

25 March 2011

Mr James Gerraty
 Manager, Issuers (Melbourne)
 Market Supervision
 Australian Stock Exchange Limited
 Level 45, South Tower, Rialto
 525 Collins Street
 MELBOURNE VIC 3000

Dear Mr Gerraty

Centro Properties Group (“Centro” or “the Group”) – Price Query


I refer to your letter of 23 March 2011 regarding the change in price and increase in volume of Centro securities and provide the following responses to your questions:

1. No, Centro is not aware of any information concerning the Group that it has not announced which, if known, could be an explanation for recent trading in its securities.
2. Not applicable.
3. Centro anticipates that its operating results before abnormal items (defined as asset revaluations, impairments, mark to market and settlement of derivatives, foreign exchange impact and restructuring costs) and income tax (“underlying profit”) for the year ending 30 June 2011 will be lower than the previous corresponding period by substantially more than 15%. We believe this result is not material to the market price or value of Centro securities for the following reasons:
 - As Centro has previously announced including in its announcement on 1 March 2011, it has entered into a Heads of Agreement with its Senior Lender Group to effect a restructure of Centro’s headstock debt facilities. This proposed restructure would, if implemented in full, have the effect of cancelling all of Centro’s senior debt in consideration for substantially all Centro’s Australian assets being transferred to the Senior Lender Group. The Senior Lender Group has agreed that, subject to conditions (including all relevant approvals and conditions being met), \$100 million will be made available for ordinary securityholders and other stakeholders who are junior to the senior lenders. A number of risks and uncertainties regarding these restructure initiatives were also highlighted in the 1 March 2011 announcement.
 - The market has been provided with regular and detailed disclosure on the Group’s financial position, including:
 - No distributions to ordinary securityholders are permitted to be paid for the duration of Centro’s senior debt facility;
 - Centro released its results for the half-year ended 31 December 2010 on 24 February 2011. Centro’s reported underlying profit for that half-year of \$48.2 million was 42% below the prior corresponding period;
 - A significant uncertainty exists in relation to the Group’s ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in its Appendix

4D Half-year report for the period ended 31 December 2010 (extract from the Directors' Report accompanying the financial statements for the half-year ended 31 December 2010); and

- o Alleviating Centro's significant debt burden has been the priority of the Group for the past three and a half years. Centro must be simplified, restructured and recapitalised. Centro has net equity of negative \$1.6 billion and headstock debt of \$3.1 billion maturing in December 2011 which it would otherwise be unable to repay or refinance;
 - No distributions have been paid by Centro since June 2007;
4. Centro expects that it will record material abnormal or extraordinary items for the financial year ending 30 June 2011. The existence and nature of these abnormal items are consistent with those disclosed in prior periods.
- For the half year ended 31 December 2010, the Group recorded and announced abnormal items including asset revaluations, foreign exchange and derivative mark-to-market items. These items are likely to again exist for the second half of the 2011 financial year but their size cannot be determined until after the conclusion of the reporting period.
5. None that Centro is aware of.
6. I confirm that Centro is in compliance with the listing rules and, in particular, listing rule 3.1

Yours faithfully,



Elizabeth Hourigan
Company Secretary