

25 October 2007

Dear Securityholder

This letter contains information that may assist you or your adviser to understand the Australian capital gains tax (**CGT**) consequences that arise as a result of the Merger of Centro Shopping America Trust (**CSF**) and Centro Retail Trust (**CER**).

A more detailed explanation of the tax consequences of the Merger and of holding an investment in CER is set out in the Tax Report contained in the CSF Explanatory Memorandum. A copy of the CSF Explanatory Memorandum has previously been sent to you and an electronic copy can be found on the Centro website www.centro.com.au.

Since the publication of the Tax Report, Centro announced an enhanced Merger proposal. As the enhanced Merger has now been approved by CER and CSF Securityholders, you will not only receive 0.655 CER Securities for each CSF unit you held but will also receive an additional special payment from Centro of 5 cents for each CSF unit (**Special Payment**). The additional 5 cent Special Payment will have tax consequences for you that were not set out in the Tax Report.

This letter is intended to provide a general description of the Australian CGT consequences that arise as a result of the enhanced Merger and the Special Payment. The comments only apply to you if you are an individual who is a resident of Australia for tax purposes and held your CSF units on capital account. The comments do not apply to you if you are a non-resident of Australia for tax purposes or if you are a trader in securities or carrying on a business which includes deriving gains from the disposal of securities.

Circumstances for each CSF Securityholder may vary and it is important that you consult your tax advisor to determine the tax implications to you.

CGT consequences of the Merger

The exchange of your CSF units for CER Securities plus the Special Payment is treated as a disposal of your CSF units for CGT purposes.

A capital gain or loss will arise to the extent that the capital proceeds from the disposal of your CSF units are more or less than your cost base in those units.

The cost base of your CSF units is generally your cost of acquisition and other amounts associated with the acquisition or disposal of your CSF units, less tax deferred distributions made on your CSF units. You will need to determine your cost base for your CSF units based on your own particular facts.

The capital proceeds from the disposal of your CSF units are equal to the sum of the market value of the CER Securities that you receive under the Merger plus the 5 cent Special Payment for each CSF unit. For these purposes, the market value of the CER Securities that you receive will be equal to their market value on the date when your CSF units were exchanged for CER Securities, being 22 October 2007.

A class ruling application will be lodged with the ATO seeking confirmation that in determining the market value of a CER Security, you may use the closing value of CER Securities on the Australian Stock Exchange on 22 October 2007, being \$1.67 for each CER Security. The Class Ruling, when issued, will be available to view on the ATO website www.ato.gov.au. We will notify you if the Class Ruling is not issued in accordance with the application lodged.

CGT treatment where scrip for scrip roll-over relief is chosen

As explained in the Tax Report, you may be able to choose CGT scrip for scrip roll-over relief where you would otherwise make a capital gain on your CSF units. Where you choose for roll-over relief to apply:

- Any capital gain that occurs in respect of your CSF units will be disregarded;
- You will be required to make cost base adjustments; and
- The CGT characteristics (e.g. eligibility for discounted capital gains treatment) of your original CSF units are effectively carried over to your new CER Securities you receive as a result of the Merger.

Whilst scrip for scrip roll-over relief can apply in relation to the new CER Securities you receive, scrip for scrip roll-over relief does not apply to the 5 cent Special Payment paid to you for each of your CSF units.

In order to calculate your capital gain on the 5 cent Special Payment component of the consideration where you choose scrip for scrip roll-over, your cost base in your CSF units must be reasonably apportioned between your new CER Securities and the 5 cent Special Payment. The capital gain in respect of the 5 cent Special payment is therefore calculated in accordance with the following:

Total of 5 cent Special Payments received	Less	(<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Total of 5 cent Special Payments received</td> <td style="width: 5%; text-align: center; padding: 5px;">+</td> <td style="width: 45%; padding: 5px;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Total of 5 cent Special Payments received</td> <td style="width: 5%; text-align: center; padding: 5px;">x</td> <td style="width: 45%; padding: 5px;">Market Value of CER Securities received</td> </tr> </table> </td> </tr> </table>	Total of 5 cent Special Payments received	+	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Total of 5 cent Special Payments received</td> <td style="width: 5%; text-align: center; padding: 5px;">x</td> <td style="width: 45%; padding: 5px;">Market Value of CER Securities received</td> </tr> </table>	Total of 5 cent Special Payments received	x	Market Value of CER Securities received	x	Cost base of all CSF units exchanged)
Total of 5 cent Special Payments received	+	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Total of 5 cent Special Payments received</td> <td style="width: 5%; text-align: center; padding: 5px;">x</td> <td style="width: 45%; padding: 5px;">Market Value of CER Securities received</td> </tr> </table>	Total of 5 cent Special Payments received	x	Market Value of CER Securities received							
Total of 5 cent Special Payments received	x	Market Value of CER Securities received										

You may be entitled to claim the 50% CGT discount on any capital gain you make if you have held your CSF units for at least 12 months. Further information regarding the availability of the CGT discount can be found in the Tax Report.

Example

A CSF Securityholder owns 200 CSF units which were acquired for \$1.05 each. As a result of the Merger, the CSF Securityholder receives as consideration 131 CER Securities (on a 0.655 ratio) and 5 cents for each of their CSF units. Ignoring any cost base adjustments in the CSF units or the availability of the CGT discount, the capital gain (assuming scrip for scrip roll-over) is calculated as follows:

- Total Special Payment made to CSF Securityholder = 200 x \$0.05 = \$10
- Market Value of CER Securities provided under the Merger = 131 x \$1.67 = \$218.77
- Cost base of the CSF units = 200 X \$1.05 = \$210

$$\text{Capital gain} = \$10 \text{ Less } \left(\frac{\$10}{\$10 + \$218.77} \times \$210 \right) = \$0.82$$

Cost base allocation where scrip for scrip roll-over relief is chosen

Under the enhanced Merger, where you have chosen scrip for scrip roll-over relief, the cost base of your new CER securities will effectively be set to an amount equal to the cost base in your CSF units less the amount of cost base that is used in working out your capital gain on the 5 cent Special Payment. This is calculated as follows:

$$\text{Cost base of all CSF units exchanged} \text{ Less } \left(\frac{\text{Total of 5 cent Special Payments received}}{\text{Total of 5 cent Special Payments received} + \text{Market Value of CER Securities received}} \times \text{Cost base of all CSF units exchanged} \right)$$

Example

Using the facts set out in the above example, the cost base of the investor's new CER Securities is \$200.82 (\$1.53 for each CER Security), calculated as follows:

$$\text{Cost base} = \$210 \text{ Less } \left(\frac{\$10}{\$10 + \$218.77} \times \$210 \right) = \$200.82$$

CGT treatment where no scrip for scrip roll-over is chosen

If you do not choose to apply scrip for scrip roll-over a capital gain or loss will arise to the extent that the capital proceeds from the disposal of your CSF units is more or less than your cost base in those units.

Under the enhanced Merger, your capital proceeds equal the market value of the new CER securities you receive plus the 5 cent Special Payment for each of your CSF units. Taking the market value of the CER Securities as \$1.67, the capital proceeds in relation to each of your CSF units is equal to \$1.14385 (being (\$1.67 x 0.655) + \$0.05).

Example

Using the facts set out in the above example and assuming that scrip for scrip roll-over does not apply, the capital gain to the investor is \$18.77. This is calculated as follows:

- Capital proceeds = $\$1.14385 \times 200 = \228.77
- Cost base = $\$1.05 \times 200 = \210
- Capital gain = $\$228.77 - \$210 = \$18.77$

This capital gain may be eligible for the CGT discount (refer to the Tax Report for further details).

If you require further information regarding the tax consequences to you under the Merger please refer to the Tax Report in the CSF Explanatory Memorandum or contact your tax advisor.

Yours sincerely



Elizabeth Hourigan
Company Secretary