

25 October 2011

Dear DPF Unitholder,

Centro Direct Property Fund Redemption Opportunity

On behalf of the Board of Centro MCS Manager Limited as responsible entity (RE) of Centro Direct Property Fund (DPF), I am pleased to be writing to you as a DPF unitholder about a potential redemption opportunity.

Background

As you know, unit redemptions have been suspended since 17 December 2007 due to investment liquidity issues. Since the suspension began, we have been attempting to find ways to restore liquidity so that unitholders, if they wished, could redeem their DPF units.

On 9 August 2011, we announced that we had entered into an Implementation Agreement (IA) for a proposal that we believe will achieve a desirable outcome for DPF unitholders. The proposal involves a new ASX listing of a group of Centro real estate investment funds (**Centro Retail Australia**) if certain approvals are obtained and conditions are met. This is referred to as the 'Aggregation' of those funds.

The Aggregating funds are:

- Centro DPF Holding Trust (**DHT**) which is owned by DPF;
- Centro Retail Trust and Centro Retail Limited which are currently listed on the ASX and are quoted together as stapled securities (**CER**); and
- Centro Australia Wholesale Fund (**CAWF**).

If Aggregation is achieved, DPF will receive ASX listed "New Stapled Securities" in all of the Aggregating funds which will trade together on the ASX. DPF will also receive Class Action True-up Securities (CATS). CATS are not listed on ASX but give rights to further New Stapled Securities depending on the outcome of current litigation against CER. DPF's liquidity will be restored if Aggregation occurs and redemptions will recommence for DPF unitholders.

Whether Aggregation occurs depends in part on necessary approvals and advice being obtained from the Supreme Court of New South Wales. DPF currently intends to seek certain advice and an application by DPF for such advice has been listed for hearing at 10.00am on Thursday 24 November 2011 at the Supreme Court of New South Wales, Queens Square, Sydney NSW. Should you wish to make submissions to the Supreme Court in relation to the granting of that advice, you are requested to notify Kate Fitzgerald of Johnson Winter & Slattery, solicitors for DPF, on (02) 8274 9555 by 4pm AEST on 23 November 2011.

What does Aggregation mean for DPF?

If Aggregation is successfully implemented, DPF's assets, which are predominantly illiquid in nature, will be "converted" to New Stapled Securities (and associated CATS) in Centro Retail Australia. This will occur mainly through the following:

- approximately 68% of the DPF's assets are invested in CAWF and CER (both directly and through Centro Retail Investment Trust). CAWF and CER are both participating in Centro Retail Australia, which will result in the DPF's interests in these funds being replaced with New Stapled Securities and, in respect of the CAWF investment, CATS. Note that CATS are not issued to CER securityholders; and
- the remaining 32% of DPF's assets are mainly invested in Centro managed syndicates. Through Aggregation, these assets will be transferred to DHT. DHT will be participating in Centro Retail Australia, which will result in DPF's interests in DHT being replaced with New Stapled Securities and CATS.

What is the DPF Redemption Opportunity?

We are giving DPF unitholders who want to redeem any of their DPF units the opportunity to lodge redemption requests now so that redemptions can be effected as soon as possible after Aggregation, if it occurs.

Assuming Aggregation is successfully implemented, the key terms of the redemption opportunity will be as follows:

1. you may **elect to redeem all of your DPF units for New Stapled Securities and associated CATS**. Your proportion of these securities will be transferred into your name and you will be free to deal in the New Stapled Securities once Centro Retail Australia is listed on the ASX; or
2. you may **elect to redeem all of your units for cash**. If you make this election, we will manage the sale of New Stapled Securities (and, if possible, the associated CATS) to fund cash redemptions. You should note that the cash redemption proceeds you receive will depend on the price at which the New Stapled Securities can be sold for in the market; or
3. you may **elect to redeem your units so that you receive a combination of New Stapled Securities and CATS for some, and cash for others**; or
4. you may **elect to remain a unitholder in DPF** for some or all of your units by choosing not to do anything in respect of those units.

Enclosed is a Brochure with more information about this redemption opportunity and a Disclosure Document further explaining the New Stapled Securities and CATS. Please make sure that you read both documents carefully and consult your financial and other advisers before you decide what you want to do.

The Brochure includes a Redemption Form and a table of key dates and directions for returning the form.

What is Centro Retail Australia?

Centro Retail Australia will have a \$4.4 billion portfolio of high quality retail properties as well as investments in, and management of, one of Australia's largest retail syndicate businesses, comprising \$2.6 billion of retail assets. Centro Retail Australia

will be listed on the ASX and is expected to be part of several indices that are significant in attracting institutional investors.

Centro Retail Australia will have:

- significant platform size and scale, which is important to retaining relationships with key retailers and achieving the benefits of dealing with those retailers on a national scale;
- simpler, transparent governance and internal management structure;
- simplified debt structure with a sustainable level of gearing;
- forecast pro forma 2012 financial year earnings yield on equity of 6.1% and cash distribution yield of 5.0%;
- an experienced management team that has maintained portfolio performance through the recent global financial crisis;
- experienced and proven property management team which has effectively managed the portfolio during difficult market conditions;
- the potential for strong long-term value enhancement through the strategic management of the property portfolio, including an approximately \$400 million potential development pipeline; and
- an established services business that will manage one of the largest unlisted retail property syndicate businesses in Australia.

The enclosed Disclosure Document is provided to give you a detailed understanding of Centro Retail Australia, New Stapled Securities and CATS and help you make a decision on how you may wish to redeem your DPF investment.

What happens to DPF after the Redemptions?

Unitholders may choose not to have their DPF units redeemed. In that case they will remain a unitholder of DPF. If Aggregation occurs, DPF will be a liquid fund, at least in the short term, as most of its assets will comprise listed New Stapled Securities. The DPF RE will continue to enable unitholders to make redemption requests in accordance with the DPF Constitution.

As DPF's only investments will be New Stapled Securities and associated CATS, the unit price of the DPF will then be almost wholly dependent on the value of these investments.

The DPF RE will determine a strategy for the future operation of DPF once the outcome of the redemption requests is known. As mentioned in the Brochure, DPF RE is aware that significant unit holdings are intended to be redeemed should Aggregation occur. Until all redemption requests are received it is not possible to determine whether DPF will remain viable and able to achieve its objective. However, if substantial redemption requests are made beyond those that it is already aware are intended to be made, then it is likely that DPF RE would take steps to terminate and wind-up DPF.

What happens if the Aggregation does NOT Proceed?

If the required stakeholder consents and regulatory approvals necessary for Aggregation to occur are not obtained, Aggregation will not proceed. DPF's investments will remain in their current form. DPF RE would then re-assess the future strategic direction of the DPF. However, obtaining liquidity for investors would remain

the key objective and we would continue to seek to liquidate the DPF's underlying investments. There are significant uncertainties and risks for DPF unitholders if the Aggregation does not proceed. I refer you to Section 5 of the enclosed Disclosure Document and Section 3 of the Unit Redemption Brochure for a more detailed explanation.

We realise that the past few years have been difficult for investors as DPF's redemptions have remained suspended. On behalf of the Directors, management team and staff I thank you for your continued support and encourage you to read the enclosed Disclosure Document and Redemption Brochure and choose whether you wish to redeem your DPF investment and whether you want cash or New Stapled Securities and CATS (or a combination of cash and such securities) for the redemptions.

If your DPF investment is through a wrap platform or IDPS operator, you should consult with them on how your redemption election is likely to be processed. Note also that redemption in the form of New Stapled Securities and CATS is limited to residents of Australia and New Zealand. Residents outside of these jurisdictions will need to redeem for cash – refer to Important Notices and page 15 of the Unit Redemption Brochure for further information.

If you have any questions in relation to the Aggregation or redeeming your units, please call Investor Services on 1800 802 400, email investor@centro.com.au and/or visit the DPF website at www.centro.com.au/dpf.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'W. Peter Day', with a long horizontal stroke extending to the right from the bottom of the signature.

W. Peter Day

Chairman