of holders of the Aggregation Funds as a whole, not only the interests of the Securityholders of the individual Aggregation Funds separately.
- (g) **Dispute resolution:** If there are disagreements about stapling issues, CRL and the Aggregation Funds' REs must use their best efforts to resolve them and negotiate in good faith, and (except in limited circumstances) must do so before instituting proceedings.

14.3. PROPERTY MANAGEMENT AGREEMENTS

The registered proprietors (**Owners**) of the shopping centre assets (**Centres**) have appointed a Centre manager (**Manager**), a development manager (**Development Manager**) and a leasing manager (**Project Leasing Manager**) (each an **Appointed Party**) under respective Property Management Agreements (**PMA**). Under the PMAs the various Owners have appointed various entities controlled by CNP. In summary, although the PMAs are not identical the majority of them have the following features:

- (a) **Duties:** The Manager is required to perform a wide range of duties including leasing services, maintenance, reporting to the Owner, entering into contracts to ensure the operation of the centre, monitoring leases with tenants of the Centre, paying the operating expenses and engaging with third parties as required (incidental to the Centre);

14. MATERIAL CONTRACTS

- (b) **Development works:** the Development Manager may submit proposals in respect of development works where in the view of the Development Manager such works are required. Where such works are approved by the Owner, the Development Manager must prepare necessary proposals for the works and negotiate with tenants (as required) on behalf of the Owner to procure any necessary consents. The Development Manager must use its reasonable endeavours to implement the development works in accordance with the approved budget;
- (c) **Project Leasing:** the Project Leasing Manager must prepare a leasing strategy with details including the objectives for the Centre, target customers, budgeted rentals and sales for the Centre and other relevant information required for project leasing services. The Owner must approve the project leasing strategy;
- (d) **Fees:** each Appointed Party will be paid a fee for works performed. Fees are set out as a schedule to the PMA and are based on the annual rental achieved or the total development costs;
- (e) **Obligations of the Owner:** the Owner must do all things necessary to allow the Appointed Party to fully and effectively perform their role;
- (f) **Addition or removal of Centres:** the Owner may add or remove a Centre from the operation of the PMA;
- (g) **Termination:** either party will have a right to terminate the PMA where the other party fails to pay moneys by a prescribed date, commits a material breach or default of a provision of the PMA, is found guilty of fraud, wilful misconduct or gross negligence in the performance of a material obligation under the PMA. A right to terminate will also arise where an Appointed Party or an Owner becomes insolvent under administration or a controller is appointed; and
- (h) **Dispute Resolution:** upon receipt of a dispute notice parties must attempt to resolve disputes through a senior representative within 21 days. In the absence of a resolution an expert is appointed whose decision is final and binding.

14.4. CO-OWNERSHIP AGREEMENTS

The Co-ownership Agreement records the agreement between Centro Retail Australia and certain Syndicates which co-own property with Centro Retail Australia; namely Centro Bankstown, Centro Roselands, Centro Karratha, Centro Lutwyche and City Central (each a **Co-owner**) as to various matters connected with the ownership of their interests in the co-owned properties (**Property**). The Co-ownership Agreement is entered into in accordance with the Implementation Agreement and supersedes the co-ownership agreement which applied prior to Aggregation Implementation and is on substantially the same terms as between the Syndicates and CAWF and CSIF as applied to the Properties under that previous co-ownership agreement.

The key provisions of the Co-ownership Agreement are as follows:

- (a) **Restrictions/Obligations on each Co-owner in relation to indebtedness and security:** each Co-owner agrees not to incur financial indebtedness secured over its "interests" in a Property, if to do so would result in that Co-owner's total financial indebtedness to be in excess of 75% of its total assets. Where an Co-owner does grant security, it must enter into a deed of covenant with the relevant financier (**Deed of Covenant**). Other Co-owners must enter into the Deed of Covenant as Co-owner of the Property over which the security is granted. The Deed of Covenant binds the financier to comply with the various restrictions on assignment of interests in the Property upon any enforcement of the financiers security;
- (b) **Development:** Co-owners may table a proposal for a development of the Property from time to time (**Development Proposal**). Where a Co-owner is not in favour of a tabled Development Proposal, it may require another Co-owner to acquire its interest in relation to the Property to be affected by the Development Proposal;
- (c) **Sale or transfer of an interest:** where a Co-owner wishes to sell its interest in a Property (**Seller**), it must serve a notice (**Transfer Notice**) on the other Co-owners (**Offeree**). Where the Offeree accepts the offer within 90 days, for part or all of the sale Property, the Seller must sell its interest in the Property to the Offeree. Where the Offeree does not accept the offer, the Offeree may sell to a third party on terms no less favourable than those set out in the Transfer Notice. A third party purchaser will be bound by the terms of the Co-ownership Agreement; and

- (d) **Insolvency:** where a Co-owner is declared insolvent (**Affected Co-owner**), each other Co-owner has a right to acquire all or any part of the interest of the Affected Co-owner in a Property for the fair market value of that interest.

14.5. FLEXIBLE EXIT MECHANISM

Nineteen of the 27 Centro MCS Syndicates that Centro Retail Australia may manage following Aggregation include a liquidity feature in their Constitutions known as the "Flexible Exit Mechanism" (FEM) which is triggered whenever the RE determines that a Syndicate should be rolled over for another term. Of the 19 Centro MCS Syndicates that have the FEM feature in their constitutions, at the date of this Document four are in the process of being wound up following the issue of a termination notice. Of the remaining 15 Syndicates that have the FEM feature in their constitutions, 11 offer the RE of the Syndicate the option to issue a termination notice and wind up the Syndicate rather than trigger the FEM. When the FEM is triggered, Centro MCS Syndicate investors are able to put to CPL or its nominee their units which CPL or its nominee is required to purchase at the then current net asset backing value. In the event that any (or in some cases a specified portion of) put option(s) is exercised, CPL or its nominee has the right to call for and acquire all units which have not been put (in some instances a 20% put threshold applies before a right to call is triggered).

The consideration for units to be acquired by CPL or its nominee under the FEM is cash, or CNP Stapled Securities or a combination of both (at the election of CPL). Where CNP Stapled Securities are to be provided as consideration, the number of securities to be issued is determined by reference to the volume weighted average ASX market price (VWAP) at the time.

Following Aggregation, Syndicate investor meetings are to be held, to seek investor approval to replace CPL with Centro Retail Australia as the counterparty to the FEM and to provide that Centro Retail Australia would be able to elect to pay for Syndicate units acquired in accordance with the FEM in cash, New Stapled Securities or a combination of both. The REs of the relevant Syndicates will recommend that Syndicate investors vote in favour of the proposed change of counterparty. If Syndicate investor approval is obtained, the effect would be that Centro Retail Australia would have equivalent rights and obligations to those which CPL has at the date of this Document under the FEM.



14. MATERIAL CONTRACTS

As at 30 June 2011, the total value of equity held by investors other than Centro Retail Australia entities in the 15 Syndicates that have a FEM feature in their constitutions and that are not already in the process of being wound up following the issue of a termination notice was \$385 million. It is not possible to estimate what proportion (if any) of this external investor equity Centro Retail Australia may ultimately be obliged to acquire pursuant to the FEM for the following reasons:

- If a change of counterparty under the FEM (i.e. from CPL to Centro Retail Australia) is proposed, it may not be approved by investors in some or all of the relevant Syndicates;
- Even if Centro Retail Australia becomes the counterparty for some or all of the relevant Centro MCS Syndicates, there are various options that the RE may consider (including issuing a termination notice or other options as outlined in Section 4.6.7) which may result in the FEM not being triggered; and
- Even if Centro Retail Australia becomes the counterparty for some or all of the relevant Syndicates, and the FEM is triggered for any of those Syndicates, it is not possible to estimate what proportion (if any) of Syndicate investors might choose to put their units to Centro Retail Australia and, if so, whether Centro Retail Australia would elect to exercise the right to call any remaining units (assuming any applicable threshold which triggers the right to call has been satisfied).

The amount (if any) of external investor equity that might ultimately be acquired by Centro Retail Australia pursuant to the FEM may be less than the \$385 million total value of external investor equity at 30 June 2011 in the 15 Syndicates that have a FEM feature in their constitutions and are not already in the process of being wound up following the issue of a termination notice.

Important points to note in relation to external investor equity in Syndicates that Centro Retail Australia might ultimately be required or entitled to acquire pursuant to the FEM include:

- a number of the 15 Syndicates which have the FEM feature in their constitutions and are not already in the process of being wound up following the issue of a termination notice own interests in properties that Centro Retail Australia would welcome an opportunity to increase its investment in, or potentially, subject to related party protocols, acquire outright (e.g. Centro MCS 28 which had \$65 million of external investor equity at 30 June 2011 owns 50% of Centro Bankstown); and
- Centro Retail Australia is likely to receive cash proceeds from the crystallisation of its co-investments in some Syndicates that wind up and some of these proceeds could be used to fund, in part or in whole, the acquisition of units in other Syndicates which include the FEM in their constitution and where Centro Retail Australia would prefer to increase its investment.

If a change of counterparty under the FEM is proposed by the RE but is not approved by Syndicate investors for any Syndicate, the RE is required to seek confirmation from CPL, in advance of the FEM being triggered for a relevant Syndicate, as to whether or not CPL would be able to meet its obligations in relation to the FEM if it were triggered. If CPL confirmed that it would be unable to meet its obligations under the FEM (which is considered likely), then the RE is required to consider other alternatives (such as those outlined in Section 4.6.7) rather than triggering the FEM and exposing Syndicate investors to the risk of CPL being unable to pay for any Units that are put to it. In these circumstances, Centro Retail Australia is also required to use all reasonable endeavours to release CPL from its obligations under the FEM.

Further information regarding risks relating to the FEM is provided in Section 5.3.2.

14.6. TRANSITIONAL SERVICES AGREEMENT (TSA)

14.6.1. Overview

On Aggregation, CRL will enter into a transitional services agreement (**TSA**) with CNP pursuant to which CRL will provide, or procure the provision of, certain services to CNP from the Aggregation Implementation Date until CNP is wound up. The services include:

- (a) accounting, tax, payroll, human resources, information technology services and systems and office space to enable CNP and its subsidiaries and controlled bodies to undertake necessary functions during the wind up period and to enable an orderly wind up of CNP's operations to be achieved; and
- (b) services to enable CPT Manager Limited to administer, manage and operate any trusts or Syndicates in respect of which CPT Manager Limited is the trustee or RE as at the Aggregation Implementation Date, for so long as CPT Manager Limited remains the trustee or RE of such trusts or Syndicates.

The transitional services will be provided for a term of 3 years, commencing on the Aggregation Implementation Date, with an option for CNP to renew for a further period of up to 12 months.

CRL is obliged to provide the services in a manner and to the standard which Centro Retail Australia enjoys. CRL is responsible, at its cost, for obtaining all necessary third party consents to permit CRL to provide, and CNP and its subsidiaries and controlled bodies to receive, the benefit of the services. If a third party consent cannot be obtained or subsequently ceases to be in force, then CRL must reimburse CNP any additional costs CNP incurs in engaging a third party to perform the services or performing the services itself.

14.6.2. Fees

CNP will pay CRL a fixed monthly amount for the transitional services, which will reduce over time as the services scale down consistent with CNP's anticipated requirements. The fixed monthly fees are subject to a 3% increase at the end of each 12 month period. The fees have been calculated based on the number of full time equivalent staff that CRL will need to provide the services and the expected cost of office space, office supplies and third party technology services and systems. The estimated total value of the services over the initial 3 year term is approximately \$2.6 million.

Additional fees, over and above the fixed monthly fees, are payable to CRL for the services referred to in Section 4.6.1(b) if those services are required.

14.6.3. Termination rights

The TSA contains termination for cause provisions usual for an agreement of this nature. CRL may terminate the TSA or any individual service if CNP materially breaches the TSA and such breach is incapable of remedy or, if capable of remedy, is not remedied within 30 days (21 Business Days in the case of a failure by CNP to pay fees). CNP has equivalent termination rights in the event of CRL's material breach and may also terminate if an insolvency event occurs in relation to CRL or if a force majeure event prevents CRL from performing its obligations under the TSA for 30 days or more (in the latter case, termination is limited to the affected service).

In addition, CNP may terminate the agreement or any individual service for convenience at any time on 90 days notice. If individual services are terminated, there will be an appropriate adjustment to the fees.

14.6.4. Liability

CRL's liability under the TSA is subject to a cap which is typical for an agreement of this nature. The liability cap is subject to certain typical exceptions. In recognition of the fact that CNP will, following Aggregation, have only limited funds to enable it to conduct an orderly wind up, CNP does not assume any liability under the TSA other than its obligations to pay fees. However, CRL's obligation to provide the services is subject to CNP's obligation to pay the fees and CRL has rights to terminate the TSA in the event of an unremedied material breach by CNP.



15. Additional Information

15.1. CONTINUOUS DISCLOSURE

Centro Retail Australia will be a disclosing entity for the purposes of the Corporations Act and will therefore be subject to certain regular reporting and disclosure obligations. Assuming Aggregation occurs, copies of documents lodged with ASIC in relation to Centro Retail Australia may be obtained from, or inspected at, an ASIC office.

As an investor in Centro Retail Australia, you have the right to obtain the following documents from the Aggregation Funds following Aggregation:

- the annual financial report most recently lodged with ASIC in respect of each of the Aggregation Funds (available from www.asx.com.au or www.cerinvestor.com.au);
- any half-year financial report lodged with ASIC in respect of each of the Aggregation Funds after the lodgement of the annual financial report and before the date of this Document; and
- any continuous disclosure notices provided to ASX in respect of each of the Aggregation Funds after the lodgement of the annual financial report and before the date of this Document.

You should note that DHT was not registered as a managed investment scheme until 16 September 2011 and so has not lodged accounts with ASIC for the year ending 30 June 2011. The statutory financial statements of DHT most recently lodged with ASIC are available from www.centro.com.au. CER was listed on ASX at the date of this Document but as CAWF and DHT will apply for admission to the official list of ASX within 7 days after the date of this Document continuous disclosure notices will be available on ASX only after listing occurs.

15.2. ENQUIRIES AND COMPLAINTS

If you have a complaint about the administration or management of Centro Retail Australia, please contact Centro Retail Australia Investor Services toll free on 1300 785 534 (+612 9191 5974 for overseas callers) during business hours.

You can also make your complaint in writing to:

The Complaints Officer
Centro Retail Australia
Corporate Offices
3rd Floor
Centro The Glen
235 Springvale Road
Glen Waverley Victoria 3150

If Centro Retail Australia RE receives a complaint from a New Stapled Securityholder, the Constitutions require Centro Retail Australia RE to record the complaint in a complaints register, acknowledge the complaint in writing and ensure that it receives proper consideration. Within 45 days of receiving the complaint Centro Retail Australia RE is required to communicate its decision, and the available remedies and avenues of appeal in relation to the complaint. In the event that a New Stapled Securityholder is not satisfied with the outcome of its complaint, it has the right to refer the matter to an external complaints resolution scheme. Centro Retail Australia RE is a member of Financial Ombudsman Service which can be contacted at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: (03) 9613 6399
Website: fos.org.au

15. ADDITIONAL INFORMATION

15.3. TRADING OF CENTRO RETAIL AUSTRALIA

On Aggregation, the only securities of any of the Issuers that will be trading will be the New Stapled Securities.

DHT RE and CAWF RE will apply for listing of DHT and CAWF on or before Aggregation and the Issuers will apply to ASX for quotation of the New Stapled Securities within 7 days of the date of this Document.

The CATS can be transferred but will not be quoted on ASX or any other exchange.

15.4. ASX AND ASIC RELIEF

15.4.1. General overview of ASIC relief

The Aggregation Funds have applied to ASIC for various modifications to and exemptions from the Corporations Act as it applies to the Aggregation, including the following:

1. In respect of CRL and each of CRT, CAWF and DHT (each a **Trust**):
 - to permit the Trusts to apply dividends and distributions to the acquisition of additional New Stapled Securities under a dividend reinvestment plan (Part 6D.2 and Part 7.9); and
 - to ensure that the offers of New Stapled Securities and CATS contemplated by this Document is not an unsolicited offer to acquire financial products off-market and is not subject to certain Corporations Act restrictions (Part 5A).
2. In respect of each Trust, the following modifications and exemptions:
 - to enable the REs (and their officers and employees) to consider the interest of New Stapled Securityholders as a whole rather than their interests solely as members of the relevant Trust (Part 5C.2);
 - to enable the issue price of New Stapled Securities to be allocated between the issue price of the Share and Unit components of that New Stapled Securities as the RE sees fit (section 601GA(1)(a));
 - to enable, in certain circumstances, financial benefits to be provided out of trust property by any of the Trusts (or its agents and controlled entities) to the other Trust(s) or to CRL (and entities controlled by them) (Part 5C.7);
 - to enable the REs to deal with the entitlements of:
 - Ineligible Overseas Securityholders as contemplated in the Important Notices at the front of this Document; and
 - the CATS Ineligible Holders as contemplated in the terms upon which the CATS are to be issued, (section 601FC(1)(d)).
 - exemption from various product disclosure statement content requirements which are not appropriate for this Document (Part 7.9);
 - to enable the use of a single fees and costs section in this Document (section 1013D(1));
 - exemption from the obligation to provide a product disclosure statement in respect of the issue of New Stapled Securities under the CATS (section 1012B);
 - exemption from the requirement to provide cooling off rights that may otherwise apply in respect of the issues of New Stapled Securities and CATS contemplated under this Document (section 1019B);
 - to enable the RE replacement to take effect outside the prescribed time period of 2 Business Days after the relevant resolutions to change the RE are passed (section 601 FL(2));
 - to ensure that the REs can rely on certain exemptions from the requirement to provide a Financial Services Guide (section 941C(2)(b));
 - exemption from the equal treatment obligation to enable the REs to deal with unmarketable parcels (section 601FC(1)(d)); and
3. In respect of CAWF and DHT, an exemption from certain voting restriction and meeting requirements to ensure that the votes on the change in REs to Centro Retail Australia RE can be passed by 50% of CAWF and DHT members providing written consent (section 253E).
4. In respect of the property Syndicates, a modification of the Corporations Act to enable change of RE of a number of the Syndicates which at the date of this Document are operated by CPT Manager Limited, to Centro MCS Manager Limited, without meetings of investors (unless requested by a certain level of investors) (section 601FL).
5. In respect of CRL, exemption from various prospectus content requirements which are not appropriate for this Document and related documents (Ch 6D.2).

15.4.2. ASX relief

The Aggregation Funds have applied to ASX for various modifications and waivers, including the following:

1. confirmation that ASX Listing Rule 6.24 does not apply in respect of the inclusion of a forecast dividend / distribution in this Document or, in the alternative, a waiver of ASX Listing Rule 6.24 so as to permit this Document to include a forecast dividend/ distribution; and
2. in relation to the CATS:
 - confirmation that the Terms of Issue of the CATS are, in ASX's opinion, appropriate and equitable for the purposes of ASX Listing Rule 6.1;
 - confirmation that ASX Listing Rule 6.18, which provides that an option must not be exercisable over a percentage of an entity's capital, does not apply to the CATS;
 - a waiver of ASX Listing Rule 7.3.3 to permit the notice of meeting to be issued by CER to CER Securityholders (which will include a resolution seeking CER Securityholder approval for the purpose of ASX Listing Rule 7.1 (amongst other rules) for the issue of securities by CER as part of the issue of CATS) to be issued without specifying the issue price of the New Stapled Securities that may be issued in accordance with the Terms of Issue of the CATS, and therefore allow CER to rely on Exception 4 of ASX Listing Rule 7.2 to issue New Stapled Securities in accordance with the Terms of Issue of the CATS without the requirement for further shareholder approval under ASX Listing Rule 7.1; and
 - confirmation that the listing of CAWF and DHT prior to the issue of CATS in the sequence of steps for Aggregation implementation will not prevent reliance on Exception 4 of ASX Listing Rule 7.2 for the issue of New Stapled Securities in accordance with the Terms of Issue of the CATS or, in the alternative, a waiver from ASX Listing Rule 7.1 for the issue of any New Stapled Securities in accordance with the Terms of Issue of the CATS without approval of New Stapled Securityholders.

Further ASX relief may be added based on recent discussions with ASX.

15.5. CONSENTS AND DISCLAIMERS

Each of the following parties named below as consenting parties:

- has given and has not, before lodgement of this Document with ASIC, withdrawn its written consent to be named in this Document in the form and context in which it is named;
- has given and has not, before lodgement of this Document with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Document;
- does not make, or purport to make, any statement in this Document other than those statements referred to below in respect of that party's name (and as consented to by that party); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Document.

Consenting parties	Named as	Reports and Statements
Ernst & Young Transaction Advisory Services Limited	Investigating Accountant	Investigating Accountant's Report and any statements based on that report
Ernst & Young	Auditors	Nil
KPMG	Taxation Adviser	Taxation Advisers Report and any statements based on that report
Link Market Services Limited	Registry for CER and DPF	Nil

15.6. INTERESTS OF DIRECTORS, ADVISERS AND PROMOTERS

15.6.1. General

Other than as set out in this Document:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director, to induce them to become, or to qualify as, a director of CRL or Centro Retail Australia RE (**Director of Centro Retail Australia**).

15. ADDITIONAL INFORMATION

- None of the following persons:
 - a Director or proposed Director of Centro Retail Australia;
 - each person named in this Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Document; or
 - a promoter of Centro Retail Australia,

holds or held at any time during the last 2 years an interest in:

- the formation or promotion of New Stapled Securities;
- property acquired or proposed to be acquired by Centro Retail Australia in connection with its formation or promotion or the issue of New Stapled Securities; or
- the issue of New Stapled Securities,

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of Centro Retail Australia or the issue of New Stapled Securities.

- Centro Retail Australia RE was not paid or given or agreed to be paid or given any amount or benefit:
 - to procure the acquisition of interests in Centro Retail Australia; or
 - for services provided under the Constitutions.

15.6.2. Interests of Directors of each of the Issuers

The Directors are not required to hold any Securities under the provisions of the Aggregation Funds' respective Constitutions.

Set out below are details of the interests of the Directors of each of the Issuers in Securities in the Aggregation Funds immediately before the lodgement of this Document with ASIC. Interests include those held directly or otherwise.

TABLE 15.1 INTERESTS OF DIRECTORS

Director	CER	CAWF	DHT
Peter Day (indirect held)	100,000	-	-
Paul Cooper	-	-	-
Anna Buduls	-	-	-
Michael Humphris	70,000	-	-
Fraser MacKenzie (held in the name of MacKenzie Superannuation Fund)	100,000	-	-
Bill Bowness (held in the name of WDB Investments Pty Limited)	300,000	-	-
Robert Tsenin	-	-	-
Jim Hall (held in the name of Hall Superannuation Fund)	20,000	-	-
Susan Oliver	-	-	-
Rob Wylie	-	-	-

15.6.3. Non-executive Directors

The Constitutions provide that the non-executive Directors of Centro Retail Australia are entitled to such remuneration for their services as a director as determined by the Directors, which must not exceed in aggregate the maximum amount determined by Centro Retail Australia in general meeting.

At the date of this Document it is expected that such remuneration will not exceed \$1,500,000 per annum. If the review of the composition of the Board results in the appointment of six or more non-executive Directors, it is likely that the Board will seek to increase the maximum amount at the next AGM of Centro Retail Australia. This amount is to be apportioned among the non-executive Directors as they determine in their absolute discretion. The Directors acknowledge that as Centro Retail Australia grows, the demands on the Directors will increase and the Directors' fees will be increased commensurate with their responsibilities and workload, as determined by the Centro Retail Australia Board and approved by the members.

For the current financial year, it is expected that non-executive Directors' fees will not exceed \$1,500,000 in total.

In addition to those fees, and as is provided for in the relevant company Constitutions, an ex-gratia payment of \$100,000 to Peter Day as Chairman and \$50,000 to each other non-executive Directors has been approved by the Board and will be made on issue of this Document in recognition of the additional work that has been undertaken for Aggregation.

15.6.4. Executive Directors

Please refer to Section 6.5.1 for information in relation to the remuneration of Robert Tsenin.

15.6.5. Interests of Advisers

- **Ernst & Young**, is entitled to receive professional fees of approximately \$1.35 million in connection with financial due diligence undertaken in relation to the Aggregation. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.
- **Ernst & Young Transaction Advisory Services Limited**, is entitled to receive professional fees of approximately \$0.15 million in connection with the preparation of the Investigating Accountant's Report (as contained in Section 11 above). It may be entitled to further professional fees for this work based on its usual hourly charge out rates.
- **KPMG**, is entitled to receive professional fees of approximately \$0.4 million in connection with the preparation of the Tax Adviser's Report (as contained in Section 13 above) and for consulting services in relation to the Aggregation. It may be entitled to further professional fees for this work based on its usual hourly charge out rates.

Unless stated above, all such payments have been paid or are payable in cash. Centro Retail Australia is also required to pay the out-of-pocket expenses of the advisers listed above.

15.7. COSTS OF THE AGGREGATION

The expenses connected with the Aggregation, which are payable by the Aggregation Funds, are estimated to be approximately \$107.2 million. This includes advisory, legal, accounting, tax, listing and administrative fees, design and printing, share registry, stamp duty, debt arrangement fees and other expenses, expected to be incurred in the period from 1 March 2011 until Aggregation.

TABLE 14.2 COSTS OF THE AGGREGATION

Item	\$ million
Legal costs	11.7
Corporate advisory costs	15.6
Experts' and specialists' costs	4.4
Stamp duty	60.0
Debt arrangement fees	15.5
Total	107.2

15.8. ANTI-MONEY LAUNDERING & COUNTER TERRORISM FINANCING ACT 2006 (CTH) (AML & CTF)

Notwithstanding any other provision of this Document or any Explanatory Memorandum, each Securityholder agrees to provide any information and documents reasonably requested by any Issuer or DPF RE to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any other applicable anti-money laundering or counter-terrorism financing laws of any country including, without limitation, any applicable laws imposing "know your customer" or other identification checks or procedures to which the Issuer or responsible entity is subject pursuant to the laws of any country in respect of Centro Retail Australia ("**AML/CTF laws**").

If any Issuer or DPF RE forms the view that, in its reasonable opinion, it is required to disclose information, which it obtained in connection with Centro Retail Australia, to any person in order to comply with its obligations under the AML/CTF laws, to the extent permitted by law, each Securityholder agrees that such disclosure will not be a breach of any obligation or duty, whether such obligation or duty is imposed by contract or law, owed by that party to any other Issuer, responsible entity or Securityholder, and that party will be released from any claim made against them in respect of such disclosure.

15.9. ETHICAL AND OTHER CONSIDERATIONS

The Aggregation Fund REs do not take into account labour standards or environmental, social or ethical considerations when selecting, or making decisions about whether to retain or realise investments. Environmental factors are addressed as part of normal real property investment due diligence.

15.10. DIRECTORS' CONSENT TO LODGEMENT OF DOCUMENT

Each Director of each Issuer of this Document has given, and not withdrawn their consent to the lodgement of this Document with ASIC.



16.

GLOSSARY

A-REIT – Australian Real Estate Investment Trust.

A\$ or AUD – Australian Dollars.

Aggregation – is the processes and steps outlined in Section 3.2, including the Stapling of Securities in each of CER, CAWF and DHT to create Centro Retail Australia.

Aggregation Fund – each of CRL, CRT, CAWF and DHT, and “**Aggregation Funds**” means any or all of them as the case requires.

Aggregation Implementation Date – the fifth Business Day after the Aggregation Record Date or such other date as is agreed by CPT Manager Limited, CPL and the Signing Senior Lenders, anticipated to be 13 December 2011.

Aggregation Ratios – the ratios explained in Section 3.3.

Aggregation Record Date – 5:00 pm (AEST) on the seventh Business Day after the date on which the Schemes become Effective, or such other date as is agreed by all the Aggregation Funds.

Aggregation Resolutions – the resolutions referred to in the Explanatory Memoranda for CER, CAWF and DHT relating to Aggregation including resolutions relating to any asset acquisitions, placements, Constitution changes and changes to REs as relevant to the particular Aggregation Fund. Members of the Aggregation Funds should refer to the Explanatory Memorandum for their Aggregation Fund.

ASIC – Australian Securities & Investments Commission.

ASX – ASX Limited ACN 008 624 691.

ASX Listing Rules – the official listing rules of ASX.

ATO – Australian Taxation Office.

Brochure or Redemption Brochure – the brochure which DPF Unitholders should have received from DPF RE.

Business Day – a weekday on which trading banks are open for business in Melbourne, Australia.

Cap – the Share Cap or the Cash Cap that applies to the CATS as described in Section 10.

Cash Cap – the Cash Cap that applies to the CATS as described in Section 10.6.3.

CATS – Class Action True up Securities described in Section 10.

CAWF – Centro Australian Wholesale Fund
ARSN 122 223 974.

CAWF RE – CPT Manager Limited (ABN 37 054 494 307) as RE of CAWF.

CAWF Unit – a fully paid ordinary unit in CAWF.

CAWF Unitholder – a holder of CAWF Units.

Centro MCS Manager Limited – Centro MCS Manager Limited ABN 69 051 908 984.

Centro MCS Syndicate – the property syndicates of which the RE is Centro MCS Manager Limited.

Centro Retail Australia – CRL, CRT, CAWF and DHT following Aggregation and Stapling of the New Stapled Securities.

Centro Retail Australia Board – the board of directors of CRL (after Aggregation Implementation) and Centro Retail Australia RE.

Centro Retail Australia RE – CRL (1) Limited ABN 149 781 322 which, following Aggregation Implementation, is proposed to be the new RE of the managed investment schemes which are part of Centro Retail Australia.

16. GLOSSARY

CER – CRT and CRL.

CER Class Action Litigation – the following proceedings in the Federal Court of Australia (which are described in Section 7.3.10):

- Kirby v Centro Retail Limited & others, proceeding VID 327 of 2008;
- Stott v PricewaterhouseCoopers Securities Limited, proceeding VID 1028 of 2010;
- Vlachos & others v Centro Properties Limited & others, proceeding VID 366 of 2008; and
- Vlachos & others v Pricewaterhouse Coopers, proceeding VID 1041 of 2010.

CER Securityholder – a registered holder of CER Stapled Securities.

CER Stapled Security – a CRL Share which is stapled to a CRT Unit.

CNP – Centro Properties Group being CPL and CPT Manager Limited and their controlled bodies, which means:

- in the case of CPL, a wholly-owned subsidiary of CPL within the meaning of the Corporations Act;
- in the case of CPT Manager Limited, a body corporate which would be a wholly-owned subsidiary of CPT Manager Limited within the meaning of the Corporations Act but for section 48(2) of that Act;
- in the case of an entity which is not a body corporate, an entity which would be a Controlled Body of CPL or CPT Manager Limited within the meaning of the first or second dot points above if that entity was a body corporate and if the ownership interests in that entity (whether units in a unit trust or otherwise) were shares in that body corporate; and
- an entity which would be a controlled body of either CPL or CPT Manager Limited if the ownership interests that are held directly or indirectly by CPL were held directly or indirectly by CPT Manager Limited or vice versa,

provided that no entity will be taken to be a controlled body of CNP in that entity's capacity as trustee or responsible entity of, or custodian or sub-custodian for, a trust or managed investment scheme that is not a controlled body of CNP.

CNP Asset Sale Agreements – the sale agreements to be entered into in accordance with the Implementation Agreement for the sale of substantially all of CNP's Australian assets (including the Services Business but excluding CNP's interests in CER, CAWF and DPF).

CNP Debt Cancellation – the cancellation of the amounts actually and contingently payable by CNP and its related entities to the Senior Lenders (except for a portion of the amount payable that will not be cancelled if there is a Failed CNP Junior Stakeholder Vote, which amount will secure, amongst other things, any surplus funds following completion of the wind-down of CNP), in accordance with the Senior Debt Schemes.

CNP Group – CNP, CER, CAWF, DPF and their controlled entities.

CNP Junior Stakeholder – CNP Securityholders, Convertible Bond Holders (as that term is defined in the Convertible Bond Terms) and Hybrid Lenders.

CNP Junior Stakeholder Approval – any approval or resolution of CNP Junior Stakeholders which is required for the Aggregation and the Senior Debt Scheme.

CNP Securityholder – a registered holder of CNP stapled securities.

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

- the CNP Senior Facility Debt; and
- amounts which are currently contingently owing in respect of certain put option arrangements and hedging arrangements or otherwise rank equally with the CNP Senior Facility Debt.

CNP Senior Facility Debt – the Senior Debt Facilities which have a maturity date of 15 December 2011, totalling \$2.9 billion as at 30 June 2011 and excluding any amounts contingently owing.

Constitution – the Constitutions for CRT, CRL, CAWF, DPF or DHT as the case requires.

Convertible Bond Terms – the terms and conditions applicable to the Convertible Bonds as set out in Schedule 1 to the CNP preference security deed poll (convertible bonds) executed by CPT RE and CPL dated 6 June 2007, modified by the certificate set out in Schedule 2 to the CNP preference security deed poll (exchange property settlement redemption) executed by JP Morgan Australia ENF Nominees No.1 Pty Limited ABN 124 343 148 as trustee of the JP Morgan Australia Exchangeable Note Funding Trust No 1, CPT RE and CPL dated 30 June 2010.

Corporations Act – the Corporations Act 2001(Cth).

CPL – Centro Properties Limited (ACN 078 590 682).

CPT Manager Limited – CPT Manager Limited (ACN 054 494 307).

CRL – Centro Retail Limited ABN 90 114 757 783 described in section 8.

CRL Members' Scheme – the proposed scheme for the purposes of section 412(1) of the Corporations Act between CRL and CRL Shareholders.

CRL Share – a fully paid ordinary share in CRL.

CRT – Centro Retail Trust ARSN 104 931 928 described in Section 8.2.

CRT Unit – a fully paid ordinary unit in CRT.

Crystallisation Event – CER Class Action Litigation is resolved, settled or a final judgement is given.

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

CSIF Holder Syndicates – Centro MCS Manager Limited in its capacity as RE for Centro MCS 4 ARSN 095 743 767, Centro MCS Manager Limited as RE for Centro MCS 14 ARSN 095 502 622, CPT Manager Limited as RE for Centro MCS 25 ARSN 097 223 259.

Directors – unless expressed to the contrary, or the context otherwise requires, is a reference to the directors of each of the Issuers.

Document – this Disclosure Document as supplemented or replaced as it may be updated with any updates available from www.centro.com.au or by calling the toll free number in the Directory at the end of this Document.

DHT – the Centro DPF Holding Trust ARSN 153 269 759.

DHT Units – fully paid ordinary units in DHT.

DHT Unitholder – a holder of DHT Units.

DPF – Centro Direct Property Fund ARSN 099 728 971.

DPF RE – Centro MCS Manager Limited (ABN 69 051 908 984) as RE of DPF.

DPF Units – a fully paid ordinary unit in DPF.

DPF Unitholders – a holder of DPF Units.

EBIT – earnings before interest and taxes.

Effective – means when used in relation to a Scheme, the coming into effect, under section 411(1) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to that Scheme.

Executive Committee – the Executive Committee described in Section 6.2.

Explanatory Memorandum – the CER Explanatory Memorandum, the CAWF Explanatory Memorandum or the DHT Explanatory Memorandum (as applicable), which Securityholders in each Aggregation Fund prior to Aggregation should have received in the same package of documentation as this Document.

16. GLOSSARY

Failed CNP Junior Stakeholder Vote – the approvals of CNP Junior Stakeholders, which are required to implement the Aggregation, are not obtained.

Flexible Exit Mechanism or “FEM” – the “Flexible Exit Mechanism”, which is described in Section 4.6.7.

GST – goods and services tax or similar value added tax levied or imposed in Australia under the *A New Tax System (Goods and Services Tax)* Act 1999 (Cth) or otherwise on a supply.

Hybrid Debt – the debt the subject of the Hybrid Debt Schemes, including the Hybrid Securities and other subordinated debt.

Hybrid Debt Schemes – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between CNP and the Hybrid Lenders.

Hybrid Lenders – holders of Hybrid Debt.

Hybrid Security – the securities issued by CNP on 15 January 2009 as a result of an amendment of a portion of the senior debt terms existing at that time and which are cumulative deferrable, interest bearing, secured notes of CNP, without any preference among themselves.

Implementation Agreement – the agreement of that name dated 8 August 2011 between CNP, CER, CAWF RE, DPF RE, CSIF Holder Syndicates and Signing Senior Lenders a copy of which is available in the announcement made through ASX in respect of CER on 9 August 2011.

Independent Expert – Grant Samuel & Associates Pty Ltd (ACN 050 036 372).

Investigating Accountant – Ernst & Young Transaction Advisory Services Limited AFS Licence Number 240585.

Investigating Accountant’s Report – the report by the Investigating Accountant contained in full in Section 11.

Issuers – each of CRL, CRT RE, CAWF RE and DHT RE.

New Stapled Securities – following Aggregation, means stapled securities quoted on ASX, each comprising:

- one CRL Share;
- one CRT Unit;
- one CAWF Unit; and
- one DHT Unit.

New Stapled Securityholders – holders of shares in CRL and Units in CRT, CAWF and DHT that are stapled together following Aggregation.

RE – responsible entity, which is a company appointed as responsible entity of a managed investment scheme that is registered with ASIC under the Corporations Act.

Schemes – the CRL Members’ Scheme, Senior Debt Scheme and the Hybrid Debt Scheme.

Securities – a CRL Share, a CRT Unit, a CAWF Unit or a DHT Unit.

Securityholder – a holder of CER Stapled Securities or its components, CAWF Units or DHT Units, as the case requires.

Senior Debt Scheme – the creditors schemes of arrangement under Part 5.1 of the Corporations Act between CPT RE and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme) and CPL and the Senior Lenders (and any other parties necessary to achieve the purpose of the scheme).

Senior Debt Scheme Meeting – the meetings of Senior Lenders ordered by the Court to be convened under section 411(1) of the Corporations Act.

Senior Lenders – holders of CNP Senior Debt.

Services Business – the business of providing property, development, leasing and funds management services to managed funds (including the Aggregation Funds) carried on by CPL and its controlled bodies at the date of this Document.

Share – an ordinary fully paid share in CRL.

Share Cap – the Share Cap that applies to the CATS as described in Section 10.6.3.

Signing Senior Lenders – the Senior Lenders who have delivered signature pages to the Implementation Agreement, together with their permissible successors and assigns, holding more than 83% of the CNP Senior Facility Debt (or 79% of CNP Senior Debt as at 31 August 2011).

Stapled or Stapling – an arrangement by which one Share in CRL, one CRT Unit, one CAWF Unit and one DHT Unit or any of them may not be dealt with without the others that are stapled.

Stapling Deed – the deed of that name to be entered into between CER, CAWF RE and DHT RE in respect of the Stapling of Securities in terms described in Section 14.2.

Syndicate – a direct property investment vehicle whereby investors' funds are pooled over a set group of properties for a fixed term. This is normally administered by an RE with ownership vested with a custodian on behalf of investors.

Taxation Adviser – KPMG.

Taxation Adviser's Report – the report by the Taxation Adviser contained in full in Section 13.

Trust – each of CRT, CAWF and DHT and "Trusts" means any or all of them as the case requires.

Underlying Earnings – the reported Australian International Financial Reporting Standard profit after excluding property revaluations, mark to market adjustments for derivative financial instruments and any other material non-recurring or non-cash items.

Unit – a unit in any of CRT, CAWF, DHT as the case requires.

Unitholder – the person for the time being registered as the holder of a unit in a Trust and includes persons jointly registered.

US\$ or USD – US Dollars.

APPENDIX A – PRO FORMA HISTORICAL EBIT INFORMATION FOR CENTRO RETAIL AUSTRALIA FOR THE YEARS ENDED 30 JUNE 2010 (FY10) AND 30 JUNE 2011 (FY11)

TABLE A1 FY10 EBIT INFORMATION

	CER	CAWF	DPF	Consol Syndicates
	\$m	\$m	\$m	\$m
FY10 EBIT Information	Note 1	Note 2	Note 3	Note 4
Property ownership revenue	13.6	-	-	64.3
Services revenue	-	-	-	-
Distribution revenue	2.7	-	49.2	1.6
Total revenue	16.3	-	49.2	65.9
Property revaluation increment/(decrement) for directly owned properties	(11.3)	-	-	(1.8)
FVA on financial assets at fair value through profit or loss and other financial assets	1.2	-	(63.3)	(2.5)
Net gain/(loss) on disposal of investment property and other investments	-	-	-	-
Net movement of mark to market of derivatives	146.3	0.8	(0.2)	(0.7)
Foreign exchange losses/(gains)	(1.1)	-	-	-
Other income	6.1	-	0.6	0.1
Share of net profits of associates and joint ventures accounted for by equity method	84.0	133.3	-	5.0
Direct property expenses	(4.7)	-	-	(17.6)
Management fee	(15.5)	(9.9)	(5.7)	(4.1)
Employee benefit expenses	-	-	-	(1.4)
Adviser fees	(2.4)	-	(0.1)	(1.1)
Other expenses	(4.0)	(1.2)	(0.2)	(1.9)
Finance costs attributable to unitholders	-	-	(57.7)	(11.0)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	-	-	-	(17.0)
EBITDA	214.9	123.0	(77.4)	11.9
Depreciation and amortisation expense	-	-	-	(0.8)
EBIT	214.9	123.0	(77.4)	11.1

Notes

- 1 Extract from Income Statement of Centro Retail Trust for the year ended 30 June 2010.
- 2 Extract from Income Statement of Centro Australia Wholesale Fund for the year ended 30 June 2010.
- 3 Extract from Income Statement of Centro Direct Property Fund for the year ended 30 June 2010.
- 4 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates' results that is not owned by Aggregation Funds will be presented as "Movement in net assets attributable to puttable interests in consolidated finite life trusts."
- 5 CER, CAWF, CSIF-A, and Centro MCS 25 currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of the balance sheet associated with consolidating these investments.
- 6 Addition of Income Statement for the year ended 30 June 2010 for CSIF-A, CMCS 3, Centro Somerville, and Centro Arndale.
- 7 Addition of Income Statement for the Services Business acquired by Centro Retail Australia, which includes the overhead expenses. Reflects the recognition of roll-over/wind up fees derived from Centro MCS Syndicates as income progressively over each Syndicate term.
- 8 Eliminate intercompany transactions, mainly consisting of Services Business fees and corresponding expenses in Fund ledgers.
- 9 Adjustment to remove any fair value and interest balances as assumptions include no fair value movements and remove interest items as income statement only presents EBIT.

Gross up 100% owned properties	Other property Aquisition/ disposal	Services Business & Overhead	Group eliminations	Adjust non- distributable, interest inc/ exp & once off items	FY10 Total
\$m Note 5	\$m Note 6	\$m Note 7	\$m Note 8	\$m Note 9	\$m
345.3	37.7	-	-	1.2	462.1
-	-	88.7	(53.9)	-	34.8
-	1.9	-	(42.6)	-	12.8
345.3	39.6	88.7	(96.5)	1.2	509.7
(30.3)	(15.6)	-	-	59.0	-
-	(0.7)	-	-	65.3	-
-	-	-	-	-	-
(1.4)	-	-	-	(144.8)	-
-	-	-	-	1.1	-
0.6	1.8	(0.6)	(1.1)	(6.2)	1.3
(178.5)	1.8	-	4.8	-	50.4
(91.5)	(9.4)	-	-	-	(123.2)
(14.8)	(3.9)	-	53.9	-	-
(8.7)	(1.0)	(46.6)	-	-	(57.7)
(1.6)	(0.3)	(3.5)	-	-	(9.0)
(1.4)	(0.9)	(0.1)	-	1.9	(7.8)
-	(3.7)	-	-	72.4	-
-	-	-	-	-	(17.0)
17.7	7.7	37.9	(38.9)	49.9	346.7
(0.5)	(0.4)	(1.6)	-	1.7	(1.6)
17.2	7.3	36.3	(38.9)	51.6	345.1

APPENDIX A – PRO FORMA HISTORICAL EBIT INFORMATION FOR CENTRO RETAIL AUSTRALIA FOR THE YEARS ENDED 30 JUNE 2010 (FY10) AND 30 JUNE 2011 (FY11)

TABLE A2 FY11 EBIT INFORMATION

	CER	CAWF	DPF	Consol Syndicates
	\$m Note 1	\$m Note 2	\$m Note 3	\$m Note 4
FY11 EBIT Information				
Property ownership revenue	13.5	-	-	65.2
Services revenue	-	-	-	-
Distribution revenue	1.8	-	46.5	1.6
Interest revenue	-	-	-	-
Total revenue	15.3	-	46.5	66.8
Property revaluation increment/(decrement) for directly owned properties	1.7	-	-	21.4
FVA on financial assets at fair value through profit or loss and other financial assets	4.7	-	133.3	-
Net gain/(loss) on disposal of investment property and other investments	-	-	-	(0.5)
Net movement of mark to market of derivatives	234.7	10.8	0.7	0.9
Foreign exchange losses/(gains)	(23.8)	-	-	-
Finance costs	-	-	-	-
Other income	5.5	0.6	0.4	(0.4)
Share of net profits of associates and joint ventures accounted for by equity method	162.1	245.8	-	9.7
Direct property expenses	(3.5)	-	-	(18.1)
Property management fee	(14.4)	(10.0)	(6.0)	(6.6)
Employee benefit expenses	-	-	-	(1.5)
Adviser fees	(14.1)	-	(0.2)	(1.4)
Other expenses	(6.6)	(2.1)	(0.6)	(1.8)
Finance costs attributable to unitholders	-	-	(53.2)	-
Movement in net assets attributable to puttable interests in consolidated finite life trusts	-	-	-	(16.3)
EBITDA	361.6	245.1	120.9	52.2
Depreciation and amortisation expense	-	-	-	(0.6)
EBIT	361.6	245.1	120.9	51.6

Notes

- 1 Extract from Income Statement of Centro Retail Trust for the year ended 30 June 2011.
- 2 Extract from Income Statement of Centro Australia Wholesale Fund for the year ended 30 June 2011.
- 3 Extract from Income Statement of Centro Direct Property Fund for the year ended 30 June 2011.
- 4 On Aggregation, Centro Retail Australia will have an ownership interest of greater than 50% in Centro MCS Syndicates 12, 25, 26, 27, 30 and 37 and will therefore consolidate each of these Syndicates. The portion of these Syndicates' results that is not owned by Aggregation Funds will be presented as "Movement in net assets attributable to puttable interests in consolidated finite life trusts."

Gross up 100% owned properties	Other property Aquisition/ disposal	Services Business & Overhead	Group eliminations	Adjust non- distributable, interest inc/ exp & once off items	FY11 Total
\$m	\$m	\$m	\$m	\$m	\$m
Note 5	Note 6	Note 7	Note 8	Note 9	
352.9	42.1	-	-	1.1	474.8
-	-	91.4	(56.4)	-	35.0
-	1.6	-	(39.6)	-	11.9
-	-	-	-	-	-
352.9	43.7	91.4	(96.0)	1.1	521.7
142.9	2.3	-	-	(168.3)	-
-	1.3	-	-	(139.3)	-
-	-	-	-	0.5	-
(0.2)	-	-	-	(246.9)	-
-	-	-	-	23.8	-
-	-	-	-	-	-
1.2	3.8	(1.1)	(5.2)	(2.7)	2.1
(341.2)	12.5	-	(35.6)	-	53.3
(95.3)	(10.6)	-	-	-	(127.5)
(14.8)	(4.6)	-	56.4	-	-
(9.1)	(1.1)	(49.7)	-	-	(61.4)
(2.0)	(0.4)	1.0	-	6.8	(10.3)
(0.7)	(1.4)	(0.8)	-	5.3	(8.7)
-	-	-	-	53.2	-
-	-	-	-	-	(16.3)
33.7	45.5	40.8	(80.4)	(466.5)	352.9
(1.8)	(0.3)	(1.2)	-	2.8	(1.1)
31.9	45.2	39.6	(80.4)	(463.7)	351.8

- 5 CER, CAWF, CSIF-A, and Centro MCS 25 currently equity account their jointly owned investments. The Aggregation will result in Centro Retail Australia securing 100% ownership of many of these jointly owned properties, resulting in a full consolidation of the balance sheet associated with consolidating these investments.
- 6 Addition of Income Statement for the year ended 30 June 2011 for CSIF-A, CMCS 3, Centro Somerville, and Centro Arndale.
- 7 Addition of Income Statement for the Services Business acquired by Centro Retail Australia, which includes the overhead expenses. Reflects the recognition of roll-over/wind up fees derived from Centro MCS Syndicates as income progressively over each Syndicate term.
- 8 Eliminate intercompany transactions, mainly consisting of Services Business fees and corresponding expenses in Fund ledgers, including an adjustment to normalise syndicate rollover/wind-up and success fees over the period, reflecting recognition over the syndicate term based on prevailing valuations.
- 9 Adjustment to remove any fair value and interest balances as assumptions include no fair value movements and remove interest items as income statement only presents EBIT.

CORPORATE DIRECTORY

Centro Retail Limited ABN 90 114 757 783

Centro MCS Manager Limited ABN 69 051 908 984

CPT Manager Limited ACN 054 494 307

Registered Office of each of the above entities

Corporate Offices

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Auditor of each of the Aggregation Funds

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