

30 June 2008

Dear Securityholder

The past few months have been very busy at Centro. Much has been accomplished and much is underway. Since I last wrote to you in March, four key events have occurred. They are:

1. **Financing Extension:** The most important achievement in this area is that \$2.3 billion in aggregate owed to the Australian lending group and US\$450 million owed to US private placement noteholders has been extended to 15 December 2008. This is a good and expected outcome and provides us with breathing space to operate the business and provide long term liquidity.

Also of significance is that Centro MCS has completed the refinancing of a \$331 million debt facility for eight syndicates. The facility has been refinanced for two years and matures in April 2010.

2. **New Chairman:** Paul Cooper has been unanimously elected Chairman by your Board of Directors. Mr Cooper will assume the chairmanship upon the retirement of the current Chairman, Brian Healey, on 30 June 2008. Please refer to [centro.com.au](http://centro.com.au) for more detail on Mr Cooper's background.

3. **Executive Committee Appointments:** Ross Johnston and Gerard Condon have been appointed to the Centro Executive Committee (EC).

Gerard is currently General Manager – Syndicate Funds Management and Ross takes on a newly created role as Head of Strategy Implementation.

Ross will be responsible for coordinating the implementation of Centro's strategic plan which will allow the other EC members to focus on running their business areas to maximum efficiency.

Gerard and Ross join recently appointed Chief Financial Officer Tony Clarke as the newest members of the EC.

4. **Coordination Committee:** A Coordination Committee with executives from both Australia and the US meets twice weekly to address the issues facing the Group. This committee is the most senior management group for Centro globally.

## Strategic Plan

The primary emphasis of our strategic plan is to effectively operate our underlying businesses while providing liquidity to our balance sheet.

The financing extensions now allow us to concentrate on executing key components of the above:

### ▪ Raising Equity

In the last six months, we have sold US\$66 million of US shopping centres and land parcels, primarily out of the Super LLC joint venture.

We recently revised our strategy in relation to the sale of the Centro Australia Wholesale Fund (CAWF) to include sales of smaller portfolios and/or individual assets in addition to

sourcing equity investments at the Group level and selling the Centro America Fund portfolio.

We anticipate that marketing smaller pieces of CAWF will attract more buyers with an ability to obtain debt financing. The recent extensions allow us the time to pursue these various options to achieve the best possible outcome for investors.

- **Reviewing the Company Structure**

We are examining ways to simplify some of the inter-relationships between our managed funds.

- **Simplification**

The Centro Direct Property Fund (DPF) and Centro Direct Property Fund International (DPFI) have converted all equity notes on issue to ordinary units. We believe this is a good outcome for investors as it helps simplify the Funds' capital structures and removes a potential debt obligation of the Funds. There is now only one class of unit on issue in both funds. Centro now owns 56.1% of the DPF and 65.8% of the DPFI.

As a consequence of Centro's ownership interest in the ordinary units in DPF and DPFI exceeding 50%, a number of investments which were previously equity accounted or carried at fair value through profit and loss will now be consolidated by Centro at 30 June 2008. These include DPF, DPFI, Centro Super LLC, Centro America Fund, Centro Australia Wholesale Fund and a number of Centro MCS syndicates. This will not result in a change to Centro's underlying result or net assets attributable to members.

- **Improving Transparency**

We have undertaken to be direct, clear and concise in our communications and announcements. In our half yearly results announcements, we now provide Supplemental Information and Portfolio Assessments which include detailed information on Centro, CER and our managed funds so that investors have a complete picture of our property portfolios, structure, investments and borrowings.

## **Business Plans**

We are currently finalising the Centro business plan for FY09. This is a thorough process starting with individual business plans for each shopping centre that are then rolled up into individual business plans for each managed fund culminating in the Centro business plan.

The business plans form the operating blueprint and budget for each shopping centre, business unit and department within Centro. The primary driver for the business planning process is to maximise value and profitability in each asset and business unit.

## **Recap of Recent Information\***

Date	Item
26 June 2008	<p>Centro advised that it had elected to not make the coupon payment due 30 June 2008 on its Exchangeable Notes. This option was elected to conserve liquidity and against the background of Centro's declaration of a nil distribution for the six months to 30 June 2008.</p> <p>As a result of choosing this option, Centro is prohibited from making any distribution to ordinary stapled securityholders until such time as the missed payment has been made.</p>
23 June 2008	<p>CER advised that its Distribution Reinvestment Plan (DRP) will not operate for the June 2008 Distribution.</p>

Date	Item
<b>19 June 2008</b>	CPT Manager Limited, as responsible entity for the Centro Property Trust and Centro Properties Limited (Centro) resolved not to pay a distribution to ordinary securityholders for the six months ended 30 June 2008.
<b>13 June 2008</b>	Centro announced election of new Chairman and Executive Committee appointments.
<b>6 June 2008</b>	Centro MCS confirmed that it had completed the refinancing of a \$331 million debt facility for eight syndicates. The facility has been refinanced for two years and will mature in April 2010. Additional funding for forecast operational capital expenditure during the term of the loan was also approved.
<b>2 June 2008</b>	Centro announced that additional liquidity facilities have been provided by its financiers and that certain inter-creditor arrangements have been agreed between the financiers. Centro also confirmed the extension of \$2.3 billion in aggregate owed to the Australian lending group and US\$450 million owed to US private placement noteholders to 15 December 2008 (see below for the conditions of these extensions).
<b>26 May 2008</b>	Centro announced that it will vigorously defend a class action claim brought against Centro Properties Limited, CPT Manager Limited (Responsible Entity for Centro Property Trust, Centro Retail Limited) and Centro MCS Manager Limited (Responsible Entity for CER). This is a separate claim than the one announced on 12 May.
<b>20 May 2008</b>	Centro announced March quarter portfolio and sales statistics for its managed portfolio. Stabilised Net Operating Income growth was 4.7% in Australia and 2.1% in the US. Stabilised occupancy was 99.5% in Australia and 91.7% in the US. For the Australian managed portfolio, annual sales growth was 7.1%. These results show that our shopping centre portfolio is performing well both in Australasia and the US.
<b>12 May 2008</b>	Centro announced that it will vigorously defend the class action claim against Centro Properties Limited and CPT Manager Limited (Responsible Entity for Centro Property Trust).
<b>8 May 2008</b>	Centro announced the extension of Australian bank facilities and US private placement notes to 15 December 2008.
<b>2 May 2008</b>	The Centro Direct Property Fund (DPF) and Direct Property Fund International (DPFI) announced March quarter distributions of 0.55 cents and 0.7 cents per unit respectively.
<b>28 April 2008</b>	Centro MCS announced that all syndicates would pay the full forecast distributions except for three which have no direct investors outside of Centro and its managed funds.
<b>18 April 2008</b>	Centro MCS confirmed that the Centro MCS 26 syndicate had rolled over for a further period of five years.
<b>31 March 2008</b>	Centro announced that its private placement noteholders had released a guarantee for \$450 million provided by a CER controlled entity. This announcement simply showed that Centro had fulfilled a commitment it made to CER in February.

Date	Item
<b>28 March 2008</b>	Pelorus abandoned the meetings it had scheduled to try to replace Centro subsidiaries as Responsible Entity of three Centro MCS Syndicates. We are heartened by the overwhelming support investors in these syndicates showed for Centro MCS to remain Responsible Entity. Based upon the proxies received, none of the resolutions would have passed if the meetings had been held and not abandoned by Pelorus.

\*For complete announcements and information, please visit the Centro website ([centro.com.au](http://centro.com.au)).

### Conditions of Financing Extensions

The financing extensions to 15 December 2008 mentioned above are subject to the conditions outlined in our 8 May 2008 announcement whereby the following must occur by 30 September 2008:

- The Australian financiers and US private placement noteholders must be satisfied as to Centro's progress in implementing its strategic plan;
- The US lending group, which is owed in aggregate US\$1.1 billion (A\$1.2 billion) associated with Centro's joint venture with CER, agreeing to further extend those facilities from 30 September 2008 to a date no earlier than 15 December 2008; and
- The Australian financiers, US private placement noteholders and the US lending group reaching a further agreement by 30 September 2008 on the terms on which assets can be sold and the proceeds of such sales applied after that date.

### Moving Ahead

Centro expects to announce its full year results on Thursday, 28 August 2008. Between now and then, I look forward to completing our business planning process and making progress in our strategic plan.

As always, if you have any questions please feel to ring the Investor Services team on 1800 802 400 (+61 3 8847 1802 for international callers) or email us at [investor@centro.com.au](mailto:investor@centro.com.au).

Sincerely,



Glenn Rufrano  
Chief Executive Officer