

CENTRO PROPERTIES GROUP

annual
report
09

CONTENTS

	Page
Chairman’s Report	1
CEO’s Report	5
Review of Operations	7
Executive Committee	11
Board of Directors	13
Corporate Governance	23
Directors’ Report	29
Financial Statements	56
Directors’ Declaration	144
Independent Auditor’s Report	145
Glossary	150
Directory	152

CHAIRMAN'S REPORT

The Year in Review

15 September 2009

Centro Properties Group (Centro) 2009 Financial Year (FY09) was marked by three key achievements:

- 1) Completion of the debt stabilisation agreement in January
- 2) Regeneration of the Executive Committee
- 3) Renewal and separation of the Centro and Centro Retail Trust (CER) Boards

These achievements are detailed below and are the basis upon which we have initiated the important rebuilding process to restore value to the Group. We are also now well-placed to attract a Global CEO who will see us through the long-term.

Glenn Rufrano accepted the CEO role when we were in crisis, and we are grateful to have had his focus, experience and deft leadership during this challenging period. Glenn is working closely with me to ensure a detailed handover and transition when the new CEO is appointed.

Centro's future depends largely on our ability to achieve a recapitalisation of the Group. The time provided under the debt stabilisation arrangements allows your Board and management time to work through a range of alternatives and consider how to take the Group forward to achieve an outcome that is in the best interests of all Investors.

Financial Result

Centro completed FY09 with a loss of \$3.54 billion. The loss attributable to members was primarily due to a number of non-cash items including property devaluations, the effect of foreign exchange movements and derivative mark-to-market adjustments. Prior to these items, underlying profit for the Group was \$229 million.

This Annual Report sets out the financial results in detail, and I recommend that you read it in full.

Progress in Meeting Our Challenges

In last year's Annual Report, I outlined four challenges that the Board would progressively undertake. I am able to report to you that many of

these have been accomplished and that progress is being made on the others as follows:

1) Reduce debt levels and improve free cash flows

The cash flows within the Group has improved through the issuance of the Hybrid Securities which were part of the Debt Stabilisation Agreement. All extra cash at headstock level will now be directed to the repayment of debt.

Property devaluations have meant that Centro's book gearing is too high at 95%, but our lending group understands that the key issue for Centro is positive cash flow.

THESE ACHIEVEMENTS ARE THE BASIS UPON WHICH WE HAVE INITIATED THE IMPORTANT REBUILDING PROCESS.

Our cash flow alone will not provide us with the requisite amount of money we need to get our debt to more reasonable levels. Therefore, to accomplish this we continue to evaluate restructuring options and recapitalisation proposals.

2) Simplify our Group structure and reduce interdependencies throughout the Group

The Board renewal and separation process discussed in detail below has been achieved. Management, along with the new and separate Boards for Centro and CER, has now turned to look toward further improvements in this area.

3) Implement new governance structures and processes that enable all of our stakeholders to have greater confidence that actual or perceived conflicts of interest are being recognised and are being avoided or managed appropriately and transparently

The completion of the Board separation and regeneration process will serve as the springboard for significant work in this area in FY10.

The new Board will review the Group's corporate governance policies and practices in light of industry best practices and the circumstances we face. This will include re-examining the Board's committee structures and the roles and responsibilities of those committees.

Our delegated authorities have undergone a thorough review and update this year.

4) Defend the class action litigation that Centro faces

Mediation of the class actions began in July 2009. Meaningful discussions were held, and the mediation has been adjourned until November 2009. We continue to pursue a satisfactory resolution of these matters.

Recap of Major Accomplishments for the Year

Centro, particularly its management, achieved a great deal in FY09 including:

Stabilisation

As mentioned above, the single most important accomplishment for the Group in FY09 was the Group's stabilisation. This agreement was the culmination of over a year's work pursuing various options to stabilise the Group.

All other options had been exhausted, and the debt stabilisation agreement achieved positive outcomes for Centro, its managed funds, and indeed, its Investors. Without this agreement, we would likely have entered into administration, and it is unlikely that Investors would have realised any value for their investment as the value of the Group's assets would have been less than its liabilities.

For the time being we have decided not to seek Securityholder consent for approval to allow the conversion of the Hybrid Securities to ordinary equity. Rather, we believe it is appropriate to defer

until we are in a better position to advise Investors as to our progress on restructuring and refinancing.

Board Regeneration and Separation

I outlined a plan to regenerate and separate the Boards of Centro and CER. The selection process was rigorously undertaken over a period of nine months with the assistance of Egon Zehnder. The quality of the people who have been appointed to both Boards is exceptional, and I am particularly looking forward to their contributions in FY10.

The new Board members will take up their appointments in September 2009.

**THE BOARD RENEWAL AND
SEPARATION PROCESS HAS BEEN
ACHIEVED.**

Centro's Board

- I was appointed non-executive Chairman 1 July 2008.
- Rob Wylie was appointed as non-executive Director of Centro's Boards (not those of CER) in October 2008 (confirmed by members at the Annual General Meeting (AGM) in November 2008).
- Anna Buduls, Susan Oliver and Robert Tsenin will take up their respective appointments to the Centro Board shortly, as mentioned above, and will seek election at the AGM in November this year. Ms Buduls, Ms Oliver and Mr Tsenin (along with me) will stand for election at this year's AGM.
- Sam Kavourakis, Graham Goldie and Peter Wilkinson will retire from the Board when the new Directors take up their appointments. On behalf of all of the Board, management and team, I express my deepest gratitude for the loyal service they have given to Centro over the years, particularly the perseverance and loyalty they have shown in the recent past.

CER's Board

- Peter Day will become Chairman of CER in September 2009.
- Michael Humphris and Fraser MacKenzie will become non-executive Directors in September 2009.
- We expect to make one further appointment in the near future.
- The CER Board is now separate from the Centro Board with Jim Hall and I being the only common Directors. This provides an appropriate balance as well as continuity of corporate memory.

Executive Management Renewal

In March, a number of changes were made to executive management including the appointment of Tony Clarke and Michael Carroll as CEO's of Australia and the US respectively. Detail of the changes to the Australian Executive Committee (EC) and the US Management Committee (MC) are in the CEO's Report, but it is important to point out that Centro is being led by a fresh team both on the Board and within management.

Succession

In August, we announced that both Glenn Rufrano and Tony Clarke will not renew their contracts beyond their current expiries in February 2010. Each gave the Board six months' notice of their intentions so that ample time was provided for the Board to complete its search and transition to a new global CEO. Glenn will remain CEO until a suitable replacement is appointed.

The stabilisation of Centro achieved under Glenn's leadership will serve as a strong foundation going forward. We are making good progress in our search for an Australian-based global CEO with a minimum contract term of three years.

Cohesive, Thoughtful and Measured Approach

The stabilisation of the Group and the other accomplishments that have occurred this year were possible because Centro's Board and management have worked well together. Your Board and management have worked in concert with each other in an absolutely unified approach.

Without this strength, unity and singleness of purpose, we would not have been able to achieve all that has been done in FY09. Admittedly, the process of rebuilding has just begun, and further progress will not be possible without the continued professionalism, determination and harmony of the Board, management and the entire Centro team.

Investor Communications

Your support and investment are important to us. We spent some time this year listening to Investor feedback and have started an Investor newsletter that will be sent to you periodically. We are also working on an improved website and more commentary around our admittedly complex financial reporting.

Your feedback is invaluable to us. Please continue to stay in touch.

Annual General Meeting

The Annual General Meeting for Centro Properties Group is scheduled for Tuesday, 17 November 2009 at the Melbourne Convention and Exhibition Centre. Detailed information will be contained in the Notice of Meetings which will be mailed to you in October.



Paul Cooper
Chairman

Centro Surfers Paradise, QLD



CEO'S REPORT

In last year's report, I wrote that our overarching goal was to better position ourselves with longer-term debt restructuring from our lender group. As you are aware, we accomplished this with the finalisation of our debt stabilisation arrangements in January 2009.

In brief, the benefits of the debt stabilisation agreement include the extension of debt maturities at both the Centro and managed fund level and lower interest costs.

The most important outcome of the stabilisation is the time it has afforded us. We can now focus on property operations and longer-term strategies for the Group. The stabilisation also provides continuity to employees, retailers and suppliers and strengthens the foundation for change and future progress.

Key Accomplishments in FY09

By far, the most significant accomplishment in FY09 was the achievement of the debt stabilisation agreement. However, we have continued our organisational progress including renewing executive management and completing the Board regeneration and separation that was started last year.

Executive and Management Committee Renewal

We revamped the EC in Australia and the MC in the US in order to align staff with our changed corporate needs and objectives while maintaining a clear focus on the operation, leasing and marketing of the shopping centres and efficient running of the funds management business. Detailed information on each member of the EC is included in this Annual Report.

In brief, Tony Clarke and Michael Carroll were appointed as CEO's of Australia and the United States respectively. Mark Wilson remained on the EC and now has overall responsibility for running Australian property operations while Gerard Condon continues to manage the Centro MCS Syndicate business. Paul Belcher, who reports to the Group CFO, and Michael Benett have been promoted to

the EC from within Centro and oversee the finance and funds management areas respectively.

New additions to the EC include Chris Nunn, Group CFO, who joined us in September 2009 and Dimitri Kiriacoulacos who will join in October 2009 as General Counsel – Australia.

The MC in the US has the new addition of Tiffanie Fisher as CFO. Tiffanie joined us in April when Steve Splain was promoted to Chief Accounting Officer, rounding out our Centro US finance functions. Steve Siegel continues as General Counsel alongside Michael Moss, Head of Leasing, and Dean Bernstein who directs our disposition process.

**THE STABILISATION PROVIDES
CONTINUITY TO EMPLOYEES,
RETAILERS AND SUPPLIERS.**

Board Separation and Regeneration

As detailed in the Chairman's Report, the regeneration and separation of the Centro and CER Boards will be completed when the new Directors for both organisations are seated this month (which will likely have occurred by the time you are reading this report).

As mentioned in the Chairman's Report, these achievements are the basis upon which we have initiated the rebuilding process to restore value to the Group.

Economic Conditions

Economic fear has subsided as a result of government stabilisation efforts around the world. In Australia and the US, governments have provided financial insurance and capital which have helped return confidence to the financial sector.

The economic climates in Australia and the US have similarities and differences. Australia's recovery is

ahead of the US, and operating statistics in our portfolio (highlighted in the Review of Operations) bear this out. Overall, both economies are improving, however real estate fundamentals are lagging.

Litigation

In the two class action claims against Centro, we filed cross-claims against our former auditor which has filed its defence to those cross-claims. The parties attended mediation in July 2009 where meaningful discussions were held. We anticipate a further round of mediation in November 2009, and we continue to pursue a swift resolution of these matters.

Succession

Both Tony Clarke and I have advised the Board that we will not renew our contracts when they expire in February 2010. The early warning built into these contracts allows for orderly succession planning, and I have assured the Board that I will remain CEO until an appropriate replacement is appointed and a thorough transition process is in place.


The Future

As we move into FY10, our objectives are to:

- Continue to run the properties well in difficult economic conditions
- Refinance the debt coming due within the managed funds
- Further progress Group simplification initiatives
- Run the services business efficiently and effectively

The Board and management are reviewing funding strategies including portfolio combinations and geographic segmentation with a view toward maximising value and reducing funding costs. The time afforded by the debt stabilisation agreement, coupled with analysis of changing markets, will enable us to refine our strategic thinking.

Stability provides the foundation for change and future progress. New personnel added to the team will bring energy and fresh ideas. The Board renewal process will bring new perspectives on corporate strategies and execution as we move forward.



Glenn Rufrano
Chief Executive Officer

**STABILITY PROVIDES THE
FOUNDATION FOR CHANGE
AND FUTURE PROGRESS. NEW
PERSONNEL ADDED TO THE
TEAM WILL BRING ENERGY AND
FRESH IDEAS.**

REVIEW OF OPERATIONS

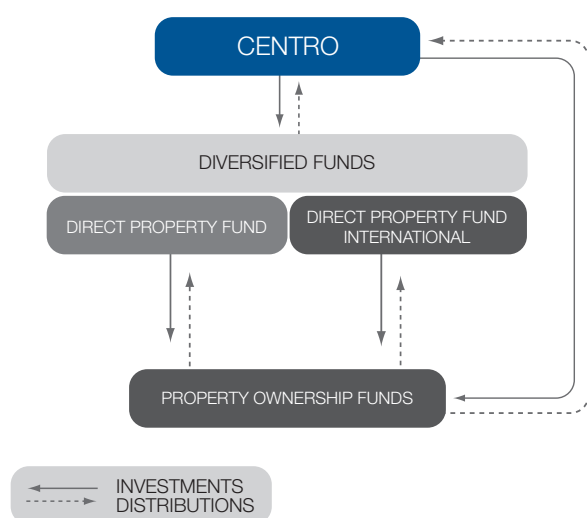
Understanding Centro

Centro is an Australian Real Estate Investment Trust (A-REIT) listed on the Australian Securities Exchange (ASX) under the code CNP. We have funds under management across Australasia and the US.

We generally do not directly own shopping centres, but rather invest in shopping centres via our managed funds which include listed and unlisted property investment funds. Centro derives revenue primarily in two ways:

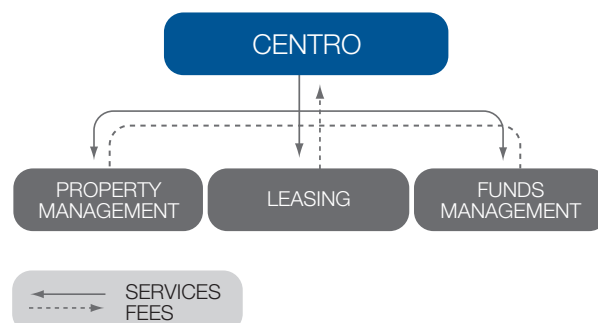
1) Investment Activities

Centro receives distributions from investments in its managed funds. These funds are diversified funds and property ownership funds.



2) Services Business Activities

Centro's Services Business generates revenue in the form of fees from three main areas – property management, leasing and funds management. Centro provides personnel, systems and facilities to deliver these services.



Property Management Fees are from activities related to the management and development of shopping centres owned by the property ownership funds.

Leasing Fees are from activities related to renewing retailers' leases and leasing unoccupied and newly built shops.

Funds Management Fees are generated through operating the managed funds for investors. These include recurring fees such as Responsible Entity (RE) fees and one-off fees such as transaction, rollover and performance fees.

Financial Results and Basis of Presentation of Statutory Accounts

Centro's statutory accounts are prepared on a consolidated basis, which means that the accounts aggregate the performance of many of our managed funds and eliminate the Services Business revenue contributed by these funds. Because of this, the statutory accounts provide limited insight in understanding our performance. Accordingly, we have also presented "management" accounts reflecting equity accounted, or "ownership share", results to provide greater clarity and comparability to aid in this understanding.

Centro's net AIFRS loss attributable to ordinary securityholders for FY09 was \$3.5 billion. The loss is primarily attributable to a number of non-cash items including property devaluations, the effect of foreign exchange movements and derivative mark-to-market adjustments. Prior to these items, the underlying profit for the Group was \$229 million.

REVIEW OF OPERATIONS

Financial Performance (Management Accounts)

Income Statement (equity accounted method)

Year Ended (\$m)	30 June 2009	30 June 2008	Change
Property Investment Income	295.7	377.4	-21.6%
Services Business Income	299.8	358.9	-16.5%
Overheads	(172.9)	(165.6)	-4.4%
EBIT	422.6	570.7	-25.9%
Interest Expense	(199.0)	(295.6)	32.7%
Preference Units and OEI	5.6	(33.1)	-116.9%
Underlying Profit* <i>Attributable to ordinary Securityholders</i>	229.2	242.0	-5.3%
Adjustments			
Asset Revaluations	(2,531.5)	(1,194.8)	N/A
Impairments	-	(772.0)	N/A
Derivative MTM's	(236.2)	(517.3)	N/A
Foreign Exchange (FX)	(950.6)	336.1	N/A
Restructuring Costs & Bank Extension Fees	(74.4)	(130.0)	N/A
Other Net AIFRS Adjustments	19.6	(19.2)	N/A
Net Loss <i>Attributable to ordinary Securityholders</i>	(3,544.0)	(2,055.2)	N/A

*Underlying profit has been determined in accordance with the AICD / FinSIA principles for reporting underlying profit.

Property investment income was \$296 million, down from \$377 million at the same time last year. This is mostly due to a downturn in underlying property performance and lost income due to asset sales. The income shown includes our ownership share of the underlying profitability of the managed funds for the period, rather than cash distributions from these investments.

Services business income was \$300 million, down from \$359 million for the previous year, which included a number of one-off items in the first half of FY08 such as syndicate rollover fees.

Cash Flow

For FY09, headstock net cash inflow including facility drawdowns of \$77.5 million was \$4.5 million

with the predominant cash flow contributors being distributions received from investments in managed funds and Services Business fees.

A number of one-off items associated with finalising the debt stabilisation agreement occurred in January 2009. Excluding these items, which totalled approximately \$38 million, we would have achieved positive cash flow for the last six months of the year without any reliance on facility drawdowns. In FY10, we expect to see further savings in interest expense and minimal derivative or restructure costs which will further enhance net cash flow. Over the six months to December 2009, we expect our net cash flow, before pay down of debt, to be up to \$25 million.

Balance Sheet

At 30 June 2009 equity attributable to Centro investors was negative \$1.6 billion.

The balance sheet movements over the year are largely a result of the movements in property investment values and other non-distributable, non-cash items.

Net Tangible Assets (NTA) per security were negative \$2.23, down from positive 69 cents at 30 June 2008. The reduction was predominantly from property devaluations. The \$2.92 reduction in NTA per security is broadly broken up as follows:

- A loss of \$2.49 from property revaluations.
- A loss of 23 cents from the net movement of derivative financial instruments.
- A loss of 29 cents from net movement of foreign currency.
- A gain of 9 cents from underlying earnings and other items including the issue of new securities.

Services Business

Centro manages a portfolio of 733 shopping centres and, as stated above, derives income from the management and leasing of these centres. These operational areas of our business all performed well during FY09.

REVIEW OF OPERATIONS

Our property management teams in both Australia and the US are highly skilled and experienced with their focus to maintain and improve the quality and performance of the underlying property portfolio. As the core of Centro's business, strong leasing and continuous improvement of our shopping centres drive our performance.

Our suite of listed and unlisted funds provides funds management income from recurring fees such as trust management fees.

We believe it is important for Investors to note that the Services Business contributed approximately 40% of EBIT and 45% of operating cash flow in FY09. Centro's stabilisation plan allowed us to minimise the sale of assets and breakup of funds, thereby substantially retaining the income and cash streams which the Services Business generates.

Property Portfolio and Performance

	Jun 09	Jun 08
Property Portfolio Value ¹	A\$20.3 bn	A\$22.6 bn
US Property Portfolio Value	US\$10.2 bn	US\$12.8 bn
Australasian Property Portfolio Value	A\$7.7 bn	A\$9.3 bn
Number of Properties	733	794
Number of US Properties	612	665
Number of Australian Properties	121	129

¹ The calculation of property funds under management is now based on the 30 June 2009 spot rate of A\$1 = US\$0.8064, while previously this figure was based on the 30 June 2008 spot rate of A\$1 = US\$0.9626.

Centro manages a A\$20.3 billion portfolio of 733 shopping centres in Australia, New Zealand and the US. The vast majority of the shopping centres are owned by Centro's managed funds. Two-thirds of the portfolio by value is located in the US.

We are the second largest manager of retail property in Australia and the third largest manager of shopping centres in the US.

In both the US and Australia, we operate across national platforms with regional or state operating systems. This structure leverages the benefits of

scale, including diversification and relationships with retailers, with important local knowledge and expertise.

- In Australia, we are the largest provider of floorspace to Woolworths and Coles. In the US, we are the largest landlord to TJX and Kroger. TJX is the leading off-price retailer of apparel and home furnishings in the US. Kroger is one of the largest grocery retailers in the US.
- In addition to centre-based management, we operate five state offices in Australia. In the US, we have a network of eight regional offices which each have responsibility for an average of 13 million square feet of retail space.
- Our local presence in the respective markets provides us with comprehensive market intelligence and places us in constant interaction with our retailers – an approach critical in today's economic environment.

Australasian Managed Properties Performance

Despite the tough operating environment, the solid performance of our Australian portfolio has been sustained. The majority of the shopping centres are performing in line with expectations with stabilised Net Operating Income (NOI) growth at 2.5% and occupancy levels remaining high at 99%, demonstrating that demand for quality retail space continues.

During the year, we placed significant focus on rebuilding our national leasing team, which is now fully resourced and led by an experienced National Leasing Manager. Our leasing team is absolutely focused on improving occupancy at centres, particularly in secondary locations.

Australian retailers continue to perform well and are becoming increasingly sophisticated in their store location selections. Both the Woolworths and Wesfamers store refurbishment programmes are progressing well. Specialty sales growth remains strong at 9.9% and was driven primarily by the strength in the jewellery and food categories.

REVIEW OF OPERATIONS

Our non-discretionary based portfolio, which is focused on fresh food and convenience shopping and anchored predominantly by supermarkets and discount department stores, together with our strong retailer relationships, positions us well to continue to deliver solid results.

Our strategy for FY10 is to maintain occupancy levels and sustain NOI growth at 1% to 2% by working with our retailers through this difficult period and controlling our cost base at both a centre and corporate levels.

US Managed Property Performance

The breadth and scale of our asset base, with more than 600 assets in 39 states, provides important diversification, as well as extensive and mutually supportive relationships with national and regional retailers.

Our US operating statistics for FY09 showed the lagged effect of retailer difficulties. Centro's stabilised portfolio was 89% leased compared with 92% at the end of FY08. The occupancy decline was driven by 2.5 million square feet (2.5% of overall US portfolio space) of leases rejected in bankruptcy during the year. Leasing productivity was healthy with more than 2,000 leases executed for 11.6 million square feet of space. While leasing volume is consistent with historic levels, total rental income growth softened considerably to 2.2%. Our same store NOI performance also reflected the impact of bankruptcies, but was offset by proactive expense reductions. As a result, comparable NOI growth was within our target range of negative 2% to negative 4%.

For FY10, our goal is to maintain acceptable occupancy levels at our properties and assumes a steady retail environment. We expect our stabilised portfolio to average 88.5% occupancy during the year, slightly below June 2009 levels. It is important to note that while our occupancy at 30 June 2009 reflected the impact of bankruptcies, the full impact of these bankruptcies on our NOI will not be realised until FY10. This will be particularly evident in our first half comparable NOI as FY09 first half results had a minimal impact from bankruptcies.

As indicated by our leasing productivity, there is disciplined demand for space among certain US retailers. This demand has enabled us to make respectable progress in addressing the vacancies created in the portfolio by bankruptcies.

Of the 98 leases rejected in bankruptcy during 2009, 75 are classified as "big-box" (greater than 10,000 square feet). To date, we have an executed lease or letter of intent for approximately 39% of the vacant big box space with retailers such as Bed Bath & Beyond, Best Buy, hhgregg, Marshalls, PetSmart and Tuesday Morning.

While there has been deterioration in our NOI as a result of these bankruptcies, it has been mitigated by the portfolio's diversification. Our top ten retailers account for only 17% of our annual base rent, with our two largest tenants, The TJX Companies and Kroger, each accounting for just 3%. In addition, the diversity of our geography and anchor formats has provided us further insulation.

The Future

As noted in the CEO's Report, the stability of the Group achieved during FY09 provides the foundation for our rebuilding effort.

**WE ARE THE SECOND LARGEST
MANAGER OF RETAIL PROPERTY
IN AUSTRALIA AND THE
THIRD LARGEST MANAGER OF
SHOPPING CENTRES IN THE US.**

EXECUTIVE COMMITTEE

Glenn Rufrano

Chief Executive Officer

Mr Glenn Rufrano was appointed Chief Executive Officer of Centro in January 2008. Glenn joined Centro in April 2007 as Chief Executive Officer of Centro's US operations following the acquisition by Centro of New Plan Excel Realty Trust (New Plan), where he was Chief Executive Officer and a member of the Board of Directors. Prior to joining New Plan in February 2000, Glenn served 17 years as a partner at the O'Connor Group, most recently as President and Chief Operating Officer.

Glenn is a non-executive Director of General Growth Properties and is on a number of boards at New York University's Real Estate Institute, where he is an adjunct professor. Glenn is a trustee of the International Council of Shopping Centers (ICSC) and is on the Board of Directors of New Alternatives for Children, a not-for-profit health and social services agency.

Tony Clarke FCPA

Chief Executive Officer – Australia

Mr Tony Clarke was appointed Chief Executive Officer of Centro Australia in February 2009. Tony joined Centro in March 2008 as the Chief Financial Officer overseeing the finance, treasury, tax and financial and management accounting functions of Centro and its managed funds. He also managed the internal audit, IT, information management and commercial and business analysis parts of the Centro business.

Tony has over 29 years of finance and treasury experience, most recently serving as Finance Director for Melbourne-based Pacifica Limited. In his 24 years with various divisions of Amcor Limited, Tony served in a range of financial and accounting positions, most notably as Amcor Group General Manager of Finance, Chief Financial Officer of Amcor Europe and Chief Financial Officer of Amcor Paper.

Mark Wilson

General Manager – Property Operations Australia

Mr Mark Wilson is responsible for all areas of leasing, property management and shopping centre marketing as well as valuations and dispositions. Mark has been a member of the Executive Committee since joining Centro in 1997 and has served various roles including Chief Investment Officer, Chief Operating Officer for Centro US and National Property Manager. Mark has over 25 years experience in the retail and property industry and was previously employed by Coles Myer.

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 with MCS property. Gerard had nine years experience in valuations prior to MCS.

Chris Nunn

Group Chief Financial Officer

Chris joined Centro in September 2009.

Mr Chris Nunn has over 30 years of finance, accounting and audit experience, most recently as Chief Financial Officer of 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.

Chris holds a Bachelor of Science in Economics with Accounting (Honours) from Loughborough University in the UK and Graduate Diplomas in Business Administration from AGSM and in Applied Finance and Financial Planning from Financial Services Institute of Australia (FinSIA). Chris is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of FinSIA.

EXECUTIVE COMMITTEE

Paul Belcher

General Manager – Finance

Mr Paul Belcher is responsible for overseeing the finance, treasury, tax and financial and management accounting functions of 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 over ten years at PricewaterhouseCoopers where he was a Director in the Assurance and Business Advisory practice with a focus on the retail property, retirement village and construction sectors. During this time, Paul specialised in mergers and acquisitions, initial public offerings and statutory audits.

Michael Benett

General Manager – Institutional Funds Management

Mr Michael Benett is responsible for the Listed, Wholesale and Direct Property Funds, as well as Corporate Marketing and Communications. In this role, Michael is responsible for developing the ongoing strategy for Centro and its managed funds, reviewing new investment opportunities and communication with Centro's stakeholders, including investors, broking analysts and the institutional market. Michael joined Centro in 2004 and has served in various roles including 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.

Dimitri Kiriacoulacos

General Counsel – Australia

Mr Dimitri Kiriacoulacos is a lawyer and accountant with global legal and commercial experience in the financial services, pharmaceutical and manufacturing sectors. 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.

Dimitri will join Centro in October 2009.

BOARD OF DIRECTORS

The Board of Directors of the Company and the Board of Directors of the Responsible Entity (together the Boards) are responsible for the overall Corporate Governance of the Group.

The Group supports the appointment of independent directors who bring a range of business skills and experience relevant to the Group. This is evidenced by the recent appointment of three new non-executive Directors to the Boards of Centro.

The Boards currently consist of six Directors, all of whom (including the Chair) are independent, non-executive directors. The Directors currently in office and who were in office for FY09 are Messrs Paul Cooper, Graham Goldie, Sam Kavourakis, Peter Wilkinson and Jim Hall. Mr Rob Wylie was appointed to the Boards in October 2008 and served for the balance of the year.

Ms Anna Buduls, Ms Susan Oliver and Mr Robert Tsenin have been appointed and will be seated on the Boards soon. Messrs Goldie, Kavourakis and Wilkinson will retire when the new Directors take their positions.

An outline of each Director's skills, experience and term of office is set out in the following eight pages of this Annual Report. The same information has also been provided for the Director-designates.

**THE BOARDS ARE RESPONSIBLE
FOR THE OVERALL CORPORATE
GOVERNANCE OF THE GROUP.**

Paul Cooper

Chairman – appointed Chairman July 2008

- Appointed October 2006
- Committees:
 - Remuneration (Chair)
 - Nomination (Chair)

Background & Experience

Mr Cooper became an independent, non-executive Director of Centro Properties Group and Centro Retail Limited in October 2006. Mr Cooper was appointed as Chairman of Centro Properties Group and Centro Retail Limited on 1 July 2008.

Mr Cooper practiced law for 19 years at the national law firm, Freehills, in Sydney, Perth and Melbourne, including a secondment to the London law firm, Slaughter and May. Following his career in law, Mr Cooper has pursued a career as a professional listed public company director and corporate adviser.

Mr Cooper has extensive experience in listed public company affairs, funds management, managed investment schemes, finance, corporate law, strategic corporate advice, capital raising, acquisitions, divestments, and negotiation and establishment of joint ventures.

Mr Cooper has been a Director of AXA Asia Pacific Holdings Limited and The National Mutual Life Assurance Association of Australasia Limited since 1995, and chairs the AXA APH Board Investment Committee and the AXA Managed Investments Compliance Committee.

Graham Goldie

Non-executive Director

- Appointed July 1994
- Committees:
 - Audit & Risk
 - Compliance (Chair)
 - Remuneration
 - Nomination

Background & Experience

Mr Goldie has nearly 30 years in executive retail management and over 15 years as a professional adviser in marketing to a broad range of companies and industries.

Current Directorships and Executive Positions

- **Centro Retail Limited** – *Non-executive Director*
- **Graham Goldie Consulting Services** – *Principal* – clients have included Fibernet, ASTA Management Consultants, the Australian Centre for Retail Studies, Browne Spencer & Associates, The Australian Retail Industry, Department of Primary Industries & Energy, National Australia Travel Agencies, Connors Department Stores and Executive Interim Management
- **CEO Institute** – *Chairman* – CEO Syndicate Program

Past Non-Executive Directorships and Executive Positions

- **Volante Limited** – *Non-executive Director*
- **Myer Stores** – *Group General Manager, Retail; National Stores Director; Stores Director*
- **Target** – *Regional General Manager, South Australia*
- **Waitrose Supermarkets (UK)** – *Operations Manager, Group F; various other retail positions*

Past Industry, Government and Non Profit Service

- **The Australian Centre for Retail Studies (ACRS)** – *Department of Marketing – Monash University – Chairman of the Advisory Board*

Sam Kavourakis

Non-executive Director

- Appointed November 2003
- Committees:
 - Audit & Risk
 - Remuneration
 - Nomination

Background & Experience

Mr Kavourakis has nearly 30 years in executive investment positions and over 10 years as a director of various companies and associations.

Current Directorships and Executive Positions

- **Centro Retail Limited** – *Non-executive Director*
- **Lachlan Partners Pty Ltd** – *Non-executive Director*

Past Non-Executive Directorships and Executive Positions

- **Traffic Technologies** – *Non-executive Director*
- **Gandel Group** – *Adviser*
- **Rio Tinto** – *Staff Superannuation Fund – Non-executive Director*
- **Ticor** – *Non-executive Director*
- **Australand Wholesale Investments** – *Non-executive Director*
- **Optus** – *Non-executive Director*
- **Advent** – *Non-executive Director*
- **AccTrak 21 (Kuala Lumpur)** – *Non-executive Director*
- **Flinders Industrial Property Trust** – *Non-executive Director*
- **CommVault Systems** – *Non-executive Director*
- **Zurich Scudders Investment Australia** – *Non-executive Director*
- **National Mutual Property Trust** (now Deutsche Diversified Property Trust) – *Non-executive Director*
- **Superannuation Members Home Loans** – *Chairman*
- **National Mutual Group** (now AXA Asia Pacific Ltd) – *Group Executive – Investments - National Mutual Group; Managing Director – National Funds Management; Chief General Manager, Investment; Deputy Chief Investment Manager (Strategy); Investment Manager (UK Operations)*

Past Industry, Government and Non Profit Service

- **National Stroke Foundation** – *Treasurer*

Peter Wilkinson

Non-executive Director

- Appointed March 2004
- Committees:
 - Compliance
 - Remuneration
 - Nomination

Background & Experience

Mr Wilkinson's extensive executive management and non-executive director experience is complemented by a deep knowledge and skill base related to supply management, marketing, property management and executive mentoring.

Current Directorships and Executive Positions

- **Centro Retail Limited** – *Non-executive Director*
- **Gresham Equities** – *Advisory Board Member*
- **Noel Leeming** – *Non-executive Director*
- **The Wilkinson Partnership** – *Principal*

Past Non-Executive Directorships and Executive Positions

- **Australian Discount Retailers** – *Managing Director*
- **Australian Wool Services** – *Managing Director*
- **David Jones** – *Chief Executive Officer & Managing Director*
- **Just Jeans** – *Managing Director*
- **Coles Myer Limited** – *Managing Director – Myer; Managing Director – Department Stores, Specialty Business and New Business; Chief Operating Officer*
- **The Myer Emporium** – *Managing Director – Target Australia; Regional Director – Myer Queensland*
- **Truworths & Edgars** (South Africa) – *Various retail roles*

Past Industry, Government and Non Profit Service

- **Agribusiness Programs Board** – *Chairman*
- **Retail Council of Australia** – *President*
- **Retailer's Association** – *Non-executive Director*
- **Intercontinental Group of Department Stores** – *President*

Jim Hall

Non-executive Director

- Appointed September 2005
- Committees:
 - Audit & Risk (Chair since 1 July 2008)
 - Compliance
 - Remuneration
 - Nomination

Background & Experience

Mr Hall has extensive Australian and international financial experience in manufacturing and resource-based industries. Mr Hall also has expertise in business performance improvement, capital management and risk management including complex accounting and restructuring issues.

Current Directorships and Advisory Roles

- **Centro Retail Limited** – *Non-executive Director*
- **Paperlinx** – *Non-executive Director, Chairman – Audit & Compliance Committee*
- **Alesco Corporation** – *Non-executive Director; Chairman – Audit & Compliance Committee*
- **ConnectEast** – *Non-executive Director; Chairman - Audit, Risk and Compliance Committee*
- **JPMorgan Advisory Council** (Australia) – *Member*

Past Non-Executive Directorships and Executive Positions

- **Symbion Health** – *Non-executive Director; Chairman – Audit & Compliance Committee*
- **Incitec** – *Non-executive Director*
- **Qenos Holdings** – *Non-executive Director*
- **Orica** – *Executive Director Finance; Director – various other Orica subsidiaries*
- **BHP Billiton** – *Vice President Group Accounting/Controller; Assistant Treasurer Funding & Operations (Corporate Treasury); General Manager Finance & Planning BHP Steel International; various other finance-related positions.*

Past Industry, Government and Non Profit Service

- **Steel & Tube Holdings** – *Director*
- **G100/Council of Chief Financial Officers** – *National Vice President*
- **Victorian Council of G100** – *Member*
- **BHP Credit Union** – *Director*
- **Wollongong University Faculty of Commerce** – *Chairman, Visiting Committee*
- **Wollongong Small Business Complex** – *Director*
- **City Coast Credit Union** – *Director*

Rob Wylie

Non-executive Director

- Appointed October 2008
- Committees:
 - Audit & Risk
 - Remuneration
 - Compliance

Background & Experience

Mr Wylie has over 30 years of accounting, audit and corporate governance experience. Mr Wylie also had experience in mergers, acquisitions and corporate advisory.

Current Directorships and Executive Positions

- **MaxiTRANS Industries** – *Non-executive Director*

Past Non-Executive Directorships and Executive Positions

- **Deloitte & Touche USA** – *Executive Partner (Office of the Chief Executive Officer); National Managing Director Corporate Governance Services (New York)*
- **Deloitte Asia Pacific** – *Deputy Managing Partner (Asia)*
- **Deloitte Australia** – *Chairman; Director - Board of Partners; Chief Executive Officer; Managing Partner – Audit Victoria; various other audit-related roles*
- **Deloitte & Co UK** – *Chartered Accountant*
- **Deloitte** – *International Board Roles*
 - Deloitte Global Board of Directors and Governance Committee
 - Deloitte Asia Pacific Board of Directors
 - Deloitte Consulting Global Board of Directors
 - The Strategy 2000 Working Party
 - CEO Remuneration Committee
 - Global CEO Selection Committee (*Chair*)

Past Industry, Government and Non Profit Service

- **Institute of Chartered Accountants in Australia (ICAA)** – *National President; State Chairman – Victoria; member of various state and national committees*
- **Institute of Company Directors** – *Member, Victorian Board*
- **National Trust of Australia** – *Treasurer*
- **Victorian Deaf Society** – *Treasurer*
- **Financial Executives Institute** – *Secretary*
- **Financial Reporting Council** – *Member*

Anna Buduls

Non-executive Director

- *To be appointed September 2009*

Background & Experience

Ms Buduls has over 20 years experience in finance and consulting and as a journalist and editor.

Current Directorships, Executive Positions and Advisory Roles

- **SAI Global** – *Non-executive Director*
- **Tramada Systems** – *Owner*
- **Macquarie Generation** – *Non-executive Director, acting Chairman*
- **Beyond Empathy** (non profit) – *Chairman*
- Various Work for Non-Profit Organisations including the Alzheimer's Association

Past Non-Executive Directorships and Executive Positions

- **Hamilton James & Bruce Group** – *Chairman; Non-Executive Director; Member, Audit Committee*
- **Mirvac Group** – *Non-executive Director; Member, Audit Committee*
- **Freedom Group** – *Non-executive Director*
- **Dairy Australia** – *Non-executive Director*
- **AWB Limited** – *Non-executive Director*
- **Westpac Banking Corporation** – *General Manager/Head of Investor Relations*
- **Macquarie Bank** – *Associate Director, Corporate Advisory Division*
- **Australian Financial Review** – *Journalist; Investment Editor*
- **Hueblein Overseas Management** – *Strategic Planning Manager*
- **J Walter Thompson** – *Various positions*
- **Grey Communications Group** – *Various positions*

Past Non Profit & Government Service

- **The Smith Family** – *Non-executive Director*
- **Australian Federal Government** – *Member, Steering Group for the White Paper on Homelessness*

Susan Oliver FAICD

Non-executive Director

- *To be appointed September 2009*

Background & Experience

Ms Oliver has over 30 years experience in building and planning.

Current Directorships and Executive Positions

- **Programmed Group** – *Non-executive Director; Member, Audit Committee*
- **wwite** – *Executive Director*

Past Non-Executive Directorships and Executive Positions

- **Transurban Group** – *Non-executive Director; Chairman, Risk Committee; Chairman and Member, Sustainability Committee; Member, Audit Committee*
- **Just Group** – *Non-executive Director; Member, Audit Committee*
- **The Smith Family** – *Governor*
- **The Swish Group** – *Non-executive Director*
- **MBF Australia** – *Non-executive Director; Chairman, Remuneration Committee; Member, Audit Committee*
- **FHAD Design** – *Chairman*
- **The Big Issue Australia** – *Founding Director*
- **Futures Alliance** – *Managing Director*
- **Andersen Consulting** – *Senior Manager*
- **CIRCIT** – *Managing Director*
- **Australian Commission for the Future** – *Managing Director*
- **Invetech** – *Business Manager*
- **Government of Victoria**
 - **Department of Industry, Technology & Resources** – *General Manager; Director*
 - **Ministry of Housing** – *Branch Manager, Policy & New Programs; Manager, Corporate Planning & Budgets; Consultant & Project Manager; Consultant*
 - **Emerald Hill Urban Renewal Project** – *Project Manager*

Past Industry, Government and Non Profit Service

- **Methodist Ladies College** – *Non-executive Director*
- **Australian Business Foundation Limited** – *Non-executive Director*
- **The Smith Family** – *Non-executive Director*
- **Swinburne University of Technology Foresight Institute** – *Non-executive Director, Advisory Board; Adjunct Teaching Fellow*
- **RMIT University** – *National Key Centre for Design – Chairman*
- **Deakin University** – *Member, Advisory Board*

BOARD OF DIRECTORS

Robert Tsenin

Non-executive Director

- *To be appointed September 2009*

Background & Experience

Mr Tsenin has over 30 years experience in corporate finance, mergers and acquisitions and real estate in Australia, the US and Europe.

Current Directorships

- **Australian Infrastructure Fund** – *Non-Executive Director*
- **Sistema Hals** (Moscow) – *Non-executive Director*
- **Matrix European Real Estate Investment Trust** (Guernsey) – *Non-Executive Director*
- **Metrix Capital Partners** – *Non-executive Director*

Past Non-Executive Directorships, Advisory Roles and Executive Positions

- **Telstra Corporation** – *Non-executive Director*
- **AXA Asia Pacific Holdings** – *Non-executive Director*
- **Global Properties Fund** (Luxembourg) – *Non-executive Director*
- **International Distressed Debt Fund** (Luxembourg) – *Non-executive Director*
- **Lazard** (UK) – *Senior Adviser*
- **Lend Lease Corporation** – *Finance Director*
- **Waco** (South Africa) – *Non-executive Director*
- **Santos** – *Non-executive Director*
- **Goldman Sachs Australia** – *Managing Director*

Company Secretaries

The Company Secretary is Ms Elizabeth Hourigan, LLB. Elizabeth is also the Compliance Officer and Senior Legal Counsel of the Group. Elizabeth joined Centro in 2003 and was appointed to the position of Company Secretary in November 2005.

Mr Paul Flanigan is the Assistant Company Secretary and acts as Company Secretary as required.

Centro Brandon Park, VIC



CORPORATE GOVERNANCE

Centro Properties Group's Corporate Governance policy states that "good Corporate Governance is the existence of an effective control environment to identify and manage business risks which arise from the implementation of business strategy."

The Boards of Centro Properties Group operate under a set of well-established corporate governance policies which comply with the principles and requirements of the Corporations Act and Australian Securities Exchange (ASX). The Boards review and, as necessary, update their corporate governance charters and policies to ensure they accord with best practice, having regard to recent developments both in Australia and overseas, and believe they satisfy all of the recommendations of the ASX Corporate Governance Council (CGC). Further details of these charters and policies are available in the Corporate Governance section of the Centro website (centro.com.au).

This statement outlines the main Corporate Governance practices in place throughout FY09 and sets out compliance with the *ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations* (2nd edition 2007).

Centro Properties Group

Centro Properties Group is a 'stapled' vehicle that combines a company, Centro Properties Limited (the Company), with a trust, Centro Property Trust (the Trust), collectively known as the Group. The Company is governed by a Board of Directors who are accountable to the Securityholders and stand for re-election at least once every three years.

The Trust is a managed investment scheme that is registered under the Corporations Act 2001 (the Act). CPT Manager Limited, a wholly-owned subsidiary of the Company, is the responsible entity (the Responsible Entity) of the Trust.

The Responsible Entity is responsible for the overall Corporate Governance of the Trust, including:

- Protection of Securityholders' interests
- Developing strategic direction

- Establishing goals for management
- Monitoring the achievement of these goals

The Group has also established a framework for the management of the consolidated entity, including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

Primary Duties and Obligations

The primary duties and obligations of the Group include:

- Exercising all 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 the Trust constitution in the best interests 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.
- Ensuring that the affairs of both the Company and the Trust are carried on and conducted in a proper and efficient manner.

Under the Trust constitution, the Responsible Entity is also responsible for the day-to-day operations of the Trust including:

- Ongoing management, research and selection of property investments and disposals.
- Preparing all notices and reports to be issued to Securityholders.

Board Composition and Membership

All Directors of the Company are also Directors of the Responsible Entity.

Board composition and the independence of Directors is determined using the principles adopted in the Board Charter and having regard to the ASX Corporate Governance Council's Best Practice Recommendations. All members of the Boards are independent non-executive directors, including the chair of the Boards, Paul Cooper.

Neither the Group Chief Executive Officer nor the Australian Chief Executive Officer is a member of the Boards.

The Boards have considered the ASX Corporate Governance Council's Best Practice Recommendation 2.1 in assessing the independence of each Director. None of the Directors is subject to the relationships specified in the recommendation as affecting the independent status, and accordingly their Boards have concluded that they continue to be independent.

☑ *ASX Corporate Governance Council's Best Practice Recommendations 2.1, 2.2, 2.3*

Board Role and Responsibilities

The Boards are responsible for planning and running the business and affairs of the Group for the benefit of the stapled Securityholders. The Boards are accountable to those stapled Securityholders for the performance of the Group. Full details of the responsibilities and functions reserved for the Boards are set out in the Board Charter.

The Boards have delegated responsibility for the day-to-day operation and administration of the Group to the Australian Executive Committee (EC) and US Management Committee (MC), but maintain responsibility for strategic direction and control of the Group. The Boards monitor the performance of the Group, EC, MC and senior management and ensure that a formal performance review and executive resources review is conducted each year to assess such performance. This process has been undertaken during the past year.

☑ *ASX CGC's Best Practice Recommendation 1.1, 1.2*

Director Education

The Group has adopted a process to educate Directors about the nature of the Group's business, current issues, the corporate strategy and the expectations of the Group concerning the Directors' performance. Directors of the Group also have the opportunity to visit the properties of the Group and meet with management to gain a better understanding of business operations.

Independent Professional Advice

Under the terms of both the Company and Trust constitutions, each Director has the right to seek independent professional advice at the expense of the Group. However, prior approval of the Chair is required, which is not to be unreasonably withheld.

☑ *ASX CGC's Best Practice Recommendation 2.6*

Board Committees

The Group has established a number of committees to assist with the implementation of its Corporate Governance practices. These include an:

- Audit and Risk Management Committee
- Compliance Committee
- Nomination Committee
- Remuneration Committee

Attendance of committee members at meetings is set out on Page 32 of this Annual Report.

The activities of these committees are reviewed below. Each has a written charter which is on the Centro website, and operating procedures that are reviewed on a regular basis, and each committee's effectiveness is constantly monitored.

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of four of the non-executive directors of the Board, being Messrs Jim Hall, Sam Kavourakis, Graham Goldie and Rob Wylie. The Committee was chaired by Mr Jim Hall during the reporting period. The Chief Executive Officers (Group and Australian), Chief Financial Officer, General Manager – Finance, Compliance Officer, Group Risk Manager, Group Internal Audit Manager and External Auditor also attend committee meetings by invitation. The committee regularly reports to the Boards in respect of matters within its responsibilities.

The Boards have adopted an Audit and Risk Management Committee (A&RMC) Charter which sets out the objectives, responsibilities and functions of the committee in relation to audit matters and identifying and managing

material business risks both in Australia and the United States. The A&RMC oversees the Risk Management and Internal Control Framework and reviews its effectiveness. The Charter also sets out the procedures for the selection and appointment of the External Auditor and for the rotation of the External Audit partner.

- ☑ ASX CGC's Best Practice Recommendations 4.1, 4.2, 4.3, 4.4. In accordance with Recommendation 4.4, details of the members of the Audit and Risk Management Committee are set out in the Board of Directors section at Page 13. Attendance of Committee members is set out at Page 32 of this report.

Compliance Committee

The Responsible Entity has adopted a compliance plan, lodged with the Australian Securities and Investments Commission (ASIC), which sets out the procedures and systems used to ensure the Group's compliance with its obligations under the Act and the Company and Trust constitutions. The Group must operate in accordance with the Compliance Plan which is monitored by both a specially constituted Compliance Committee and the Compliance Plan auditor.

The Compliance Committee is responsible for ensuring the Responsible Entity's compliance with the Compliance Plan. During the reporting period, the Committee consisted of four of the Group's Directors, being Messrs Graham Goldie, Peter Wilkinson, Jim Hall and Rob Wylie, and was chaired by Mr Graham Goldie.

Through maintaining a separate committee, Directors acknowledge the importance of the financial services industry's regulatory regime and their responsibilities in protecting the interests of Investors.

The Compliance Committee meets quarterly to monitor compliance and review the adequacy of the compliance plan. In addition, the Group's Compliance Officer is required to confirm monthly to the Chair of the Compliance Committee that no

material breaches have occurred that could cause financial disadvantage to any investor.

Details of the members of the Compliance Committee are set out in the Board of Directors section at Page 13. Attendance of Committee members is set out at Page 32 of this report.

Nomination Committee

The Nomination Committee, which includes all members of the Boards, is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. A Nomination Committee Charter has been adopted which sets out the purpose and powers of the committee.

- ☑ ASX CGC's Best Practice Recommendations 2.4. In accordance with Recommendation 2.6, information on each Director including their term of office is disclosed in the Board of Directors section on Page 13. Attendance of Committee members is set out at Page 32 of this report.

Remuneration Committee

The Remuneration Committee's primary role is to determine the remuneration arrangements of senior executives.

The Remuneration Committee consists of all members of the Boards and during the reporting period, was chaired by Mr Paul Cooper, also Chairman of the Board. The Committee meets at least biannually, and more often as required, to review and approve the remuneration arrangements for senior executives including the Chief Executive Officer. In doing so, the Committee has recourse to independent consultants and market surveys.

The Remuneration Committee also makes recommendations to the Board for the remuneration of non-executive Directors based on the advice received from independent consultants and market surveys and is always within the level of the aggregate fees limit approved by Securityholders in general meeting.

The Group's Remuneration Policy is set out within the Remuneration Report section of the Directors' Report on Page 33.

- ☑ ASX CGC's Best Practice Recommendations 8.1 and 8.2 In accordance with Recommendation 2.6, information on each director including their term of office is disclosed in the Board of Directors section on Page 13. Attendance of Committee members is set out at Page 32 of this report.

Evaluation of Board Performance

The Board supports the principle of regular reviews of both whole of Board and individual Director performance and effectiveness. In the past, the practice has been that the performance of all Directors and of the Board as a whole is reviewed by the Chair each year. Given the processes of Board regeneration and separation between Centro and Centro Retail Limited which commenced during FY09, the Board determined that it would be more appropriate to defer the review until such time as a new Board was in place and had operated for sufficient time to allow for a meaningful review.

- ☑ ASX CGC's Best Practice Recommendations 2.5

Risk Management and Internal Control Framework

The Board and management 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 has received assurance from the Group Chief Executive Officer and the acting Chief Financial Officer that the declaration provided 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 Boards are responsible for the overall Risk Management and Internal Control Framework of the

Group (i.e. operations in Australia and the United States) which includes the following activities:

• Material Risks Register

The Board and management recognise that Centro 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 is used to identify and communicate material risks. It is updated on a quarterly basis and is reported to the Executive Committee and the Boards via the Audit and Risk Management Committee. It is also used to monitor material risks and risk mitigation strategies. The Material Risk Register covers broad risk categories including business continuity, strategic objectives, financial, people and occupational health and safety, reputation, infrastructure, assets and systems, legal and regulatory. Management has reported to the Board as to the effectiveness of the company's management of its material business risks.

• Internal Audit

The Internal Audit function provides independent objective assurance and makes recommendations to assist the Group in improving its Risk Management and Internal Control Framework. It also tests compliance with internal controls. The Audit and Risk Management Committee is responsible for approving the risk-based Strategic Internal Audit Program each financial year. The Committee also reviews the outcomes of Internal Audits performed to ensure that appropriate actions are taken to mitigate identified risks.

• Compliance Plan

The Compliance Plan applies to all of the registered managed investment schemes in the Group, including Centro Property Trust, and provides a framework to review and monitor the investment risk for investors in those schemes.

The Compliance Officer is responsible for performing periodic reviews of the Group's compliance with the provisions of the compliance plan.

• Continuous Disclosure

The Group has a policy that all Securityholders have equal access to the Group's information and has established comprehensive processes and procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Act and the ASX Listing Rules. All information provided to the ASX is immediately posted to the Group's website.

☑ ASX CGC's *Best Practice Recommendations* 5.1, 5.2

• Financial Reporting

There is a comprehensive budgeting system with an annual budget approved by the directors of the Group. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Group reports to Securityholders six-monthly.

• Personnel Quality and Integrity

The Group's policies are detailed in a Policies and Procedures Manual. Formal appraisals are conducted at least annually for all employees. In addition, the Group has in place a Code of Conduct which sets out the standards of behaviour expected from all employees.

☑ ASX CGC's *Best Practice Recommendation* 3.1

• Investment Appraisal

The Group has clearly defined guidelines for capital expenditure that are approved by the Boards. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where properties and assets are being acquired or divested.

• Conflicts of Interest

In accordance with the Corporations Act and the Company and Trust policies, directors of the Company and the Responsible Entity must keep their respective Boards advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Group has adopted a Related Party Transactions and Conflicts of Interest Policy to assist directors to disclose potential conflicts of interest.

• Dealings in Securities

Group policy prohibits Directors and employees from dealing in securities while in possession of price sensitive information and requires all trading to be in accordance with the procedures set out in the Employee Trading in Securities Policy. In accordance with the provisions of the Act and the ASX Listing Rules, Directors advise the ASX of any transactions conducted by them in the Group's securities.

☑ ASX CGC's *Best Practice Recommendation* 3.2

• Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, and to endeavour at all times to enhance the reputation and performance of the Group. The Group's Code of Conduct sets out the standards of behaviour expected from all employees.

☑ ASX CGC's *Best Practice Recommendation* 3.1

• Complaints Process

The Group has implemented a Complaints Handling Policy that has been prepared in accordance with the Australian Standard. In addition, the Group remains a member of an external Complaints Resolution Scheme. The Compliance Committee monitors compliance with the Group's Complaints Handling Policy.

Investor Communications

The Group has adopted an Investor Communications Policy designed to ensure that Investors are fully informed about all major developments in the operations of the Group. The Group has a dedicated Investor Services team to manage investor enquiries on a daily basis.

The Annual General Meeting provides an opportunity for investors to ask questions, express views and respond to Board proposals. The Group's external auditor also attends the Annual General Meeting to answer any questions about the conduct of the audit and the content and preparation of the audit report.

- ☑ ASX CGC's *Best Practice Recommendations*
6.1, 6.2

DIRECTORS' REPORT

The Directors of Centro Properties Limited present their report on the financial report of Centro Properties Group for the year ended 30 June 2009.

Centro Properties Group

The ASX listed entity, Centro Properties Group (the Group or Centro) consists of Centro Properties Limited (the Company) and its controlled entities (which for statutory reporting purposes include Centro Property Trust (the Trust)). Although separate entities, the securities of each are permanently 'stapled' to ensure that they are traded as a single interest.

Directors

The following persons were Directors of Centro Properties Limited and CPT Manager Limited, the Responsible Entity of the Trust, during the whole of the financial year and up to the date of this report (unless otherwise stated):

Paul Cooper (Chairman)

Graham Goldie

Sam Kavourakis

Peter Wilkinson

Jim Hall

Rob Wylie (appointed 16 October 2008)

Elizabeth Hourigan continues as the Company Secretary at the date of this report.

Paul Flanigan is the Assistant Company Secretary and acts as the Company Secretary as required (appointed 6 March 2009).

Principal Activities

The principal activities during the year of the Group, consisting of the Company and the entities that it controlled from time to time, were property investment, property management, property development and funds management.

Significant Changes in the State of Affairs

On 16 December 2008, the Group announced that agreement was reached in principle with its financiers to achieve a long term refinancing and

stabilisation plan for certain facilities held by the Group. A one month interim extension was granted to all of Centro's facilities expiring on 15 December 2008 in order for the completion of documentation for the refinancing and stabilisation to occur. On 16 January 2009, the Group further announced the successful completion of this agreement and a longer term financing and stabilisation plan is now in place.

As at 30 June 2009 the Group is in a net liability position. Further discussion on this matter can be found in Note 1(b).

The comparability of 30 June 2008 and 30 June 2009 as presented in this financial report is limited due to the increase in the voting interest held by the Group in a number of its managed funds, including Centro Retail Trust, in the second half of the 2008 financial year due to the business combinations of the Direct Property Fund International and the Direct Property Fund. The increased voting interest has resulted in a change in control and required the Group to consolidate rather than equity account its interests in these funds.

Review of Operations

The review of operations of the Group is included in the report to investors on Pages 7 to 10 of the Annual report.

Distributions

The Directors have declared a nil distribution on ordinary securities for the 2009 financial year (2008: nil).

Likely Developments and Expected Results of Operations

Information on the likely developments in the operations of the Group has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulations

As a property owner, the Group is subject to the normal environmental regulations of landowners within Australia, the US and New Zealand. These

DIRECTORS' REPORT

include regulation against air pollution, liquid discharge and soil contamination. The proper care and maintenance of asbestos, which is present in a number of properties, is also carefully monitored. The Group has in place monitoring procedures to ensure proper compliance and there are no matters requiring specific disclosure.

Matters Subsequent to the End of the Financial Year

On 6 August 2009, Centro announced that Glenn Rufrano, Group Chief Executive Officer, had advised the board that he would not be renewing his contract beyond February 2010. Tony Clarke also advised that he would not be renewing his contract as Chief Executive Officer – Australia beyond February 2010. A search for a new Chief Executive Officer has commenced.

On 13 July 2009, Centro announced that it had appointed Chris Nunn as Group Chief Financial Officer and Dimitri Kiriacoulacos as General Counsel – Australia. Mr Nunn joined in September and Mr Kiriacoulacos will join by October. Both will be members of Centro's Executive Committee.

Since 30 June 2009, the Group has sold the following interests in US assets:

- Four US assets held by Centro Shopping America Trust (otherwise known as CSF or Centro GA America LLC) for gross proceeds of US\$70.1 million;
- Two US assets held by Super LLC for gross proceeds of US\$10.7 million (including Super LLC's portion of assets disposed of through a joint venture); and
- One US asset held by Centro MCS 39 for gross proceeds of US\$17.9 million.

Excluding the matters noted above, there has not arisen in the interval between 30 June 2009 and the date hereof any matter or circumstance that has significantly affected or may significantly affect:

- (i) The Group's operations in future financial years;
or

- (ii) The results of those operations in future financial years; or

- (iii) The Group's state of affairs in future financial years.

Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director, as at the date of this report, are set out on Pages 13 to 21 of the Annual Report. The interests of each Director in the capital of the Group at the date of this report are set out as follows:

		Number of Securities 30.6.09	Number of Securities 30.6.08
P. Cooper		-	-
P. G. Goldie	(held in name of Goldie Superannuation Fund)	34,971	34,971
S. Kavourakis	(held in name of Kavourakis superannuation Fund and Invia Custodian Pty Ltd)	33,117	33,117
L. P. Wilkinson	(held in name of PEVE Pty Ltd)	10,000	10,000
J. Hall	(held in name of Hall Family superannuation Fund)	11,833	11,833
R. Wylie		-	-

Information on Company Secretaries

Particulars of the qualifications, experience and special responsibilities of the secretaries, as at the date of this report, are set out on Page 21 of the Annual Report.

Indemnification and Insurance of Directors and Officers

The Company must indemnify the Directors, on a full indemnity basis and to the full extent permitted

by law, against all losses or liabilities incurred by the Directors as an officer of the Company or of a related body corporate provided that the loss or liability does not arise out of misconduct including lack of good faith.

During the financial year the Company insured its Directors, Secretary and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of Centro Properties Limited and CPT Manager Limited (the Responsible Entity of the Trust). This excludes a liability which arises out of a wilful breach of duty or improper use of inside information. The premium also insures the Company for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

Loans to Non-executive Directors

The non-executive Directors do not have any loans from the Company.

Securities Under Option

Unissued ordinary securities of the Group under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Securities	Number Under Option
8 December 2006	8 December 2016	\$8.41	373,000
23 March 2007	23 March 2017	\$9.05	800,000
31 July 2007	31 July 2017	\$8.15	2,325,400
1 April 2008	15 March 2010	\$0.50	1,000,000

No option holder has any right under the options to participate in any other share issue of the Company. No options have been exercised during the year.

DIRECTORS' REPORT

Meetings of Directors

The following table sets out the number of meetings of Directors of Centro Properties Limited and CPT Manager Limited, the Responsible Entity of the Trust (including meetings of committees of Directors), held during the year ended 30 June 2009 and the number of meetings attended by each Director.

	Board Meetings	Board Audit & Risk Management Committee Meetings	Compliance Committee Meetings	Remuneration Committee Meetings	Board Sub-Committee Meetings	Nomination Committee Meetings
Centro Properties Limited						
Number of meetings held	44	24	N/A	2	3	2
Number of meetings attended/eligible to attend by:						
P. Cooper	44	#	-	2	3	2
P. G. Goldie	43	23	-	2	#	2
S. Kavourakis	43	22	-	2	#	2
L. P. Wilkinson	40	#	-	2	#	2
J. Hall	44	24	-	2	3	2
R. Wylie (appointed 16 October 2008)	27/28	8/9	-	2	#	1/1
CPT Manager Limited						
Number of meetings held	44	24	4	N/A	3	N/A
Number of meetings attended/eligible to attend by:						
P. Cooper	44	#	#	-	3	-
P. G. Goldie	43	23	3	-	#	-
S. Kavourakis	43	22	#	-	#	-
L. P. Wilkinson	40	#	4	-	#	-
J. Hall	44	24	3	-	3	-
R. Wylie (appointed 16 October 2008)	27/28	8/9	3/3	-	#	-

Not a member of the relevant Committee.

Remuneration Report

Section 1 - Background and Context

The Remuneration Report provides investors with an understanding of the processes and policies underlying determination of remuneration for Directors, the Chief Executive Officer and other Key Management Personnel (KMP), that is the directors and executives who have the greatest authority for strategic direction and management of the Group during the financial year. This Report forms part of the Directors' Statutory Report and is in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Following the dramatic changes to Centro's financial situation which commenced during the financial year ended 30 June 2008 (FY08), the financial year ended 30 June 2009 (FY09) has seen the stabilisation of the Group's debt, a restructuring of executive management and the challenge of attracting and retaining high quality executives in an atmosphere of evolving community expectations regarding executive remuneration.

Throughout FY09, the Board placed emphasis on the importance of retaining employees to operate the assets and to achieve the Group's goals. At the same time, the Board has also recognised the economic environment and developments in remuneration practice particularly in its two markets, Australia and the US.

Where appropriate, this year's report provides additional commentary about the Group's approach to ensuring balance in remuneration management.

Section 2 - Contents of the Remuneration Report

This Remuneration Report seeks to provide the following:

- An outline of Remuneration Governance;
- Information on the remuneration principles in use during FY09;
- An explanation of the decisions taken by the Board's Remuneration Committee to revise the remuneration framework, particularly equity based long term remuneration, taking into account the market value of Centro's securities;

- Information on proposed further developments to the remuneration framework; and
- Remuneration for FY09 for Key Management Personnel.

Some of the information in the tables included in this report reflects the previous remuneration philosophy and principles in operation at that time. Detailed notes have been added to provide context and additional explanation where appropriate.

Section 3 - Remuneration Governance

The Board maintains separate Nomination and Remuneration Committees. The composition and function of these committees is set out within the Corporate Governance Statement on Pages 23 to 28 of this Annual Report. Committee charters are available on the Centro website at centro.com.au.

3.1 Nomination Committee

The Nomination Committee advises the Board on matters relating to the appointment and remuneration of non-executive Directors. Within this role, the Nomination Committee is responsible for making recommendations to the Board covering:

- Criteria for Board membership;
- Appointment of new Directors;
- Review of Board performance;
- Changes to the aggregate level of non-executive director remuneration for securityholder approval;
- The level of fees payable to non-executive directors;
- The manner in which fees may be taken; and
- Any other non-executive director remuneration arrangements.

3.2 Remuneration Committee

The Remuneration Committee advises the Board on matters relating to the remuneration, succession and development of the Chief Executive Officer and other senior executives and employees of the Company. In carrying out this role, the Remuneration Committee is responsible for making recommendations to the Board covering:

- Remuneration arrangements for the Chief Executive Officer;
- The remuneration framework for senior executives;
- The general remuneration framework for employees; and
- Reviewing the Company's recruitment, retention, succession, development and termination policies and procedures for senior management.

In doing so, the Remuneration Committee takes into consideration both market factors and advice from external remuneration consultants. Remuneration and other terms of employment are reviewed annually by the Committee with consideration for performance against individual and Group related goals.

Section 4 - General Remuneration Principles and Framework

4.1 Principles

Centro's remuneration principles are to:

- Recognise the contribution of employees to the successful operation of the Group;
- Provide a remuneration framework competitive in the marketplace to attract and retain high quality employees; and
- Meet appropriate governance standards and community expectations.

4.2 Framework

The remuneration framework which aims to put the principles into effect is based on two components discussed below:

- Total Fixed Remuneration
- Performance Based Remuneration – Variable Pay.

This framework is reviewed by the Remuneration Committee to ensure that it will support the principles while being consistent with business objectives, legal requirements and community expectations.

4.2.1 Total Fixed Remuneration

The aim of this component is to provide a competitive level of regular remuneration compared

with similar roles within the listed A-REIT sector (for the property management part of the Group) or the financial industry sector (for the funds management part of the Group), and roles of similar responsibility in other industries. Payments are normally targeted at around the median of this comparator group and will vary based on assessed individual competence and performance.

Comparative salary data is sourced through participation in several surveys supplemented with advice from independent external remuneration and HR consultants.

4.2.2 Performance Based Remuneration - Variable Pay

(a) Short Term Incentive (STI) – cash paid to employees for achievement of financial and individual results

This component links a cash-based payment to appropriate performance indicators.

In September 2008, a new Short Term Incentive (STI) Bonus Plan was implemented for FY09 providing for two components: a financial component to be assessed against the sum of Net Operating Income from the assets plus Services Income less Corporate overheads (Australian performance for Australian participants and US performance for US participants) (Company performance or NOI for this purpose) and an individual component based on assessment of the participant's performance relative to agreed performance goals and objectives (Individual performance). The Company and Individual components each had a 50% weighting.

The Board chose these financial and individual measures to ensure that participants were provided with an incentive to achieve both country-wide financial targets and individual objectives.

The calculation of the NOI performance for both Australia and the US was undertaken in July 2009 and verified by external parties. Individual performance was assessed during the annual Performance Review process. This provided a rigorous method to determine the STI award.

Prior to FY09, the performance measure used in Australia was Distributions per Security (DPS). In the US, both this measure and a US-based financial performance measure were used.

Payouts are typically aimed at levels where, on average, the total of Fixed Remuneration and STI amounts would be within the range of the 50th to 75th percentiles of similar employees in similar companies.

(b) Long Term Incentive (LTI) – (historically) equity (security) awards linked to the achievement of sustainable and profitable business growth

This benefit was historically provided in a number of forms over the period from 2002 to 2007 based on market practice and/or local taxation implications. In all cases, the intent was to link a part of employee packages to the achievement of sustainable and profitable business growth. It was expected that the annualised value of any long term incentive would result in a total package at around the 75th percentile of the comparator group of similar employees in similar companies.

Details for securities acquired or grants made under these equity-based LTI Plans, and which continue to be held under the terms of the Plans, have been included in this Report. However, it should be noted that existing holdings generally have no value to Plan participants given the market price of securities is well short of generating equity above the loan values or exercise price.

4.3 Long Term Incentive Plans Previously Used:

The following provides a summary of LTI plans previously used to provide the long term incentive component together with details of total holdings which remain in place for each of those LTI plans:

(a) Employee Securities Plan and Loan Scheme for Australian Employees

Equity based LTI participation was previously provided under the terms of the Employee Securities Plan and Loan Scheme (ESP) approved by Centro securityholders in 1991 and subsequently approved by security-holders at the time of the merger of Centro Properties Group with Prime Retail Group. Participation was in the form of a ten year interest free, non-recourse loan granted to ESP participants to enable them to acquire Centro Securities. Eligibility for participation in the ESP was at the discretion of the Board.

Participating employees cannot sell or otherwise dispose of the securities unless the loan is fully repaid. In all other respects, the employee securities rank equally with other fully paid ordinary stapled securities.

Current holdings under this Plan are as follows

	30 June 2009	30 June 2008
Number of employees participating in the ESP	486	630
Securities issued under the ESP to participating employees	14,438,943	23,501,045

The number of securities excludes securities associated with loans which have been paid back to Centro through refinancing arrangements.

(i) Employee Securities Plan – Performance Hurdles

Retention of securities acquired by senior managers and executives was made on the condition that a performance hurdle was met. This performance hurdle involved a comparison of the Total Shareholder Return (TSR) on Centro's securities with that of other Listed Property Trust (LPT) securities over a period of three financial years. Centro's TSR is compared to that of each entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index (comparator group) over the same period. TSR measures the total return on a security and takes into account both capital movement and distributions of income.

The ranking of Centro's TSR relative to all other Index entities determines the proportion of securities issued which may be retained by the employee as follows:

- If Centro's TSR is equal to or exceeds the TSR of 80% of the LPTs ranked, 100% of the securities would be retained;
- If Centro's TSR exceeds the TSR of 50% of the LPTs ranked but does not equal or exceed the TSR of 80% of the LPTs ranked, the percentage of securities that will be retained will be calculated as a percentage between 40% and 100%. The securities forfeited will be sold subject to the non-recourse condition; and
- If Centro's TSR is equal to or below the TSR of 50% of the LPTs ranked, none of the securities will be retained and the securities will be sold subject to the non recourse condition

This performance condition was chosen in order to provide a link between the interests of securityholders and LTI Plan participants.

The Board's policy is that executives must not seek to limit their exposure to market risk in relation to holdings under the ESP other than the non-recourse nature of the loan. In support of this position and in keeping with generally accepted Best Practice, the Board resolved that no hedging arrangements be entered into in relation to any securities held under any Employee Security Plan arrangement. Internal controls are in place to ensure compliance with this policy and Key Management Personnel have also confirmed that no hedging arrangements have been entered into.

(ii) Employee Securities Plan – Loan Repayment

The outstanding loans associated with the ESP remain in place until:

- Prior to the performance test:
 - the executive ceases to be a Centro employee;
- Immediately following the performance test:
 - at which time, if the performance test results in the retention of securities the Board will consider an extension of the loan for a further seven years;
- If Securities are retained following the performance test:
 - the loan matures ten years following its grant; or
 - the executive ceases to be a Centro employee.

In each case, the loan is subject to a non-recourse condition such that, at the time of loan repayment, the Company will accept the lower of the loan balance or the net sale proceeds after selling costs of the securities associated with that loan, in full settlement of the loan.

Securities held under this Plan are treated as Options over securities for the purpose of calculating Share-based Payment amounts to comply with Australian Accounting Standards and as such, no loans are recorded on the Group's Balance Sheet.

(iii) Employee Security Plan and Loan Scheme - Loans Provided to Key Management Personnel

The following table represents the balance as at 30 June 2009 for loans which were provided to KMPs to fund the acquisition of securities under the ESP:

	30 June 2009		30 June 2008	
	Market Value	Loan Face Value	Market Value	Loan Face Value
M. Wilson Chief Investment Officer (until 28 February 2009)	\$75,330	\$4,448,645	\$296,450	\$7,160,614
G. Terry Chief Operating Officer (former)	-	-	\$226,669	\$6,799,169
J. Hutchinson General Counsel (former)	-	-	\$226,625	\$5,483,986
P. Kelly General Manager Institutional Funds Management (former)	-	-	\$183,750	\$5,771,904

These amounts represent the balance as at 30 June 2009 of loans granted to acquire Centro securities under the ESP up to and including the most recent grant in September 2007. At the time of loan repayment, the Company would accept in full settlement of the loan, the lower of:

- 1 The Market Value represented by net sale proceeds after selling costs of the securities associated with that loan; or
- 2 The Loan Face Value balance.

The KMPs who left Centro employment during FY09 held a total of 2,600,180 securities with a loan balance at the date of termination of \$18,055,059.

Following their termination the securities were sold on market for an average net price of \$0.0581 per security resulting in net proceeds of \$151,147.

Under the terms of the Employee Securities Plan rules and offer terms, this amount was accepted by Centro in full settlement of the loans. Centro therefore suffered an economic loss of \$17,903,912 which was reflected as a reduction of equity recognised at the grant date.

(b) Executive Option Plan (EOP) – Granted to US Executives

US executives (including Mr Rufrano) were granted options under the terms of the Executive Option Plan (EOP) which was approved by Centro securityholders at the 2001 AGM and subsequently revised by the Board in February 2006 for the purpose of granting Options to US Executives.

The EOP enables employees to receive Options over Centro securities with an exercise price set at the prevailing market price and with an exercise period (subject to continued employment, and in some cases, forfeiture based on the same performance hurdles as set out in section 4.3(a) i (above)) of seven years from the vesting date. Eligibility for participation in the EOP is at the discretion of the Board. The value of the Options forms part of each employee's remuneration. All options remain well below the exercise prices and hold no value for EOP Plan participants.

In the case of those options granted subject to continued employment but with no performance hurdles, the Board considered that this practice was consistent with US market practice.

In the event of termination by the employer without cause, or by the executive for a defined 'good reason', Options which remain within the performance test period may be retained subject to meeting certain conditions.

Current holdings under this Plan are as follows:

	30 June 2009	30 June 2008
Number of US executives participating in the EOP	67	90
Options issued under the EOP to participating US executives	4,498,400	4,985,266

(c) Employee Security Plan - Grant of Restricted Stock to US Executives

Under the terms of the ESP, the Board granted stock at zero cost to senior US executives in July 2007 (including Mr Rufrano). These grants were made at the time a number of senior executives from the former New Plan organisation joined Centro. The grants were made subject to forfeiture based on the same performance hurdles as set out in section 4.3(a)i (above).

In the event of termination by the employer without cause or by the executive for a defined 'good reason', Restricted Stock holdings which remain within the performance test period may be retained subject to meeting certain conditions.

Current holdings under this Plan are as follows:

	30 June 2009	30 June 2008
Number of US executives participating in the ESP for Restricted Stock	18	24
Securities issued under the ESP to participating US executives	332,800	339,800

Current holdings under all Plans will continue to be administered under the terms of the original offer. A notional value has been included in the Remuneration Table for relevant executives as detailed in this Remuneration Report.

4.4 Implementation of Remuneration Principles for FY09

The focus for FY09 has been to structure salary packages that remunerate executives and employees fairly and in a way which supports the Group's intention to attract and retain employees who are seen as critical to meet the Group's current challenges.

The outcomes of this objective are:

- Fixed salaries that strongly compete in the market to provide some stability for employees' earnings expectations;
- Appropriate short term financial incentives to support executives in addressing the challenges faced by the Group; and
- A one year Restructure Incentive payment in lieu of the Long Term Incentive component of salary packages. Recognising the inappropriateness of an equity based LTI award balanced by the need to retain key executives and provide a third component of remuneration, this Plan was delivered in cash.

4.4.1 Total Fixed Remuneration

Following the review of fixed salaries in May 2008 (and discussed in last year's Remuneration Report) there was no general review of fixed salaries in the financial year ended 30 June 2009. Following the date of this report, a review was implemented with effect from 1 July 2009 taking into account general salary market conditions and salary survey data for the three main parts of the business: Property Management, Funds Management and Corporate/Services. On average, salaries were increased by 1.95% across Australian-based staff and by 1.5% across US based staff. Senior executives in both countries agreed to forego any adjustment to their fixed salaries with the exception of the CEO US whose fixed salary was increased following his promotion to that role.

4.4.2 Performance Based Remuneration – Short Term Incentive (STI) Plan

(a) Chief Executive Officer

Under his Executive Service Agreement operative until 15 January 2009 and then on a month to month basis, the Chief Executive Officer was eligible to receive an STI payment subject to the occurrence of certain events as assessed by the Board. Under the new Executive Service Agreement which commenced on 1 March 2009, the Chief Executive Officer is eligible to be considered for an STI payment to be assessed for the year to February 2010. The basis for assessment is presently under consideration.

(b) Chief Executive Officer Australia

Under his previous fixed term Executive Service Agreement operative until 28 February 2009, the then Group Chief Financial Officer was not eligible to receive any STI payment but was eligible to receive a Retention Payment. Under the new Executive Service Agreement which commenced on 1 March 2009, the Chief Executive Officer Australia is eligible to be considered for an STI payment to be assessed for the year to February 2010. The Chief Executive Officer Australia is also eligible to receive a Retention Payment in February 2010 however any STI payment awarded will be reduced by the amount of the Retention Payment.

(c) Other Executives

Prior to FY09, the STI Plan measures were based on the actual Distributions per Security (DPS) relative to a DPS target set by the Board and, in addition in the case of US executives, a US-based financial measure.

For FY09 new measures have been adopted based on annual financial performance and the individual's own performance (the use of a DPS measure was not practical as no distributions can be made under the terms of the debt extension agreements). A Financial target was set by the Board for Australia and for the US taking into account Net Operating Income from Shopping Centre operations plus Services Income from management and leasing

less Corporate Overheads. Each employee has individual goals set by his or her manager. The actual cash award for each participant is then determined by reference to these two measures.

Average STI awards in Australia represented 125% of the target and in the US represented 103% of the target.

4.4.3 Performance Based Remuneration – Long Term Incentive (LTI) Plan

(a) Chief Executive Officer and Chief Executive Officer Australia

Under their new Executive Service Agreements which both commenced on 1 March 2009, the Chief Executive Officer and the Chief Executive Officer Australia are eligible to be considered for participation in a Long Term Compensation (LTC) Plan to be determined by the Board.

(b) Other Executives

In reviewing the Remuneration framework in the context of the circumstances facing Centro in July 2008, the Board decided that an equity-based LTI plan award would be inappropriate and would be unlikely to strengthen the alignment between securityholders and employees. However it was imperative in July 2008 to retain key executives at least through FY09. As a result, a one year Restructure Incentive plan was implemented for managers and executives. This plan entailed a cash payment to senior managers and executives subject to certain conditions. Payments were made in two tranches, 25% was paid in January 2009 to participants who had remained with the Group through the end of December 2008 and 75% was paid in August 2009 to participants who remained with the Group through the end of the financial year and whose achievement of individual goals met a certain standard.

During FY09, the Board determined that no further loans will be granted to employees for LTI Plan purposes. In addition, no LTI awards were made in the financial year ended 30 June 2009 given the status of Centro's securities in the market.

4.5 Future Remuneration Plans

During FY09, the Remuneration Committee has focused on how the Group should ensure the continued alignment of securityholders and employee interests. The Board has resolved to introduce a change to the LTI component of the Remuneration Framework to ensure any plan used to provide this component will continue to support the Remuneration Principles.

The new LTC Plan, covering the period July 2009 to June 2012, will entail the grant of cash based awards subject to the achievement of debt extension and/or recapitalisation goals covering both the US debt (expected to be measured in January 2011) and Australian debt (expected to be measured in January 2012). The Board has determined that an LTC Plan based on cash payments, not equity grants, and with these measures, rather than more common LTI measures such as TSR or share price growth, are appropriate in the circumstances. In the Board's view, securityholder value over this period is best served by providing a LTC Plan to reward achievement of debt extension and/or re-capitalisation targets as these are essential to continuing a stable platform on which to grow the Company and rebuild share price.

Section 5 – Group Performance Based – Variable pay Remuneration

In determining awards made to participants in Performance based remuneration plans, various performance measures are used. The following provides an explanation of how these measures operate for the relevant Plans and the results of the measures for the period ended 30 June 2009.

5.1 Short Term Incentive (STI) Plan

The financial component performance measure used for the STI Plan is set for each country and is the sum of Net Operating Income from the assets plus Services Income less Corporate overheads (NOI). The NOI figure is adjusted for any material items which are beyond the control or influence of

STI Plan participants. Note: as described above at point 4.4.2, the total STI award also takes into account performance assessed against individual objectives.

(a) STI Plan – FY09

The NOI performance for Australian operations, used as the financial measure for the Short Term Incentive Bonus Plan for Australian participants, resulted in 69% of the maximum bonus payable for this component for FY09.

The NOI performance for US operations, used as the financial measure for the Short Term Incentive Bonus Plan for US participants, resulted in 73% of the maximum bonus payable for this component for FY09.

(b) STI Plan – Previous Years

For the financial years from 2004 to 2008, Centro's performance as represented by Distributions per Security (DPS) was used as the measure for the Australian STI Plan. For the years 2004 to 2007, DPS performance exceeded the target set at the start of each year to the extent that the Board awarded 100% of the maximum bonus to STI participants.

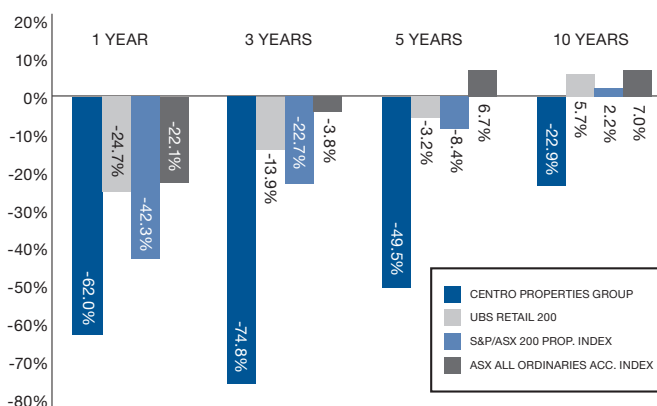
For the financial year ended 30 June 2008, Centro's DPS performance did not warrant a bonus award.

For 2008, the measures used for the US STI Plan were the DPS performance and a US financial performance measure. As stated above, Centro's DPS performance did not warrant the award of any bonus however the US financial performance resulted in 100% being awarded for that component of the US bonus plan.

5.2 Long Term Incentive (LTI) Plans

The performance measure used for the LTI Plans involves a comparison of the TSR on Centro's securities with that of other A-REIT securities over a period of three financial years.

The following chart compares Centro's total returns with industry benchmarks over the past year, three years, five years and ten years:



(a) LTI Plan – FY09

Centro's total return (security price change only as there were no distributions paid) was -62.0% for the financial year ended 30 June 2009.

The return for the three years to June 2009 resulted in participants forfeiting all securities due to vest within the reporting year as the performance failed to reach the minimum level when compared to the comparator group.

(b) LTI Plan – Previous Years

Centro's total return, relative to the comparator group for the financial period ended June 2008, resulted in participants forfeiting all securities due to vest within that reporting year as the performance failed to reach the minimum level when compared to the comparator group.

The total return, relative to the comparator group for the three financial periods ended June 2005-2007, resulted in participants retaining Securities acquired with a performance based retention condition under the Plan and due to vest in those periods.

Section 6 – Remuneration and Key Employment Terms of Key Management Personnel

Details of the remuneration and key employment terms of Key Management Personnel (as defined in AASB 124 *Related Party Disclosures*) of Centro

Properties Limited and its controlled entities (the Group) are set out in the following tables. There are no Executive Directors of Centro Properties Limited.

6.1 Senior Executives

The senior executive Key Management Personnel at Centro Properties Limited during the year ended 30 June 2009 include the non-executive Directors as per Page 125 and the following executive officers.

From July 2008 to 28 February 2009, the following executives formed the Key Management Personnel for Centro Properties Limited:

G. Rufrano – *Chief Executive Officer*

A. Clarke – *Group Chief Financial Officer*

G. E. Terry – *Chief Operating Officer* – terminated 6 March 2009

J. Hutchinson – *General Counsel* – terminated 6 March 2009

P. M. Kelly – *General Manager Institutional Funds Management* – terminated 6 March 2009

M. Wilson – *(formerly) Chief Investment Officer*

With effect from 1 March 2009, the senior executive structure of Centro Properties Limited was revised to create the new positions of CEO – Australia and CEO – US. From this date the Key Management Personnel were:

G. Rufrano – Group Chief Executive Officer

A. Clarke – Chief Executive Officer - Australia

M. Carroll – Chief Executive Officer - US

Following his appointment to the role of Chief Executive Officer - Australia on 1 March 2009, Mr Clarke continued to act in the role of Group Chief Financial Officer during the period March 2009 – June 2009. The role of Group Chief Financial Officer will be included in the KMP list for FY10.

The senior executives of the Group are the same as the senior executives of Centro Properties Limited.

DIRECTORS' REPORT

The following tables set out the remuneration details for the Key Management Personnel and any of the five most highly remunerated officers who are not Key Management Personnel.

6.1.1 Senior Executive Remuneration – FY09

2009	Short term Employee Benefits					Termination		Post Employment		
Name	Salary	Retention Payment	Short-term Incentive	Restructure Incentive	Non-monetary Benefits ⁽¹⁾	Statutory Payments on Termination	Termination Payment ⁽²⁾	Super-annuation	Equity-based Remuneration ⁽³⁾	Total
G Rufrano ⁽⁴⁾ Chief Executive Officer	\$1,637,011	-	\$1,691,840 ⁽⁵⁾	-	\$122,322	-	-	-	\$506,171	\$3,957,344
A Clarke ⁽⁶⁾ Chief Executive Officer - Australia	\$1,253,963	\$416,667	-	\$500,000	\$1,640	-	-	\$13,745	-	\$2,186,015
M Carroll ⁽⁷⁾ Chief Executive Officer - USA	\$601,540	\$661,411	\$517,805	\$841,796	\$21,615	-	-	-	\$186,163	\$2,830,330
M Wilson (formerly) Chief Investment Officer ⁽⁸⁾	\$377,170	-	\$163,447	\$137,500	\$3,280	-	-	\$14,038	\$60,210	\$755,645
S Siegel ⁽⁹⁾ Executive Vice President & General Counsel – USA	\$519,791	\$711,518	\$380,246	\$651,390	\$20,980	-	-	-	\$146,605	\$2,430,530
G Terry ⁽¹⁰⁾ Chief Operating Officer – Australia	\$505,069	-	-	\$37,750	\$3,950	\$338,396	\$1,955,250	\$13,665	\$(463,449)	\$2,390,631
J Hutchinson ⁽¹¹⁾ Group General Counsel)	\$359,090	-	-	\$28,250	\$5,273	\$63,863	\$1,381,457	\$27,092	\$(324,008)	\$1,541,017
P Kelly ⁽¹²⁾ General Manager - Institutional Funds Management	\$257,441	-	-	\$50,000	\$2,238	\$4,608	\$773,461	\$17,799	\$(378,111)	\$727,436
TOTAL	\$5,511,075	\$1,789,596	\$2,753,338	\$2,246,686	\$181,298	\$406,867	\$4,110,168	\$86,339	\$(266,419)	\$16,818,948

DIRECTORS' REPORT

- (1) Includes motor vehicle and other non cash fringe benefits.
- (2) Payments made to meet contractual obligations.
- (3) This column provides a notional value for Equity-based remuneration rather than the realisable value of those holdings or the value of interest not charged (as reported at Note 27 in the table headed Loans to Key Management Personnel). The calculations meet Accounting standards (AASB 2 Share Based Payment) and use a recognised valuation methodology. The calculation depends on whether the equity holdings are Loan Based Securities - in the form of securities acquired with a loan, Restricted Stock - securities granted at no cost or Options. For executives whose employment terminated prior to 30 June 2009, the value reported is a negative amount which reflects securities forfeited during the year (following termination of employment) resulting in a reversal of the value expensed since issue.

Loan Based Securities: the calculation treats each security as an option and then calculates for awards (granted in the three prior years) the value attributable to FY09.

Restricted Stock: the calculation uses the market value of the security at acquisition and then calculates for awards (granted in the three prior years) the value attributable to FY09.

Options: the calculation establishes for the EOP awards (granted in the three prior years) the value attributable to FY09.
- (4) Mr Rufrano's salary and short term incentive amounts take into account tax equalisation to compensate him for the different tax rates in Australia for the period he was based in Australia. Amounts under Non-Monetary Benefits include the value of accommodation and other expatriate benefits provided to him during his time in Australia.
- (5) Mr Rufrano's Short-term Incentive (STI) is based on contractual periods. The amount reported for STI for the financial year ended 30 June 2009 represents the payment made for the contractual period January 2008 to January 2009. No provision was made at 30 June 2008 in relation to this STI as it was not probable at that point that any payment would be made. As such the full amount is disclosed in the financial year ended 30 June 2009. No provision is able to be determined for any STI for the contractual period January 2009 to February 2010.
- (6) Mr Clarke was promoted to the position of Chief Executive Officer Australia on 1 March 2009. Amounts under all relevant headings include Mr Clarke's remuneration for the period 1 July 2008 – 28 February 2009 during which he held the position of Chief Financial Officer. Mr Clarke held this position under a fixed term contract, the terms of which did not provide for participation in the Short Term Incentive Plan. The contract did provide for the payment of Retention Payments or Restructure Incentives subject to Mr Clarke remaining with the Group to the end of contractual periods. Mr Clarke's current contract provides for consideration for a Retention Payment covering the period from March 2009 to February 2010. The amount under the Retention Payment includes an accrual for the period March-June 2009.
- (7) Mr Carroll became a KMP following his promotion to the position of Chief Executive Officer US on 1 March 2009. Amounts under all relevant headings include Mr Carroll's remuneration for the period 1 July 2008 – 30 June 2009 as Mr Carroll is one of the five highest remunerated officers over the full year. The Retention Payment paid to Mr Carroll relates to a condition of his employment contract entered into at the time he joined Centro in July 2007.
- (8) Amounts under all relevant headings detail Mr Wilson's remuneration for the period 1 July 2008 – 28 February 2009 during which he was a KMP.
- (9) Mr Siegel is included as he is one of the five highest remunerated officers. The Retention Payment paid to Mr Siegel relates to a condition of his employment contract entered into at the time he joined Centro in July 2007.
- (10) Mr Terry's employment was terminated under the terms of his Executive Service Agreement effective 6 March 2009.
- (11) Mr Hutchinson's employment was terminated under the terms of his Executive Service Agreement effective 6 March 2009. Subsequently, Mr Hutchinson provided consulting services to the Group.
- (12) Ms Kelly's employment was terminated under the terms of her Executive Service Agreement effective 6 March 2009.

DIRECTORS' REPORT

6.1.2 Senior Executive Remuneration – FY08

2008	Short term Employee Benefits				Termination		Post Employment		
Name	Salary	Retention Payment	Short-term Incentive	Non-monetary Benefits ⁽¹⁾	Statutory Payments on Termination	Termination Payment ⁽²⁾	Super-annuation	Equity-based Remuneration ⁽³⁾	Total
G Rufrano ⁽⁴⁾ Chief Executive Officer	\$1,016,706	\$1,782,240	\$298,980 ⁽⁵⁾	\$32,191	-	-	-	\$432,525	\$3,562,642
A.T. Scott ⁽⁶⁾ Chief Executive Officer (former)	\$809,008	-	-	\$25,893	\$596,179	\$3,000,000	\$7,659	\$(1,514,845) ⁽⁷⁾	\$2,923,894
G. Terry Chief Operating Officer	\$609,167	\$315,000	-	\$9,816	-	-	\$100,000	\$495,670	\$1,529,653
A. Clarke ⁽⁸⁾ Chief Financial Officer	\$266,061	-	-	-	-	-	\$3,939	-	\$270,000
R. Nenna ⁽⁹⁾ Chief Financial Officer (former)	\$484,958	-	-	\$44,020	\$160,286	\$864,000	\$25,599	\$(724,446) ⁽⁷⁾	\$854,417
J. Hutchinson General Counsel	\$493,865	\$236,250	-	\$1,199	-	-	\$37,599	\$363,407	\$1,132,320
M. Wilson Chief Investment Officer	\$421,226	\$189,000	-	-	-	-	\$18,739	\$290,661	\$919,626
P Kelly General Manager - Institutional Funds Management	\$292,616	\$195,000 ⁽¹⁰⁾	-	-	-	-	\$22,046	\$353,836	\$863,498
TOTAL	\$4,393,607	\$2,717,490	\$298,980	\$113,119	\$756,465	\$3,864,000	\$215,581	\$(303,192)	\$12,056,050

1) Includes motor vehicle and other non cash fringe benefits.

(2) In both cases, the reported amount represents a negotiated settlement which were substantially less than the contractual entitlements.

(3) This column provides a notional value for Long-term Incentive holdings rather than the realisable value of those holdings. The calculation meets Accounting standards (AASB 2 Share Based Payment) and uses a recognised valuation methodology to establish the value of each security (acquired under the ESP within three years from the start of the year). With exception of the calculations for Mr Rufrano's long term incentive holdings, the calculation treats each security as an Option and then spreads the resulting value over three years. The amounts shown here generally reflect 1/3 of the value of the ESP awards from each of the three prior years. The calculation for Mr Rufrano's long term incentive holdings values the options granted to him using a recognised valuation methodology and values the restricted stock granted to him based on the market value of the securities on the day the restricted stock was granted. For both the options and the restricted stock, the values are to be spread over three years consistent with the terms of the grants. Other than for the CEO on appointment, there were no LTI awards after September 2007.

(4) Mr Rufrano was appointed to the position of Chief Executive Officer on 15 January 2008. Amounts under all relevant headings include Mr Rufrano's remuneration for the period 1 July 2007 – 14 January 2008 during which he held the position of Chief Executive Officer Centro US.

(5) Mr Rufrano's Short Term Incentive is the amount awarded related to his employment as CEO Centro US until 14 January 2008 and was based on Centro US performance measures.

(6) Mr Scott resigned from the Company with effect from 15 January 2008.

(7) Remuneration expensed as options (refer Note 3 above) includes negative amounts for securities forfeited during the year (following resignation) resulting in a reversal of the options value expensed since issue.

(8) Mr Clarke was appointed to the position of Chief Financial Officer on 12 March 2008.

(9) Mr Nenna resigned from the Company with effect from 31 March 2008.

(10) Ms Kelly received a Special Bonus in July 2007 in addition to Retention Payments as described above.

6.1.3 Remuneration Related to Performance for FY09

The following table provides details of the relative proportions of actual remuneration to total remuneration for Key Management Personnel.

	Fixed Remuneration	Short Term Incentive	Long Term Incentive ⁽¹⁾	% of Remuneration Consisting of Options
G. Rufrano Chief Executive Officer	49.2%	50.8%	0.0%	10%
A. Clarke Chief Executive Officer Australia	100%	0.0%	0.0%	N/A
M. Carroll Chief Executive Officer US	53.7%	46.3%	0.0%	10%
M. Wilson Chief Investment Officer (former)	70.5%	29.5%	0.0%	N/A
S. Siegel Executive Vice-President and General Counsel US	57.8%	42.2%	0.0%	10%
G. Terry Chief Operating Officer (former)	100%	0.0%	0.0%	N/A
J. Hutchinson General Counsel (former)	100%	0.0%	0.0%	N/A
P. Kelly General Manager Institutional Funds Management (former)	100%	0.0%	0.0%	N/A

(1) No grants were made during the year.

6.1.4 Additional Information on STI Payments

In relation to the STI payments included in the tables on Pages 42 and 43 the percentage of the maximum available STI that was earned in the financial year, and the percentage that was not achieved, is set out below. The amount of STI earned and paid as a cash bonus was a function of the Group's actual financial performance as measured by Net Property Operating Income less Corporate overheads relative to a target and capped level of performance plus an assessment of the executive's performance relative to individual goals, both weighted to 50%.

No part of the FY09 STI is payable in future years.

The following table sets out the percentage of the STI that was paid and the percentage that was forfeited for FY09.

	% STI Paid	% STI Forfeited	\$ Value Paid
G. Rufrano Chief Executive Officer	67%	33%	\$1,691,840
A. Clarke Chief Executive Officer Australia	N/A	N/A	-
M. Carroll Chief Executive Officer US	75%	25%	\$517,805
M. Wilson ⁽¹⁾ (formerly) Chief Investment Officer	59%	41%	\$163,447
S. Siegel Executive Vice-President and General Counsel US	86%	14%	\$380,246
G. Terry Chief Operating Officer (former)	0%	100%	-
J. Hutchinson General Counsel (former)	0%	100%	-
P. Kelly General Manager Institutional Funds Management (former)	0%	100%	-

(1) Value for Mr Wilson is pro rated for the period 1 July 2008 – 28 February 2009 to reflect his status as a Key Management Personnel during that period.

6.1.5 Current holdings of Options and Securities by specified Key Management Personnel

The number of options or securities in the Group held during the 2009 financial year by each of the above specified Key Management Personnel of the Group as issued via the ESP or EOP, including those held by their personally-related entities, is as follows:

G. Rufrano

Type of Equity Grant	Number of Securities/ Options Held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options Held as at 1 July 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Options over Centro Properties Group Securities issued pursuant to EOP with three year time & performance vesting terms	439,100	646,794	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Options over Centro Properties Group Securities issued pursuant to EOP with three year time vesting terms	439,100	646,794	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Ordinary securities issued pursuant to ESP with conditional vesting terms	132,600	N/A	-	31 July 2007	-	-	-	2010	N/A	N/A
Options over Centro Properties Group Securities issued pursuant to EOP with a one year time vesting term	1,000,000	56,000	-	1 April 2008	-	-	-	2009	\$0.50	15 March 2010
Total	2,010,800		-							

DIRECTORS' REPORT

M. Carroll

Type of Equity Grant	Number of Securities/ Options Held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options Held as at 1 July 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Options over Centro Properties Group Securities issued pursuant to EOP with three year time & performance vesting terms	175,700	258,806	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Options over Centro Properties Group Securities issued pursuant to EOP with three year time vesting terms	175,700	258,806	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Ordinary securities issued pursuant to ESP with conditional vesting terms	53,100	N/A	-	31 July 2007	-	-	-	2010	N/A	N/A
Total	404,500		-							

M. Wilson

Type of Equity Grant	Number of Securities/ Options Held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options Held as at 1 July 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Ordinary securities issued pursuant to ESP	100,000	N/A	-	1 Nov 2003	N/A	N/A	N/A	N/A	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	100,000	N/A	-	1 Nov 2003	100%	30 Jun 2006	0%	-	N/A	N/A
Ordinary securities issued pursuant the exercise of options granted under the Executive Option Plan	250,000	N/A	-	1 Feb 2002	100%	28 Sep 2004	0%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	400,000	2 Oct 2006	-	-	-	2009	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	250,000	N/A	-	17 Jul 2007	-	-	-	2010	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	110,000	N/A	-	28 Sep 2007	-	-	-	2010	N/A	N/A
Total	810,000		400,000							

DIRECTORS' REPORT

S. Siegel

Type of Equity Grant	Number of Securities/ Options Held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options Held as at 1 July 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Options over Centro Properties Group Securities issued pursuant to EOP with three year time & performance vesting terms	138,400	203,863	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Options over Centro Properties Group Securities issued pursuant to EOP with three year time vesting terms	138,400	203,863	-	31 July 2007	-	-	-	2010	\$8.15	31 July 2017
Ordinary securities issued pursuant to ESP with conditional vesting terms	41,800	N/A	-	31 July 2007	-	-	-	2010	N/A	N/A
Total	318,600		-							

G. Terry (former executive)

Type of Equity Grant	Number of Securities/ Options held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options held as at 1 July 2008 but disposed of or ceased to be held under ESP before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	485,180	17 Oct 2006	-	-	100%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	440,000	28 Sep 2007	-	-	100%	-	N/A	N/A
Total	-		925,180							

DIRECTORS' REPORT

J. Hutchinson (former executive)

Type of Equity Grant	Number of Securities/ Options held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options held as at 1 July 2008 but disposed of or ceased to be held under ESP before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	300,000	1 Oct 2004	100%	30 Jun 2007	0%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	350,000	17 Oct 2006	-	-	100%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	275,000	28 Sep 2007	-	-	100%	-	N/A	N/A
Total	-		925,000							

P. Kelly (former executive)

Type of Equity Grant	Number of Securities/ Options held as at 30 June 2009	Fair Value at Grant Date	Number of Securities/ Options held as at 1 July 2008 but disposed of or ceased to be held under ESP before 30 June 2009	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Exercise Price	Expiry Date
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	60,000	3 July 2006	-	-	100%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	240,000	17 Oct 2006	-	-	100%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	200,000	21 Mar 2007	-	-	100%	-	N/A	N/A
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	N/A	250,000	28 Sep 2007	-	-	100%	-	N/A	N/A
Total	-		750,000							

6.1.6 Key Employment Terms of Specified KMPs

Remuneration and other terms of employment are formalised in Executive Service Agreements. Each of these Agreements provide for the participation in the performance-related STI Plan and eligibility to participate in the LTC Plan. Other major provisions of the Agreements relating to the employment of Key Management Personnel are set out below:

Name	Contract Duration	Notice Periods	Termination Payments
G. Rufrano Chief Executive Officer	<ul style="list-style-type: none"> 12 months automatically extended for unlimited number of additional one year periods subject to notice. (Notice has subsequently been given) 	<ul style="list-style-type: none"> Six months notice. May be terminated with immediate effect for wilful misconduct; wilful and continued failure to use reasonable best efforts to substantially perform duties and certain other defined circumstances. Executive may terminate employment with immediate effect for "good reason" which covers (but not limited to) <ul style="list-style-type: none"> – ceasing to be the Chief Executive Officer; or – a substantial diminution in responsibilities. 	<ul style="list-style-type: none"> 12 months Fixed Compensation plus the average of the last two years' STI bonus payments. No termination payment if termination occurs at the end of a 12 month term and notice has been given by either party. No termination payment if terminated for "cause".
A. Clarke Chief Executive Officer Australia	<ul style="list-style-type: none"> 12 months automatically extended for unlimited number of additional one year periods subject to notice. (Notice has subsequently been given) 	<ul style="list-style-type: none"> Six months notice. May be terminated with immediate effect for serious misconduct, serious negligence and certain other defined circumstances. Executive may terminate employment with immediate effect for a "fundamental change" which covers <ul style="list-style-type: none"> – ceasing to report to the Group CEO; or – ceasing to be the Chief Executive Officer of Centro Australia; or – a substantial diminution in responsibilities 	<ul style="list-style-type: none"> 12 months Fixed Compensation plus the average of the last two years' STI bonus payments. During the year to 28 February 2010, a payment based on 80% of Fixed Remuneration (Salary plus Company Super) pro rated for the period of service. No termination payment if termination occurs at the end of a 12 month term and notice has been given by either party. No termination payment if terminated for serious misconduct, serious negligence etc.
M. Carroll Chief Executive Officer US	<ul style="list-style-type: none"> 12 months automatically extended for unlimited number of additional one year periods subject to notice. 	<ul style="list-style-type: none"> Six months notice. May be terminated with immediate effect for wilful misconduct; wilful and continued failure to use reasonable best efforts to substantially perform duties and certain other defined circumstances. Executive may terminate employment with immediate effect for "good reason" which covers (but not limited to) <ul style="list-style-type: none"> – ceasing to be the Chief Executive Officer US; or – a substantial diminution in responsibilities. 	<ul style="list-style-type: none"> 12 months Fixed Compensation plus the average of the last two years' STI bonus payments. No termination payment if terminated for "cause".

Continued next page...

DIRECTORS' REPORT

M. Wilson (formerly) Chief Investment Officer	<ul style="list-style-type: none"> • On-going contract 	<ul style="list-style-type: none"> • 18 months notice by the Company. • Six months notice by the executive. • May be terminated with immediate effect for serious misconduct, serious negligence and certain other defined circumstances. • Executive may terminate employment with immediate effect for a "fundamental change" which covers a fundamental change to the role and level held or a substantial diminution of responsibilities. 	<ul style="list-style-type: none"> • Where paid in lieu of notice, 18 months Fixed Compensation plus the average of the last two years' STI bonus payments plus the value attributed to the current LTI grant. • No termination payment if terminated for serious misconduct, serious negligence etc.
S. Siegel Chief Executive Officer US	<ul style="list-style-type: none"> • 12 months automatically extended for unlimited number of additional one year periods subject to notice. 	<ul style="list-style-type: none"> • Six months notice. • May be terminated with immediate effect for wilful misconduct; wilful and continued failure to use reasonable best efforts to substantially perform duties and certain other defined circumstances. • Executive may terminate employment with immediate effect for "good reason" which covers (but not limited to) <ul style="list-style-type: none"> – ceasing to be the Chief Executive Officer US; or – a substantial diminution in responsibilities 	<ul style="list-style-type: none"> • 12 months Fixed Compensation plus the average of the last two years' STI bonus payments. • No termination payment if terminated for "cause".

6.2 Non-executive Directors

Non-executive Directors' fees, including committee fees and ad hoc fees, are determined by the Nomination Committee within an aggregate Directors' fee pool limit, which is periodically recommended for approval by securityholders. The current maximum of \$2,250,000 was approved at the 2007 AGM.

Fees and payments to non-executive Directors reflect the demands and responsibilities of their roles. The remuneration of non-executive Directors is not linked to the performance of the Group in order to maintain independence and impartiality. Non-executive Directors' fees and payments are reviewed annually by the Nomination Committee after considering the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

The Board supports the principle of regular reviews of both whole of Board and individual Director performance and effectiveness. Given the processes of Board renewal and separation between Centro and Centro Retail Limited which commenced during FY09, the Board determined that it would be more appropriate to defer the review until such time as a new Board was in place and had operated for sufficient time to allow for a meaningful review.

Non-executive Directors receive a fee of \$115,000 per annum (this \$115,000 is the same amount as for the 2007 and 2008 financial years) in relation to their services as a Director. Non-executive Directors are also permitted to be paid additional fees for attendance at committee meetings. Such fees are included in the aggregate remuneration cap approved by securityholders. Non-executive Directors who sit on the

Board's Committees receive these additional fees as follows:

Audit and Risk Management Committee - \$8,000 per annum

Compliance Committee - \$7,000 per annum

Nomination and Remuneration Committees - \$4,500 per annum

Committee Chairmen for the Audit and Risk Management and Compliance Committees receive a fee of \$16,000 and \$14,000 per annum respectively.

Non-executive Directors who sit on other committees of the Board, such as due diligence committees, receive an attendance fee of \$2,500 per full day and \$1,500 per half day. During the year, non-executive Directors were paid a total of \$22,000 in ad hoc committee fees.

The Chairman of the Board receives a fee of \$345,000 per annum. This level of remuneration reflects the greater time commitment and responsibility required and is commensurate with similar roles in the external market. The Chairman receives no further remuneration for Committee membership although he chairs the Nomination and Remuneration Committees and attends other Committee meetings.

Superannuation contributions are also made on behalf of the non-executive Directors in accordance with the Group's statutory superannuation obligations and are included in the fee pool limit. Non-executive Directors are also entitled to be reimbursed for all business related expenses, including travel on company business, as may be incurred in the discharge of their duties.

6.2.1 No Security Plan for Non-executive Directors

The Group does not have a non-executive Director security plan. Non-executive Directors do not receive securities as part of their remuneration. Non-executive Directors do not have any loans from the Company under the ESP.

6.2.2 Retirement Allowances for Non-executive Directors

On 1 July 2003, the Board resolved to remove retirement allowances for non-executive Directors appointed after that date, in line with changes in market practice. On 3 July 2004, the Board further resolved to 'freeze' the retirement benefits accrued to 31 December 2004 for non-executive Directors appointed prior to 1 July 2003. The benefits will not be paid until the participating non-executive Director retires from the Board. The benefits have been fully provided for.

The balance of the benefits, which will be payable directly by the Group upon retirement from office, is indexed each year on 1 December (the first adjustment was on 1 December 2005) by the annual Consumer Price Index (CPI), September quarter to September quarter, as published by the Australian Bureau of Statistics. The Group's aggregate liability to pay retiring allowances was \$167,981 as at balance date taking into account the pro rata published CPI data to March 2009.

The amounts due to the relevant non-executive Directors are:

Name	Net benefit as at 30 June 2008	Paid out on Retirement	Net benefit as at 31 Dec 2008 after CPI Adjustment	Net Benefit as at 30 Jun 2009 (based on pro rata CPI Adjustment to 31 Mar 2009)
B. Healey ⁽¹⁾	\$636,324	\$636,324	-	-
P. G. Goldie ⁽²⁾	\$163,694	-	\$167,646	\$167,981
Total	\$800,018	\$636,324	\$167,646	\$167,981

(1) Mr Healey retired on 30 June 2008. Mr Healey's Retirement allowance became payable on his retirement from the Board on 30 June 2008. As reported in the last Remuneration Report, Mr Healey offered, and the Company agreed, to defer payment of the Retirement allowance until completion of an external or internal recapitalisation of both this Company and Centro Retail Trust approved by the board or boards of those respective entities. Following the debt stabilisation achieved in January 2009, Mr Healey received the Retirement allowance of \$636,324 due to him as at 30 June 2008.

(2) Mr Goldie has announced his retirement effective in September 2009. At this date, Mr Goldie will receive the Retirement allowance due to him.

DIRECTORS' REPORT

6.2.3 Non-executive Director Remuneration – FY09

2009		Short-term Benefits		Post-employment Benefits			Total
Name	Directors' Fees	Committee Fees (including ad hoc committee fees)	Non-Monetary Benefits	Superannuation Contributions	Retirement Benefit ⁽³⁾	Equity Based Remuneration	
P. Cooper (Chairman)	\$345,000	-	-	\$31,050	-	-	\$376,050
P. G. Goldie ⁽¹⁾	\$115,000	\$34,500	-	\$12,735	\$4,287	-	\$166,522
S. Kavourakis ⁽¹⁾	\$115,000	\$26,500	-	\$11,475	-	-	\$152,975
L. P. Wilkinson ⁽¹⁾	\$115,000	\$11,500	\$5,775	\$11,385	-	-	\$143,660
J. Hall	\$115,000	\$27,500	-	\$12,825	-	-	\$155,325
R. Wylie ⁽²⁾	\$45,741	\$11,375	-	\$44,634	-	-	\$101,750
Total	\$850,741	\$111,375	\$5,775	\$124,104	\$4,287	-	\$1,096,282

(1) Messrs Goldie, Kavourakis and Wilkinson have announced their retirement from the Board effective September 2009.

(2) Mr Wylie was appointed to the Board on 16 October 2008.

(3) Retirement benefits represent the amount accrued for the CPI adjustment (refer above). As noted above the accrual of retirement benefits is based on fees as service ceased as at 31 December 2004. The amount accrued for this year represents the CPI indexation of that retirement benefit. No retirement benefits are due to Mr Cooper, Mr Kavourakis, Mr Wilkinson, Mr Hall and Mr Wylie as they were appointed after 1 July 2003.

6.2.4 Non-executive Director Remuneration– FY08

2008		Short-term Benefits		Post-employment Benefits			Total
Name	Directors' fees	Committee Fees (including ad hoc committee fees)	Superannuation Contributions	Retirement Benefit ⁽⁴⁾	Equity Based Remuneration		
B. Healey (Chairman) ⁽¹⁾	\$376,050	-	-	\$26,637	-	-	\$402,687
P. G. Goldie ⁽²⁾	\$41,680	\$32,000	\$85,335	\$6,853	-	-	\$165,868
S. Kavourakis	\$115,000	\$46,000	\$12,195	- ⁽³⁾	-	-	\$173,195
L. P. Wilkinson	\$115,000	\$16,500	\$11,385	- ⁽³⁾	-	-	\$142,885
J. Hall	\$115,000	\$24,000	\$12,105	- ⁽³⁾	-	-	\$151,105
P. Cooper ⁽⁵⁾	\$115,000	\$29,500	\$11,475	- ⁽³⁾	-	-	\$155,975
Total	\$877,730	\$148,000	\$132,495	\$33,490	-	-	\$1,191,715

(1) Mr Healey retired on 30 June 2008. The retirement benefit represents the amount accrued from 30 June 2007 to 30 June 2008, the end of the quarter prior to his retirement.

(2) Mr Goldie elected to salary sacrifice a portion of his Director's Fee to superannuation contributions.

(3) No retirement benefits are due. Mr Kavourakis, Mr Wilkinson, Mr Hall and Mr Cooper were appointed after 1 July 2003.

(4) Retirement benefits represent the amount accrued for the CPI adjustment (refer above). As noted above the accrual of retirement benefits is based on fees as service ceased as at 31 December 2004. The amount accrued for this year represents the CPI indexation of that retirement benefit.

(5) Mr Cooper was appointed as Chairman with effect from 1 July 2008.

Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are essential and will not compromise their independence.

Details of the amounts paid or payable to the auditor Ernst & Young for audit and non-audit services provided during the year are set out in Note 24 to the financial statements.

The Board has considered the non-audit services provided during the year and is satisfied these services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 10 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 55.

Rounding of Amounts to the Nearest Thousand Dollars

The Group is of a kind referred to in class order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers resigned as the Group's auditors in June 2009 as result of conflicts of interest associated with the ongoing class actions. Ernst & Young was appointed to replace PricewaterhouseCoopers. The appointment is subject to ratification at the Annual General Meeting to be held on 17 November 2009.

Signed at Melbourne, 15 September, 2009 in accordance with a resolution of the Directors.



P. Cooper
Chairman

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Centro Properties Limited

In relation to our audit of the financial report of Centro Properties Limited for the financial year ended 30 June 2009 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

B R Meehan
Partner
15 September 2009

Liability limited by a scheme approved
under Professional Standards Legislation

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
REVENUE					
Property ownership revenue		-	-	2,062,629	410,729
Property services revenue		-	-	64,979	213,402
Distribution revenue		-	-	25,764	63,236
Total Revenue		-	-	2,153,372	687,367
INCOME					
Other income	5(a)	322	755	51,113	57,717
Total Income		322	755	51,113	57,717
TOTAL REVENUE AND INCOME		322	755	2,204,485	745,084
Property revaluation decrement for directly owned properties	10(d)	-	-	(3,846,917)	(306,969)
Fair value adjustment on financial assets at fair value through profit or loss	10(c)	-	-	(181,035)	(141,902)
Share of net losses of associates and joint venture partnerships accounted for using the equity method	10(b)	-	-	(208,171)	(693,016)
Impairment of investment in joint venture		-	-	-	(578,189)
Impairment of goodwill		-	-	-	(193,830)
Financing costs	5(b)	(196,824)	(106,407)	(1,079,371)	(411,185)
Movement in net assets attributable to puttable interests in consolidated finite life trusts		-	-	464,845	-
Net movement on mark to market of derivatives	5(b)	-	-	(492,696)	(487,466)
Foreign exchange (losses)/gains	5(b)	-	-	(931,426)	355,129
Repairs, maintenance, cleaning and security		-	-	(158,792)	(17,090)
Employee benefits expense	5(b)	(6,457)	(1,247)	(167,656)	(72,326)
Advisor fees		-	-	(94,232)	(69,922)
Withholding and franchise taxes		-	(784)	(19,178)	(13,833)
Rent, rates, taxes and insurance		(11)	(4)	(251,217)	(39,698)
Light and power		-	-	(62,209)	(5,627)
Depreciation and amortisation expense	5(b)	-	-	(28,736)	(6,186)
Marketing		-	-	(10,179)	(1,903)
Other shopping centre management costs		-	-	(85,172)	(76,696)
Bad and doubtful debts	5(b)	-	-	(33,344)	(2,724)

Continued next page...

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (CONT)

Net (loss)/profit on the disposal of investment property and equity accounted investments		-	-	(58,174)	9
Other expenses from ordinary activities		(7,184)	(16,172)	(53,247)	(50,511)
LOSS BEFORE INCOME TAX BENEFIT		(210,154)	(123,859)	(5,092,422)	(2,068,851)
Income tax benefit	6(a)	-	-	92,126	16,121
NET LOSS		(210,154)	(123,859)	(5,000,296)	(2,052,730)
Net loss/(profit) attributable to minority interest		-	-	1,456,315	(2,439)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(210,154)	(123,859)	(3,543,981)	(2,055,169)
Basic loss per security (cents)	21(a)	(23.72)	(15.28)	(398.36)	(257.27)
Diluted loss per security (cents)	21(b)	(23.72)	(15.28)	(398.36)	(257.27)

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 30 JUNE 2009

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
CURRENT ASSETS					
Cash assets and cash equivalents	8	-	-	266,064	201,127
Restricted cash		-	-	84,173	81,383
Derivative financial instruments	3(e)	-	-	14,602	458,808
Trade and other receivables	9	60	2,844	330,167	431,347
Non-current assets classified as held for sale	10(a)	-	-	114,304	768,751
Total current assets		60	2,844	809,310	1,941,416
NON-CURRENT ASSETS					
Investments accounted for using the equity method	10(b)	-	-	723,934	988,402
Financial assets carried at fair value through profit or loss	10(c)	-	-	333,381	606,209
Investment property	10(d)	-	-	15,527,339	16,324,967
Derivative financial instruments	3(e)	-	-	33,246	-
Plant and equipment	11	-	-	28,300	36,131
Intangible assets	12	-	-	713,204	668,774
Trade and other receivables	9	936,487	1,103,827	66,703	10,973
Other financial assets	10(e)	31,233	31,233	-	-
Total non-current assets		967,720	1,135,060	17,426,107	18,635,456
TOTAL ASSETS		967,780	1,137,904	18,235,417	20,576,872
CURRENT LIABILITIES					
Trade and other payables	13	5,008	4,199	528,267	634,103
Interest bearing liabilities	15	-	-	1,829,616	8,327,900
Derivative financial instruments	3(e)	-	-	7,080	460,332
Provisions	14	-	-	9,375	54,869
Total current liabilities		5,008	4,199	2,374,338	9,477,204
NON-CURRENT LIABILITIES					
Trade and other payables	13	-	-	37,266	4,281
Interest bearing liabilities	15	1,220,193	1,372,026	15,490,086	6,807,369
Non-interest bearing liabilities		-	-	55	7,893
Derivative financial instruments	3(e)	-	-	606,677	-
Deferred tax liabilities	16	-	-	21,468	104,002
Provisions	14	-	-	26,792	33,913
Puttable interests in consolidated finite life trusts	17	-	-	292,109	587,445
Total non-current liabilities		1,220,193	1,372,026	16,474,453	7,544,903
TOTAL LIABILITIES		1,225,201	1,376,225	18,848,791	17,022,107
NET ASSETS		(257,421)	(238,321)	(613,374)	3,554,765

Continued next page...

BALANCE SHEETS

AS AT 30 JUNE 2009 (CONT)

EQUITY					
Parent entity interest					
Contributed equity	18	239,312	48,258	2,271,329	2,248,241
Reserves	19	-	-	591,818	(67,557)
Accumulated losses	19	(496,733)	(286,579)	(4,419,724)	(890,924)
Total parent entity interest		(257,421)	(238,321)	(1,556,577)	1,289,760
Minority interests		-	-	943,203	2,265,005
TOTAL EQUITY		(257,421)	(238,321)	(613,374)	3,554,765

The above Balance Sheets should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

AS AT 30 JUNE 2009

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of Goods and Services Tax)		-	-	2,203,837	622,917
Payments to suppliers and employees (inclusive of Goods and Services Tax)		-	-	(1,037,366)	(294,916)
		-	-	1,166,471	328,001
Distributions received from associates and managed investments		-	-	84,496	175,653
Interest and other income received		-	-	51,922	48,008
Interest paid/derivative settlements		-	-	(932,979)	(445,256)
Net cash inflow from operating activities	20(b)	-	-	369,910	106,406
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of controlled entities net of cash acquired		-	-	-	159,848
Loans repaid by other related parties		-	-	-	167,294
Proceeds from other investments		-	-	14,516	296,583
Proceeds/(payments) for plant and equipment		-	-	1,436	(6,952)
Payments for other investments		-	-	(19,779)	(770,921)
Proceeds from disposal of property investments		-	-	582,461	49,442
Payments for development of property investments		-	-	(276,957)	(154,439)
Net cash inflow/(outflow) from investing activities		-	-	301,677	(259,145)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	394,097	1,388,252
Payments for financial restructuring costs		-	-	(89,265)	(50,252)
Repayments of borrowings		-	-	(922,094)	(894,601)
Proceeds/(payments) for purchase of securities		-	-	2,271	(66,222)
Distributions paid to external parties of controlled entities		-	-	-	(182,398)
Distributions paid to minority interest of controlled entities		-	-	(12,660)	(10,921)
Net cash inflow/(outflow) from financing activities		-	-	(627,651)	183,858
Net increase/(decrease) in cash and cash equivalents		-	-	43,936	31,119
Cash and cash equivalents at the beginning of the year		-	-	201,127	172,276
Effects of exchange rate changes on cash and cash equivalents		-	-	21,001	(2,268)
Cash and cash equivalents at 30 June	8	-	-	266,064	201,127

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Changes in equity attributable to members of Centro Properties Group					
Opening balance at the beginning of the year		(238,321)	(86,000)	1,289,760	3,536,678
Share based payments reserve					
Net movement in share based payment reserve	19(b)	-	-	7,532	11,183
Foreign currency translation reserve					
Net exchange differences on translation of foreign operations	19(a)	-	-	651,843	(103,393)
Net loss recognised directly in equity					
Net loss attributable to members of Centro Properties Group	19(c)	(210,154)	(123,859)	(3,543,981)	(2,055,169)
Total income and expense for the year attributable to members of Centro Properties Group		(210,154)	(123,859)	(2,884,606)	(2,147,379)
Contributed equity					
Distribution reinvestment of preference units		-	-	6,739	-
Issue of new stapled securities		-	-	14,078	-
Employee loan repayments/(securities acquired on market) classified as options under Australian Accounting Standards		-	(28,462)	2,271	(68,679)
Transfer of preference units	18	191,054	-	-	-
Retained profits					
Distributions provided for or paid (preference unitholders)	19(c)	-	-	15,181	(30,860)
Closing Balance of Equity Attributable to members of Centro Properties Group		(257,421)	(238,321)	(1,556,577)	1,289,760
Changes in equity attributable to external minority interests					
Opening balance at the beginning of the year		-	-	2,265,005	28,445
Minority interest in foreign currency translation reserve		-	-	179,539	-
Net profit recognised directly in equity		-	-	179,539	-
Net (loss)/profit attributable to minority interest		-	-	(1,456,315)	2,439
Total income and expense for the year attributable to external minority interests		-	-	(1,276,776)	2,439
Movement in minority interest on acquisition of subsidiaries		-	-	-	2,234,121
Distributions provided for		-	-	(45,026)	-
Closing Balance of Equity Attributable to External Minority Interests		-	-	943,203	2,265,005
Total Equity at 30 June		(257,421)	(238,321)	(613,374)	3,554,765

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes separate financial statements for Centro Properties Limited (the Company) as an individual entity and the consolidated entity consisting of Centro Properties Limited and its controlled entities (the Group or Centro).

(a) Statement of Compliance with International Financial Reporting Standards

This general purpose financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of Preparation of Financial Statements

This financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year. When the presentation or classification of items in the financial report is amended comparative amounts are also reclassified unless it is impractical.

The Group financial statements reflect the aggregation of the consolidated financial statements of Centro Properties Limited (the Company) and Centro Property Trust (the Trust). For statutory reporting purposes, in accordance with Australian equivalents to International Financial Reporting Standards, specifically the requirements of Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations*, Centro Properties Limited (ultimate

parent of the group) is deemed to be the parent entity of the Centro Properties Group.

These consolidated financial statements incorporate an elimination of inter-entity balances and other adjustments necessary to present the financial statements on a combined basis. The Articles of Association of the Company and the Constitution of the Trust ensure that as far as possible, shares in the Company and units in the Trust are “stapled” together and are traded on the Australian Stock Exchange together, effectively as a “stapled security”, for so long as the two entities remain jointly quoted.

The financial report has been prepared on a going concern basis.

During the year ended 30 June 2009, the Group incurred net losses of \$5,000 million and as at that date, the Group's total liabilities exceeded total assets by \$613 million.

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 the financial report. The Group remains reliant on the support of its lenders through the extension or refinancing of certain loan facilities beyond existing expiry dates and the continuation of distributions from its investment portfolio. On 16 January 2009 the Group announced it had agreed to a stabilisation plan with its financiers, including the creation of a hybrid security. After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe:

- Maturing facilities will be able to be extended and/or refinanced;
- The Group will be able to pay its debts as and when they become due and payable; and
- The basis of preparation of the financial report on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

- The long term refinancing and debt stabilisation agreement, including the creation of a hybrid security, announced on 16 January 2009;
- The underlying performance of the Group's investment portfolio and services business;
- Management's expectations that the Group will be able to meet its financial commitments or obtain appropriate alternative finance from its lenders; and
- Consideration of the Group's exposure to guarantees and covenants.

No adjustments were made to the assets and liabilities within the financial report in relation to this uncertainty.

(i) Accounting for Centro Property Trust's Units

The Constitution of Centro Property Trust was amended to remove the finite life clause of the Trust, effective 1 July 2005. In accordance with ASIC Ruling IR05-29 a special resolution of members was not required for this amendment to be made.

The amendment, when combined with the discretion judged to be available to the responsible entity regarding the payment of distributions, allows unitholders' funds to remain as equity in accordance with AASB 132 Financial Instruments: Presentation.

(ii) Historical Cost Convention

These financial statements have been prepared on an historical cost basis, except for available-for-sale financial assets, financial assets and liabilities (including derivative instrument) and investment property which have all been valued at fair value.

(iii) Significant Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where

assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(c) Principles of Consolidation

These Group financial statements comprise the consolidated accounts of Centro Properties Limited and its controlled entities (which include Centro Property Trust).

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Where control of an entity is obtained during a financial year, its results are included in the Group's income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The purchased method of accounting is used to account for the acquisition of subsidiaries by the Group (refer Note 1(e)).

The effects of all transactions between entities in the Group are eliminated in full. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Centro Properties Limited.

(d) Investments in Associates

Investments in associates are accounted for in the Group's financial statements using the equity method or at fair value through profit or loss in accordance with the Group's election under the exemption in AASB 128 Investments in Associates. Under the equity method, the Group's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Group exercises significant influence, but not control. Investments in associates are accounted for as available-for-sale in the individual financial statements of Centro Properties Limited.

Investments in joint ventures are accounted for using the equity method.

(e) Acquisitions of Assets

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Revenue recognition

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

The Group 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 for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved.

(i) Property Ownership Revenue

As the owner of a number of shopping centres, the Group derives 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 management revenue

As the manager of properties, the Group receives management fees in accordance with generally accepted commercial terms. Property management revenue is recognised on an accruals basis as earned.

Development and Leasing Fees

The Group operates a development management and leasing business and derives project management and leasing fees in respect of new developments and redevelopments. The fees are in accordance with generally accepted commercial terms and conditions based on agreed milestones and are recognised on an accruals basis as earned.

Funds Management

The Group derives fees from the establishment and ongoing management of managed investment vehicles. 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 the distribution payment has been established.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(iv) Interest Income

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

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right

to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Tax Consolidation Legislation

Centro Properties Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 8 October 2004.

Centro Properties Limited, as the head entity in the tax consolidated group, accounts for its own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, Centro Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

The allocation of taxes to the head entity is recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(i) Restricted Cash

Restricted cash is carried at cost and includes escrow deposits held by lenders related to borrowing arrangements of certain properties and deposits used to secure bonds related to mortgage licensing in various jurisdictions of the USA.

(j) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade and other debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted.

(l) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is

recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus Plans

A liability for employee benefits in the form of bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Termination Benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

(m) Share-based Payments

Group employees were awarded with Group securities under the Centro Properties Group Employee Securities Plan and Loan Scheme (the Employee Securities Plan or ESP). The fair value of the securities granted is determined at the grant date and recognised as an expense in the income statement with a corresponding increase in the option reserve component of equity, over the vesting period.

The fair value at grant date is determined using a recognised option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(n) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of plant and equipment (excluding investment properties) over its expected useful life to the consolidated entity.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of plant and equipment is between three and five years.

(o) Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is considered to have an indefinite life.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(p) Investment Properties

The Group's 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 the Group.

Subsequent to initial recognition as assets, investment properties are revalued to fair value as described in Note 1(t).

(q) Financial Assets

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

(i) Classification

Financial Assets at Fair Value Through Profit or Loss

These include financial assets that are not held for trading purposes which may be sold. These are investments in unlisted equity instruments.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the responsible entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets and will be discounted to present value. Loans and receivables are included in receivables in the balance sheet.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

Available-for-sale Financial Assets

Available-for-sale financial assets, comprising principally marketable securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

(ii) Recognition and Derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(r) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are stated at fair value less costs to sell. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(s) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of fair valued assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges); or (3) hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash

flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net Investment Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

(iv) Derivatives that do not Qualify for Hedge Accounting

Certain derivative instruments do not qualify for hedge accounting. A change in the fair value of any derivative instrument that does not qualify for hedge accounting is immediately recognised in the income statement. For the year ended 30 June 2009, no derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the income statement.

(t) Fair Value Estimation

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are valued at bid prices, while financial liabilities are valued at asking prices.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

The fair value of derivatives that are not exchange traded is estimated at the amount that the entity would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (e.g. appropriate yield curve) and the current credit worthiness of the counterparties. Specifically, the fair value of a forward exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date. The fair value of interest rate swaps and cross currency interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at balance sheet date taking into account current interest rates, foreign exchange rates and the current credit worthiness of swap counterparties.

Investments in other unlisted funds are recorded at the exit price as reported by the managers of the funds.

(u) Revaluation of Investment Properties

For the purpose of the Group accounts, property investments are carried at 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.

(v) 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 the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(w) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

(x) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the presentation currency of the Group.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group Entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve in equity. When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(y) Contributed Equity

Ordinary stapled securities and preference units are classified as equity.

Incremental costs directly attributable to the issue of new stapled securities, preference units or options

are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new stapled securities, preference units or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(z) Earnings per Security

(i) Basic Earnings per Security

Basic earnings per security is determined by dividing the net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than stapled securities or preference units, by the weighted average number of stapled securities and their equivalents outstanding during the reporting period, adjusted for bonus elements in securities issued during the period. The weighted average number of stapled securities has been adjusted for the elimination of securities issued under the Employee Securities Plan.

(ii) Diluted Earnings per Security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary stapled securities and the weighted average number of stapled securities assumed to have been issued for no consideration in relation to dilutive potential ordinary stapled securities.

(aa) Distributions

A provision is made for the amount of any distribution declared by the Directors on or before the end of the reporting period but not distributed at balance date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(ab) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(ac) Puttable Interests in Consolidated Finite Life Trusts

Puttable interests in consolidated finite life trusts represent those instruments which can be redeemed by the holder at the cessation of the trust and are essentially minority interests in managed investment schemes consolidated by the Group.

(ad) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free

government bond rate relative to the expected life of the provision is used as a discount rate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(ae) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations that are relevant to the Group are set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. The Group's current segment reporting is consistent with management reporting and therefore the adoption of AASB 8 and AASB 2007-3 is not expected to have any impact on the Group.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. AASB 123 has removed the option

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If the Group has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations

AASB 2008-1 is applicable for annual reporting periods beginning on or after 1 January 2009. AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments as the conditions of Centro's Employee Securities Plan are all deemed to be vesting conditions under AASB 2008-1.

(v) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127

The revised accounting standards for business combinations and consolidated financial statements are operative for annual reporting periods beginning on or after 1 July 2009, but may be applied earlier. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard.

The Group currently relies on Interpretation 1013 Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements in the preparation of its consolidated financial statements. The revised AASB 3 supersedes Interpretation 1013 and therefore the Group will be required to prepare its consolidated financial statements in accordance with AASB 127 from 1 July 2009. AASB 127 requires "non-controlling interests" to be presented in the consolidated balance sheet within equity but separately from the equity owners of the parent. In addition, total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests.

This change will result in the equity of Centro Property Trust being presented as "non-controlling interests", rather than equity attributable to owners of the parent, representing the fact that Centro Property Trust is not owned by Centro Properties Limited (the parent in the Group) but rather by securityholders directly.

These changes will have a significant impact on how the financial results are presented however, the underlying results attributable to stapled securityholders is not impacted as by virtue of the stapling arrangement, the owners of Centro Properties Limited are also the owners of Centro Properties Trust.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(vi) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

AASB 2008-7 is effective for annual reporting periods beginning on or after 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the Group's current policy, these pre-acquisition dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value. The Group will apply the revised standard from 1 July 2009 but it is not expected to have any impact as the Group does not pay dividends or distributions out of pre-acquisition profits.

(vii) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvement Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2008-5 is effective for annual reporting periods beginning on or after 1 January 2009 and AASB 2008-6 is effective for annual reporting periods beginning on or after 1 July 2009. The amendments are part of the IASB's annual improvements project. AASB 2008-5 and 2008-6 introduces the choice under AASB 140 Investment Property to account for property under construction or development for future use as investment property at fair value. This change is not expected to have a material impact on the Group at 1 July 2009 due to the current scale of development activities within the Group.

(viii) AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation

Interpretation 16 is effective for annual reporting periods beginning on or after 1 October 2008. Interpretation 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the Group. It also provides guidance on how the Group should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group will apply the interpretation prospectively from 1 July 2009. Interpretation 16 is not expected to have a material impact on the Group's financial statements.

(ix) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement

AASB 2008-8 is effective for annual reporting periods beginning on or after 1 January 2009. AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. AASB 2008-8 is not expected to have a material impact on the Group's financial statements.

(x) AASB 2009-2 Amendment to Australian Accounting Standards – Improving Disclosures about Financial Instruments

AASB 2009-2 is effective for annual reporting periods beginning on or after 1 January 2009 with early adoption permitted. The amendments introduce a three level fair value hierarchy for determining the amount of information to be disclosed around estimating fair values and clarify the quantitative disclosures on liquidity risk. The

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Group will apply the amended standard from 1 July 2009. The application of the amended standard is expected to impact the disclosures made by the Group in its financial statements.

(xi) AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-4 is effective for annual reporting periods beginning on or after 1 July 2009 and AASB 2009-5 is applicable for annual reporting periods beginning on or after 1 January 2010. The amendments are part of the IASB's second annual improvements project. The amendments introduced by AASB 2009-4 and AASB 2009-5 are primarily editorial amendments and changes in terminology and are not expected to have a material impact on the Group's financial statements.

(af) Rounding of Amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding at off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars (\$'000), or in certain cases, the nearest dollar.

2. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Group. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Revisions to accounting estimates are

recognised in the period in which the estimate is revised and in any future periods affected.

(a) Investment Property Values

Investment properties are carried at their fair value. Valuations are either based on an independent valuation or on a Directors' review of the carrying value. Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Please refer to note 10 for further information regarding investment property valuations.

At 30 June 2009, the carrying value of investment properties held by the Group is \$15,527 million (2008: \$16,325 million).

(b) Fair Value of Mark-to-market Derivatives and other Financial Instruments

Management uses its judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For mark-to-market derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

(c) Intangible Assets

The Group recognises goodwill in its Balance Sheet. Goodwill carried by the Group represents the excess of the purchase price paid to acquire control over entities or groups of entities over the fair value of the net assets acquired. The carrying value of these assets is reviewed at every reporting period. The value is dependent on the assessment of uncertain future events, including the future profitability of the businesses acquired.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

At 30 June 2009, the carrying value of intangible assets of the Group is \$713 million (2008: \$669 million)

(d) Control

Management uses their judgment when determining whether an entity is controlled, and therefore consolidated by the Group. In making this decision, management considers the requirements of AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation - Special Purpose Entities*, having particular regard to the Group's ability to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. FINANCIAL RISK MANAGEMENT

This note details the disclosures required by AASB 7 *Financial Instrument Disclosures*, which mandates disclosures regarding only financial assets and financial liabilities. As a result, the disclosures, in particular the sensitivity analysis, do not take into account movements in non-financial assets such as investment property and investments accounted for using the equity method.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board and subject to periodic review. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. On a monthly basis Group Treasury reports to the Board the entity's derivative positions and compliance with policy.

The Group and the parent entity have the following financial instruments:

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Financial assets					
Cash and cash equivalents	8	-	-	266,064	201,127
Trade and other receivables	9	936,547	1,106,671	396,870	442,320
Financial assets carried at fair value through profit or loss (FVTPL)	10(c)	-	-	333,381	606,209
Other financial assets	10(e)	31,233	31,233	-	-
Derivative financial instruments	3(e)	-	-	47,848	458,808
		967,780	1,137,904	1,044,163	1,708,464
Financial liabilities					
Trade and other payables	13	5,008	4,199	565,533	638,384
Interest bearing liabilities	15	1,220,193	1,372,026	17,319,702	15,135,269
Non-interest bearing liabilities		-	-	55	7,893
Derivative financial instruments	3(e)	-	-	613,757	460,332
Puttable interests in consolidated finite life trusts	17	-	-	292,109	587,445
		1,225,201	1,376,225	18,791,156	16,829,323

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's or the Parent entity's income or the value of its holdings in financial instruments.

(i) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar and, in the prior year, the NZ dollar.

Group Treasury is responsible for managing exposures in each foreign currency. Foreign currency denominated debt, cross currency interest rate swaps, spot, par and forward contracts are used to manage foreign exchange.

The Group's risk policy is to hedge between 90% to 100% of anticipated foreign exchange exposure in both NZ dollars and US dollars, out to three years.

The Group's ability to adhere to this policy is subject to facilities being available. In the current circumstances the Group does not have access to sufficient facilities to meet its policy range.

	30 June 2009		30 June 2008	
	USD Notional \$'000	NZD Notional \$'000	USD Notional \$'000	NZD Notional \$'000
Cash	726	-	18,240	-
Bank loans	(1,614,443)	-	(3,159,908)	28,000
Forward exchange contracts ⁽ⁱ⁾	(1,846,699)	-	206,376	27,120
Cross currency interest rate swaps ⁽ⁱ⁾	(491,466)	-	1,084,830	-

(i) The notional balances for the forward exchange contracts and the cross currency interest rate swaps represent only the non-Australian dollar legs as these give rise to foreign exchange risk.

In addition to the above foreign currency risk, the Group is also exposed to foreign currency risk on the carrying value of interest rate swaps of USD \$47.7 million as at 30 June 2009 (2008: USD \$125.4 million).

The Parent, Centro Properties Limited, is not exposed to foreign currency risk.

Centro Properties Limited and its Controlled Entities Sensitivity

The table below discloses the impact that a change in the foreign exchange spot rate as at the balance sheet date will have on the Group's profit and/or equity (excluding retained profits). A decrease in the Australian Dollar (AUD) against the US Dollar (USD), or the NZ Dollar (NZD) is represented by -15% and an increase by +10% (2008: +/- 10%).

Management considers these sensitivities are reasonable having regard to historic movements of the exchange rate between these two currencies over the past five years. The sensitivities have been reassessed by management during the financial year in light of the current economic environment.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Foreign Exchange Risk

	USD				NZD			
	-15% Profit	-15% Equity	+10% Profit	+10% Equity	-15% Profit	-15% Equity	+10% Profit	+10% Equity
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash	159	-	(82)	-	-	-	-	-
Derivative financial instruments	(13,635)	-	7,025	-	-	-	-	-
Financial liabilities								
Derivative financial instruments	(453,040)	-	233,379	-	-	-	-	-
Interest bearing liabilities	(359,255)	-	179,928	-	-	-	-	-
Total increase / (decrease)	(825,771)	-	420,250	-	-	-	-	-

Foreign Exchange Risk

	USD				NZD			
	-10% Profit	-10% Equity	+10% Profit	+10% Equity	-10% Profit	-10% Equity	+10% Profit	+10% Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash	2,105	-	(1,723)	-	-	-	-	-
Derivative financial instruments	(176,445)	-	144,364	-	(2,074)	-	1,697	-
Financial liabilities								
Derivative financial instruments	(31,596)	-	25,851	-	3	-	(2)	-
Interest bearing liabilities	(231,621)	-	189,507	-	(2,730)	-	(2,233)	-
Total increase / (decrease)	(437,557)	-	357,999	-	(4,801)	-	(538)	-

The Group's exposure to other foreign currency movements is not material.

(ii) Price Risk

The Group is exposed to price risk. This arises from investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss.

The Group holds an interest in a number of managed funds. The tables below summarise the impact of increases/decreases of the unit prices on post-tax profit for the year and on equity (excluding retained profits). The analysis is based on the assumption that the unit prices had decreased/increased by -10%/+5% (2008: +/- 5%). The sensitivities have been reassessed by management during the financial year in light of the current economic environment.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Properties Limited and its Controlled Entities Sensitivity

	2009			2008		
	Carrying Amount	-10%	+5%	Carrying Amount	-5%	+5%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Financial assets carried at FVTPL	333,381	(33,338)	16,669	606,209	(30,310)	30,310
	333,381	(33,338)	16,669	606,209	(30,310)	30,310

Centro Properties Limited's Sensitivity

The parent, Centro Properties Limited, is not exposed to price risk as such instruments are not held by the parent entity.

(iii) Interest Rate Risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to manage interest rate risk by fixing rates on variable rate debt.

The Group's ability to adhere to this policy is subject to facilities being available. In the Group's current circumstances it does not have access to sufficient facilities to meet its policy.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

Centro Properties Limited and its Controlled Entities		
	30.06.09	30.06.08
	Notional Balance \$'000	Notional Balance \$'000
Bank loans	9,017,973	8,221,426
Commercial mortgage backed securities	790,770	781,070
Investor loan notes held by puttable interest holders	70,499	67,756
Interest rate swaps ⁽ⁱ⁾	(7,518,504)	21,870,174
Net exposure to interest rate risk	2,360,738	30,940,426

(i) Included in this notional balance are forward starting interest rate swaps, which have been excluded for determining interest rate sensitivity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

As at the reporting date, the Group had the following fixed rate borrowings outstanding:

Centro Properties Limited and its Controlled Entities

	30.06.09	30.06.08
	Notional Balance \$'000	Notional Balance \$'000
Bank loans	2,955,190	2,342,886
Capital leases	122,631	31,770
Commercial mortgage backed securities	4,362,639	3,690,361
	7,440,460	6,065,017

Only debt and interest rate swaps that are classified at fair value through the profit or loss will affect the income statement.

Centro Properties Limited and its Controlled Entities Sensitivity

The tables below disclose the impact that a 130 basis point (bps) (i.e. 1.3%) (2008: +/- 100bps) shift in the forward interest rate curve would have on the Group's post tax profits and equity (excluding retained profits). Management does not consider it reasonably possible that interest rates will fall over the coming 12 months having regard to forecasted movements in the three month forward interest rate curve for both BBSW and LIBOR and has therefore performed the sensitivity analysis presented below on that basis. The sensitivities have been reassessed by management during the financial year in light of the current economic environment.

Interest Rate Risk

	+130 bps Profit	+130 bps Equity
30 June 2009	\$'000	\$'000
Financial assets		
Derivative financial instruments	(4,032)	-
Financial liabilities		
Derivative financial instruments	147,182	-
Interest bearing liabilities	(59,066)	-
Total increase / (decrease)	84,084	-

Interest Rate Risk

	-100 bps Profit	-100 bps Equity	+100 bps Profit	+100 bps Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000
Financial assets				
Derivative financial instruments	(127,067)	-	115,600	-
Financial liabilities				
Derivative financial instruments	(27,832)	-	8,125	-
Interest bearing liabilities	24,221	-	(23,069)	-
Total increase / (decrease)	(130,678)	-	100,656	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Properties Limited's Sensitivity

Interest Rate Risk

	+130 bps Profit	+130 bps Equity
30 June 2009	\$'000	\$'000
Financial liabilities		
Related party loans	(11,947)	-
Total increase / (decrease)	(11,947)	-

Interest Rate Risk

	-100 bps Profit	-100 bps Equity	+100 bps Profit	+100 bps Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Related party loans	10,390	-	(10,407)	-
Total increase / (decrease)	10,390	-	(10,407)	-

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. These counterparties include, but are not limited to, Centro managed investment schemes, banks and tenants.

Credit limits have been established to ensure that the Group deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated.

Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit, quality financial institutions. All rental income is billed and received in advance and the Group has policies in place to ensure that properties are leased only to tenants with an appropriate credit history.

The maximum exposure to credit risk at the reporting date is the carrying amount of the Group's financial assets. Refer to Note 9 for details of assets that have been impaired.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Due to events that have occurred at Centro since December 2007 and current conditions of financial markets, Centro's access to debt and equity markets has been severely restricted. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Inherent in this process, is the Group's objective to secure borrowing facilities with maturities that match the Group's liquidity needs, including the maintenance of some borrowing facilities which will remain largely undrawn.

On 16 January 2009, the Group completed a long term refinancing and debt stabilisation agreement. The key features of the refinancing and debt stabilisation include:

- A three year extension on \$3.9 billion of the Australian debt facility.
- Extension of the debt facilities with Super LLC (the Group's US joint venture investment with Centro Retail Trust (CER) and CMCS 40) and Centro Shopping America Trust totalling \$US1.1 billion.
- A \$1.05 billion Hybrid Security to improve cash flow servicing, created through the conversion of debt into this facility.
- If converted in full, the Hybrid Securities would convert into 90.1% of the post-conversion (fully diluted) ordinary stapled securities of Centro (inclusive of the 14.8% new securities referred to below).
- Issuance of 14.8% new stapled securities to the Group's lenders for partial settlement of lender fees.
- A new \$35 million liquidity facility to assist in the ongoing cash flow requirements of the Group.
- A simplification of the Group's borrowing structure, with the removal of existing lending guarantees to Super LLC, and extension of a new debt facility of US\$370 million to this entity, with non-current maturity as at reporting date.
- Agreement for the extension of debt facilities for many of the Group's managed funds.
- Reduced pressure to sell property assets within the Group and its managed funds.
- Loan to Value Ratio (LVR) covenants have been increased to 65% for a number of the Group's managed funds.

Under the terms of the debt stabilisation agreement, surplus cash will be used to repay senior secured debt and facilities have consistent and simplified financial covenant structures.

Any conversion of the Hybrid Securities to ordinary stapled securities will be subject to a number of conditions, including the approval of Centro ordinary securityholders.

As part of the debt stabilisation and refinancing Centro has also restructured its external hedge book to better match Centro's underlying exposures.

These and other modifications to hedging arrangements have had a positive outcome for Centro's cash flows and capital management. The outcomes are summarised as follows:

- Forecast foreign income 100% naturally mitigated; and
- Interest rates on \$3.9 billion of Centro's debt with its Australian lenders were originally fixed for a period of 3 years subject to certain counterparty break rights, a number of which have been exercised prior to 30 June 2009.

The agreement has the effect of increasing cash flow through the restructuring of debt arrangements, easing covenants and consequently minimising asset sale requirements. The long term debt refinancing significantly reduces the Group's debt maturity risk. In addition, new liquidity facilities provide the Group with additional ongoing cash flow support.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Financing Arrangements

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Floating rate				
Expiring within one year (bank loans and commercial mortgage backed securities)	-	-	17,161	69,146
Expiring beyond one year (bank loans and commercial mortgage backed securities)	-	-	154,976	14,600
Related party loans	179,807	27,974	-	-
Total facilities available	179,807	27,974	172,137	83,746

Maturities of Financial Liabilities

The tables below analyse the Group's and the parent entity's financial liabilities including net and gross settled derivative financial instruments and debt, by their relevant maturity groupings based on the time remaining to contractual maturity from the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps and variable debt the cash flows have been estimated using forward interest rates and spot foreign exchange rates applicable at the reporting date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Properties Limited and its Controlled Entities

	Less than 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivatives							
Interest rate swaps and other ⁽ⁱ⁾ , ⁽ⁱⁱⁱ⁾	22,816	26,600	33,689	170,809	13,592	267,506	240,404
Cross currency interest rate swaps ⁽ⁱⁱ⁾ , ⁽ⁱⁱⁱ⁾	3,438	3,382	6,765	300,875	294,997	609,457	79,559
Forward foreign exchange contracts ⁽ⁱⁱ⁾ , ⁽ⁱⁱⁱ⁾	14,436	5,738	47,383	1,464,238	832,705	2,364,500	293,794
	40,690	35,720	87,837	1,935,922	1,141,294	3,241,463	613,757
Non Derivatives							
Trade and other payables	408,030	120,237	37,266	-	-	565,533	565,533
Non-interest bearing liabilities	55	-	-	-	-	55	55
Bank loans – variable rate	1,423,235	203,524	4,222,183	4,693,603	-	10,542,545	9,808,741
Bank loans – fixed rate	394,431	278,153	887,499	3,184,637	5,395,947	10,140,667	7,317,830
Investor loan notes held by puttable interest holders – fixed rate	2,719	2,704	5,422	68,547	10,423	89,815	70,499
Capital leases – fixed rate	2,149	2,058	4,117	12,364	152,664	173,352	122,632
Puttable interests in consolidated finite life trusts	-	-	49,329	16,258	226,522	292,109	292,109
	2,230,619	581,516	5,205,816	7,975,409	5,785,556	21,778,966	18,177,399

(i) The derivative balances disclosed only represent interest rate swaps that are out of the money.

(ii) Cross currency interest rate swaps and forward foreign exchange contracts represent the pay legs only. As such, the contractual cash flows detailed above do not correlate to the carrying amount.

(iii) All other derivatives are in a net financial asset position. Contractual cash flows include both principal repayments and interest. This differs from the carrying amount which reflects the face value or fair value of the instrument.

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

**Centro Properties Limited and
its Controlled Entities**

	Less than 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivatives							
Interest rate swaps and other ⁽ⁱ⁾ , ⁽ⁱⁱⁱ⁾	78,738	70,914	125,158	181,027	11,598	467,435	382,429
Cross currency interest rate swaps ⁽ⁱⁱ⁾ , ⁽ⁱⁱⁱ⁾	344,495	79,597	106,129	263,142	120,406	913,769	2,642
Forward foreign exchange contracts ⁽ⁱⁱ⁾ , ⁽ⁱⁱⁱ⁾	40,865	3,630	7,261	732,796	422,777	1,207,329	75,261
	464,098	154,141	238,548	1,176,965	554,781	2,588,533	460,332
Non Derivatives							
Trade and other payables	411,384	222,719	4,281	-	-	638,384	638,384
Non-interest bearing liabilities	7,893	-	-	-	-	7,893	7,893
Bank loans – variable rate	6,604,111	259,506	1,241,455	836,104	-	8,941,176	8,783,582
Bank loans – fixed rate	1,467,928	252,849	564,543	1,418,663	4,486,927	8,190,910	6,351,687
Puttable interests in consolidated finite life trusts	-	-	1,130	277,498	308,817	587,445	587,445
	8,491,316	735,074	1,811,409	2,532,265	4,795,744	18,365,808	16,368,991

(i) The derivative balances disclosed only represent interest rate swaps that are out of the money.

(ii) Cross currency interest rate swaps and forward foreign exchange contracts represent the pay legs only. As such, the contractual cash flows detailed above do not correlate to the carrying amount.

(iii) All other derivatives are in a net financial asset position. Contractual cash flows include both principal repayments and interest. This differs from the carrying amount which reflects the face value or fair value of the instrument.

Centro Properties Limited

	Less than 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non Derivatives							
Trade and other payables	5,008	-	-	-	-	5,008	5,008
Related party loans – variable rate	98,412	98,412	196,824	590,472	1,515,429	2,499,549	1,220,193
	103,420	98,412	196,824	590,472	1,515,429	2,504,557	1,225,201

(i) Contractual cash flows include both principal repayments and interest. This differs from the carrying amount which reflects the face value or fair value of the instruments.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Properties Limited

	Less than 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total Contractual Cash Flows	Carrying Amount
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non Derivatives							
Trade and other payables	4,199	-	-	-	-	4,199	4,199
Related party loans – variable rate	52,823	52,823	105,646	316,938	1,636,141	2,164,371	1,372,026
	57,022	52,823	105,646	316,938	1,636,141	2,168,570	1,376,225

(i) Contractual cash flows include both principal repayments and interest. This differs from the carrying amount which reflects the face value or fair value of the instruments.

(d) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Group approximates their carrying value, except as disclosed in Note 15(a).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(e) Derivative Financial Instruments

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to reduce exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies discussed previously.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Current assets				
Interest rate swaps	-	-	13,115	168,777
Cross currency interest rate swaps	-	-	564	11,432
Forward foreign exchange contracts	-	-	923	278,599
Total current derivative financial instrument assets	-	-	14,602	458,808
Non-current assets				
Interest rate swaps	-	-	29,752	-
Cross currency interest rate swaps	-	-	1,159	-
Forward foreign exchange contracts	-	-	2,335	-
Total non-current derivative financial instrument assets	-	-	33,246	-
Total derivative financial instrument assets	-	-	47,848	458,808
Current liabilities				
Interest rate swaps	-	-	6,215	336,902
Cross currency interest rate swaps	-	-	-	2,642
Forward foreign exchange contracts	-	-	809	75,261
Other derivatives	-	-	56	45,527
Total current derivative financial instrument liabilities	-	-	7,080	460,332
Non-current liabilities				
Interest rate swaps	-	-	100,695	-
Cross currency interest rate swaps	-	-	79,599	-
Forward foreign exchange contracts	-	-	292,985	-
Other derivatives	-	-	133,398	-
Total non-current derivative financial instrument liabilities	-	-	606,677	-
Total derivative financial instrument liabilities	-	-	613,757	460,332
Net derivative financial instrument liabilities	-	-	565,909	1,524

(i) Interest Rate Swap Contracts

The Group's exposure to fluctuations in interest rates is managed through the use of interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts require settlement of net interest receivable or payable between 30 and 180 days (depending upon the contract). Where possible, the settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis and the net amount is disclosed in the balance sheet as either a payable or receivable.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(ii) Cross Currency Contracts

During the year the consolidated entities within the Group held cross currency interest rate swaps as an economic hedge of their net investments denominated in a foreign currency. The contracts are settled on a gross basis and the net amount is disclosed in the balance sheet as either a payable or receivable.

Under the terms of a cross currency interest rate swap the Group has entered into an agreement with another party to exchange a specified cash flow denominated in one currency for a cash flow denominated in a different currency.

(iii) Forward Foreign Exchange Contracts

During the year the Group held US and NZ investments. In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts to sell US and NZ dollars.

(iv) Other Derivatives

The Group's other derivatives include put options on units held by third parties in consolidated funds and income swaps under which the Group exchanges a variable distribution yield in return for paying a fixed yield, which have both been entered into with counterparties of the debt stabilisation agreement.

provisions. Segment liabilities consist primarily of funding, interest accruals, trade and other creditors and accruals.

The Group operates in two major geographical segments, being Australasia and the United States.

Australasia

The Group has investments in properties in Australia from which it derives revenue and also in New Zealand.

United States

The Group has investments in Real Estate Investment Trusts held in the United States from which it derives revenue.

(b) Primary Reporting – Geographic Segment

The Group's primary reporting segment has been updated from a business segment to a geographical segment. This reflects the new group structure following the increase in voting interests held by the Group in a number of its managed funds, including Centro Retail Trust, in the second half of the 2008 financial year which resulted in the Group consolidating approximately 80% of its funds under management. The comparative information has been restated to reflect the new primary reporting segment.

4. SEGMENT INFORMATION

(a) Accounting Policies for Segment Information

Segment reporting is prepared in conformity with the accounting policies of the Group as disclosed in Note 1 and Accounting Standard AASB 114 *Segment Reporting*.

Segment revenues and income, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of trade debtors, other debtors and prepayments, short term loans and property investments net of any related

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Year ended 30 June 2009 Centro Properties Limited and its Controlled Entities	Australasia \$'000	United States \$'000	Group \$'000
Revenue	566,415	1,586,957	2,153,372
Total segment revenue	566,415	1,586,957	2,153,372
Other income	17,910	33,203	51,113
Total segment revenue and income	584,325	1,620,160	2,204,485
Property revaluation decrement for directly owned properties	(655,211)	(3,191,706)	(3,846,917)
Fair value adjustment on financial assets at fair value through profit or loss	(161,802)	(19,233)	(181,035)
Share of net losses of associates and joint venture partnerships accounted for using the equity method	(123,106)	(85,065)	(208,171)
Other segment expenses	(409,136)	(1,011,787)	(1,420,923)
Segment result	(764,930)	(2,687,631)	(3,452,561)
Unallocated revenue less unallocated expense ⁽ⁱ⁾			(1,639,861)
Loss from ordinary activities before income tax			(5,092,422)
Income tax benefit			92,126
Net loss			(5,000,296)
Segment assets	6,584,501	11,603,068	18,187,569
Unallocated assets			47,848
Total assets			18,235,417
Segment liabilities	2,955,053	10,695,923	13,650,976
Unallocated liabilities ⁽ⁱⁱ⁾			5,197,815
Total liabilities			18,848,791
Net liabilities			(613,374)
Other segment information			
Investments accounted for using the equity method	655,665	68,269	723,934
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	15,000	26	15,026
Depreciation and amortisation expense	12,581	16,155	28,736

(i) Represents unallocated financing costs of \$215.7 million, movement in mark to market of derivatives of \$492.7 million and foreign exchange losses of \$931.4 million.

(ii) Represents unallocated derivative financial instrument liabilities of \$613.8 million and interest bearing liabilities of \$4,584.0 million.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Year ended 30 June 2008 Centro Properties Limited and its Controlled Entities	Australasia \$'000	United States \$'000	Group \$'000
Revenue	313,880	373,487	687,367
Total segment revenue	313,880	373,487	687,367
Other income	26,550	31,167	57,717
Total segment revenue and income	340,430	404,654	745,084
Property revaluation decrement for directly owned properties	(94,241)	(212,728)	(306,969)
Fair value adjustment on financial assets at fair value through profit or loss	(100,316)	(41,586)	(141,902)
Share of net losses of associates and joint venture partnerships accounted for using the equity method	(316,650)	(376,366)	(693,016)
Other segment expenses	(958,877)	(314,079)	(1,272,956)
Segment result	(1,129,654)	(540,105)	(1,669,759)
Unallocated revenue less unallocated expenses ⁽ⁱ⁾			(399,092)
Profit from ordinary activities before income tax			(2,068,851)
Income tax benefit			16,121
Net loss			(2,052,730)
Segment assets	5,492,791	14,625,273	20,118,064
Unallocated assets			458,808
Total assets			20,576,872
Segment liabilities	3,010,989	9,997,437	13,008,426
Unallocated liabilities ⁽ⁱⁱ⁾			4,013,681
Total liabilities			17,022,107
Net assets			3,554,765
Other segment information			
Investments accounted for using the equity method	816,190	172,212	988,402
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	26,171	26,171
Depreciation and amortisation expense	2,271	3,915	6,186

(i) Represents unallocated financing costs of \$266.7 million, movement in mark to market of derivatives of \$487.5 million and foreign exchange gains of \$355.1 million.

(ii) Represents unallocated derivative financial instrument liabilities of \$460.3 million and interest bearing liabilities of \$3,553.3 million.

Centro Properties Limited, the parent entity, only operates in one segment, being Australia and does not derive any revenue from business segments.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(c) Secondary Reporting – Business Segment

Year ended 30 June 2009 Centro Properties Limited and its Controlled Entities	Property Ownership \$'000	Services Business \$'000	Inter- segment \$'000	Group \$'000
Revenue	2,089,364	290,353	(226,345)	2,153,372
Total segment revenue	2,089,364	290,353	(226,345)	2,153,372
Other income	54,793	34,879	(38,559)	51,113
Total segment revenue and income	2,144,157	325,232	(264,904)	2,204,485
Segment assets	18,473,949	1,195,871	(1,434,403)	18,235,417
Unallocated assets				-
Total assets	18,473,949	1,195,871	(1,434,403)	18,235,417
Other segment information				
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	15,026	-	15,026

Year ended 30 June 2008 Centro Properties Limited and its Controlled Entities	Property Ownership \$'000	Services Business \$'000	Inter- segment \$'000	Group \$'000
Revenue	473,965	275,759	(62,357)	687,367
Total segment revenue	473,965	275,759	(62,357)	687,367
Other income	73,392	8,164	(23,839)	57,717
Total segment revenue and income	547,357	283,923	(86,196)	745,084
Segment assets	21,561,371	1,462,706	(2,562,109)	20,461,968
Unallocated assets				114,904
Total assets	21,561,371	1,462,706	(2,562,109)	20,576,872
Other segment information				
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	26,171	-	26,171

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

5. PROFIT/(LOSS) FROM OPERATIONS

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
(a) Other income					
Interest income		-	-	20,861	30,478
Other income		322	755	30,252	27,239
		322	755	51,113	57,717
(b) Other expenses included in net profit:					
Bad and doubtful debts	9(a)	-	-	(33,344)	(2,724)
Depreciation – plant and equipment	11	-	-	(12,320)	(4,081)
Amortisation – tenant allowances	10(d)	-	-	(4,844)	(121)
Amortisation – lease incentives		-	-	(1,559)	(691)
Amortisation – lease commissions		-	-	(9,263)	(1,293)
Amortisation – other intangible assets	12	-	-	(750)	-
Total depreciation and amortisation		-	-	(28,736)	(6,186)
Financing costs:					
Interest expense on financial liabilities not at fair value through profit or loss		(196,824)	(106,407)	(1,050,827)	(410,527)
Amount capitalised/(reversed)		-	-	15,004	(658)
Distributions paid to puttable interests in consolidated finite life trusts		-	-	(43,548)	-
		(196,824)	(106,407)	(1,079,371)	(411,185)
Employee benefits expense:					
Wages and salaries		6,457	1,247	(156,145)	(57,353)
Defined contribution superannuation expense		-	-	(3,979)	(3,790)
Share-based payments expense	23(d)	-	-	(7,532)	(11,183)
		6,457	1,247	(167,656)	(72,326)
Net movement on mark to market of derivatives and foreign exchange losses:					
Net movement on mark to market derivatives		-	-	(492,696)	(487,466)
Foreign exchange (losses)/gains		-	-	(931,426)	355,129
		-	-	(1,424,122)	(132,337)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

6. INCOME TAX BENEFIT

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
(a) Income tax benefit					
Current income tax benefit/(expense)		-	-	1,166	(17,137)
Deferred income tax benefit	16	-	-	90,960	33,258
		-	-	92,126	16,121
(b) Numerical reconciliation of income tax benefit to prima facie tax payable					
The income tax expense for the financial year differs from the amount calculated on profit. The differences are reconciled as follows:					
Profit/(loss) from continuing operations before income tax expense		(210,154)	(123,859)	(5,092,422)	(2,068,851)
Income tax (expense)/benefit calculated at 30% (2008: 30%)		63,046	37,158	1,527,727	620,655
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Effect of trust income/(loss) not subject to income tax		-	-	(1,438,464)	(559,102)
Sundry items		-	-	-	(23,160)
		63,046	37,158	89,263	38,393
Income tax expense/(benefit) not brought to account		(63,046)	(37,158)	2,863	(22,272)
Income tax benefit applicable to operating profit		-	-	92,126	16,121
(c) Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity					
Net deferred tax – debited/(credited) directly to equity		-	-	-	-
(d) Tax losses					
The Directors estimate that the potential future income tax benefit at 30 June in respect of tax losses not brought to account for the Group is:		23,904	26,767	23,904	26,767

This benefit for tax losses will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the losses.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(e) Tax Consolidation Legislation

Centro Properties Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Centro Properties Limited, as the head entity in the tax consolidated group, accounts for its own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Centro Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

7. DISTRIBUTIONS

The Directors have declared a nil distribution on ordinary securities for the 2009 financial year (2008: nil).

8. CASH ASSETS AND CASH EQUIVALENTS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Cash at bank and on hand	-	-	266,064	201,127

9. TRADE AND OTHER RECEIVABLES

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Current					
Trade debtors		-	-	153,045	159,699
Less: impairment of receivables		-	-	(17,011)	(3,119)
		-	-	136,034	156,580
Other debtors		-	-	21,660	110,548
Prepayments		-	-	48,599	26,785
GST receivable		60	2,844	2,847	15,507
Short-term loans to and receivable from related parties	28(d)	-	-	121,027	121,927
Total current trade and other receivables		60	2,844	330,167	431,347
Non-current					
Receivables from subsidiaries		936,487	1,103,827	-	-
Other receivables		-	-	66,703	10,973
Total non-current trade and other receivables		936,487	1,103,827	66,703	10,973
Total trade and other receivables		936,487	1,106,671	396,870	442,320

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(a) Impaired Trade Receivables

The Group has recognised a loss of \$33.3 million (2008: \$2.7 million) in respect of impaired trade receivables during the year ended 30 June 2009. The loss has been included in 'bad and doubtful debts' expense in the income statement.

Movements in the provision for impairment of receivables are as follows:

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000
Opening balance at 1 July		3,119	1,168
Provision for impairment recognised during the year	5(b)	33,344	2,724
Receivables written off during the year as uncollectible		(19,452)	(773)
Closing balance at 30 June		17,011	3,119

(b) Past Due but Not Impaired

As at 30 June 2009, trade receivables of the Group of \$93.5 million (2008: \$70.1 million) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The aging analysis of trade receivables is as follows:

		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000
Less than 30 days		42,563	86,476
Between 31 days and 90 days		18,772	16,251
Greater than 91 days		74,699	53,853
		136,034	156,580

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

10. INVESTMENTS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Included in the balance sheet as:				
Non-current assets classified as held for sale – current (a)	-	-	114,304	768,751
Investments accounted for using the equity method – non-current (b)	-	-	723,934	988,402
Financial assets carried at fair value through profit or loss – non-current (c)	-	-	333,381	606,209
Investment property – non-current (d)	-	-	15,527,339	16,324,967
Other financial assets – non-current (e)	31,233	31,233	-	-
	31,233	31,233	16,698,958	18,688,329
(a) Non-current assets classified as held for sale - current				
Movements:				
Opening balance at 1 July	-	-	768,751	785,438
Transfer to investment property	-	-	(768,751)	(118,510)
Transfer from investment property	-	-	114,304	768,751
Transfer to investment accounted for using equity method	-	-	-	(210,540)
Disposal	-	-	-	(456,388)
Closing balance at 30 June	-	-	114,304	768,751
(b) Investments accounted for using the equity method – non-current				
Movements:				
Opening balance at 1 July	-	-	988,402	3,748,895
Impairment of investment in joint venture	-	-	-	(578,189)
Share of net loss	-	-	(208,171)	(693,016)
Distribution of net income	-	-	(58,570)	(76,435)
Transfer to investment property	-	-	(48,199)	-
Transfer from non-current assets classified as held for sale	-	-	-	210,540
Additional investment during the year	-	-	8,065	1,189,366
Disposal	-	-	-	(106,950)
Share of increment/(decrement) in foreign currency translation reserve of associates	-	-	42,407	(42,162)
New associates obtained via business combination	-	-	-	737,239
Obtained control during year and now consolidated	-	-	-	(3,400,886)
Closing balance at 30 June	-	-	723,934	988,402

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
(c) Financial assets carried at fair value through profit or loss – non-current					
Movements:					
Opening balance at 1 July		-	-	606,209	2,116,424
Fair value losses	20(b)	-	-	(181,035)	(141,902)
(Disposals)/additions		-	-	(23,390)	(125,031)
Transfer to puttable interests in consolidated finite life trusts		-	-	(68,403)	-
Obtained control during year and now consolidated		-	-	-	(1,243,282)
Closing balance at 30 June		-	-	333,381	606,209
(d) Investment property – non-current					
Movements:					
Opening balance at 1 July		-	-	16,324,967	392,211
Capitalised subsequent expenditure		-	-	287,458	30,063
Transfer from non-current assets classified as held for sale		-	-	768,751	118,510
Transfer to non-current assets classified as held for sale		-	-	(114,304)	(768,751)
Transfer from equity accounted investment		-	-	48,199	-
Disposal		-	-	(651,135)	(49,433)
Net (loss)/gain from fair value adjustment	20(b)	-	-	(3,846,917)	(306,969)
Foreign currency translation movements		-	-	2,694,434	-
Straight-lining of rent adjustment	20(b)	-	-	20,730	15,242
Tenant allowance amortisation	5(b)	-	-	(4,844)	(121)
Obtained control during year and now consolidated		-	-	-	16,894,215
Closing balance at 30 June		-	-	15,527,339	16,324,967
(e) Other financial assets – non-current					
Movements:					
Opening balance at 1 July		31,233	31,233	-	-
Additions/(disposals)		-	-	-	-
Closing balance at 30 June		31,233	31,233	-	-

Investment properties are carried at fair value. In arriving at fair value, consideration is given to the discounted cash flows of the investment property based on estimates of future cash flows, other contracts and recent prices for similar properties and capitalised income projections based on the property's net market income.

At 30 June 2009, 57% of Centro's Australian consolidated properties and 29% of Centro's US consolidated properties were independently valued by members of the Australian Property Institute, United States Office of Cushman and Wakefield, Colliers and Weiser Realty Advisors LLC and CB Richard Ellis. The remaining properties have been

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

subjected to Director valuation supported by the extrapolation of independent valuation on similar properties. During the period, the weighted average capitalisation rate attributable to members of Centro Properties Group of comparable Australian properties moved from 6.28% to 7.39% and comparable US properties moved from 7.24% to 8.26%.

(i) Uncertainty Around Property Valuations

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by current prices in an active market for similar property in a comparable location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less clarity in regard to

valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

A movement in the adopted property values of 5% across the entire Australian and US property portfolio would impact net assets by approximately \$837 million and impact net tangible assets attributable to members of Centro Properties Group by 59 cents per unit.

11. PLANT AND EQUIPMENT

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Plant and equipment at cost		-	-	69,197	52,061
Less: accumulated depreciation		-	-	(40,897)	(15,930)
		-	-	28,300	36,131
Movements:					
Opening balance at 1 July		-	-	36,131	14,041
Additions		-	-	26	9,728
Acquired through business combinations		-	-	-	16,443
Disposals		-	-	(1,461)	-
Foreign currency translation movements		-	-	5,924	-
Depreciation expense	5(b)	-	-	(12,320)	(4,081)
Closing balance at 30 June		-	-	28,300	36,131

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

12. INTANGIBLE ASSETS

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Goodwill, net of impairment		-	-	698,954	668,774
Other intangible assets		-	-	14,250	-
		-	-	713,204	668,774
Movements:					
Opening balance at 1 July		-	-	668,774	555,169
Additions		-	-	15,000	-
Amortisation of other intangible assets	5(b)	-	-	(750)	-
Acquired through business combinations		-	-	-	321,562
Impairment		-	-	-	(193,830)
Foreign currency translation movements		-	-	30,180	(14,127)
Closing balance at 30 June		-	-	713,204	668,774

(a) Impairment Tests For Intangible Assets

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation, as presented below.

2009	Australia \$'000	United States \$'000	Total \$'000
Intangible assets	290,677	422,527	713,204
2008	Australia \$'000	United States \$'000	Total \$'000
Intangible assets	276,427	392,347	668,774

Goodwill is allocated to the Group's CGUs identified according to country of operation. The recoverable amount of a CGU is determined as the higher of the value in use and fair value less cost to sell. Centro has determined the recoverable amount of a CGU based on value in use calculations. These calculations use cash flow projections based on past performance and market expectations for the future. All impairment testing is conducted on a ten year cash flow period. The terminal growth rates used (generally between 2% and 3%) do not exceed the long-term growth rates for the business in which the CGU operates. Average base discount rates of between 8.3% and 13.2% were used in the impairment review calculations with higher rates applied to certain cashflows. Movements in the carrying value of goodwill in the US CGU are solely the result of changes in foreign exchange rates.

Based on the detailed impairment testing performed as at 30 June 2009 goodwill was not impaired.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(b) Impairment Charge

2009

There was no impairment charge in the current reporting period.

2008

In the prior reporting period the carrying value of the Group's equity accounted investment in Super LLC included value attributed to intangible assets. Based on the detailed impairment testing performed an impairment loss of \$578 million was recorded against the Group's investment in Super LLC.

The Direct Property Fund International business combination (Note 26) generated goodwill of \$193.8 million. Management considered that the goodwill arising from this business combination did not enhance the future cash flows being generated from the Group's services business. As such, an impairment loss of \$193.8 million was recorded in the year ended 30 June 2008 against the goodwill arising from this business combination.

(c) Impact Of Possible Changes In Key Assumptions

Any reasonably possible change in key assumptions used would not cause the carrying amount of the intangible assets to exceed their recoverable amount.

13. TRADE AND OTHER PAYABLES

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Current				
Trade creditors	4,840	3,432	22,320	78,363
Accrued interest	-	-	110,032	72,808
Other creditors – payable to associates	-	-	3,533	-
Other creditors	-	-	78,545	91,371
Other liabilities	168	767	313,837	391,561
Total current trade and other payables	5,008	4,199	528,267	634,103
Non-current				
Other	-	-	37,266	4,281
Total non-current trade and other payables	-	-	37,266	4,281
Total trade and other payables	5,008	4,199	565,533	638,384

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

14. PROVISIONS

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Current					
Distributions (a)		-	-	5,508	50,350
Employee entitlements	23	-	-	3,867	4,519
Total current provisions		-	-	9,375	54,869
Non-current					
Employee entitlements	23	-	-	3,264	7,169
Services business deferred revenue (b)		-	-	23,528	26,744
Total non-current provision		-	-	26,792	33,913
Total provisions		-	-	36,167	88,782

(a) Provision for Distributions in Consolidated Entities To Minority Interests

Provision is made for distributions declared, but not paid prior to reporting date.

(b) Provision for Services Business Deferred Revenue

The provision for services business deferred revenue represents income received but not yet earned.

(c) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Notes	Provision for Distribution \$'000
Current		
Opening balance at 1 July		50,350
Distribution reinvestment for preference unitholders		(6,739)
Write-back of prior year distribution provision for reference shareholders	19(c)	(15,181)
Total distributions provided for minority interests of subsidiaries		45,026
Total cash distributions paid during the year to minority interests of subsidiaries		(67,948)
Closing balance at 30 June		5,508
		Services Business Deferred Revenue \$'000
Non-current		
Opening balance at 1 July		26,744
Amortisation of deferred revenue		(3,216)
Closing balance at 30 June		23,528

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(d) Amounts Not Expected to be Settled Within the Next 12 Months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Long service leave obligation expected to be settled after 12 months	-	-	2,732	2,345

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

15. INTEREST BEARING LIABILITIES

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Current					
Bank loans – secured		-	-	936,342	8,149,500
Bank loans – unsecured		-	-	35,375	-
Commercial mortgage backed securities		-	-	855,661	177,753
Capital leases		-	-	2,238	647
Total current interest bearing liabilities		-	-	1,829,616	8,327,900
Non-current					
Bank loans – secured ⁽ⁱ⁾		-	-	10,154,960	1,622,210
Bank loans – unsecured		-	-	846,486	792,602
Commercial mortgage backed securities		-	-	4,297,747	4,293,678
Related party loans – payable to subsidiaries		1,220,193	1,372,026	-	-
Investor loan notes held by puttable interest holders		-	-	70,499	67,756
Capital leases		-	-	120,394	31,123
Total non-current interest bearing liabilities		1,220,193	1,372,026	15,490,086	6,807,369
Total interest bearing liabilities		1,220,193	1,372,026	17,319,702	15,135,269
Financing arrangements					
The Group has access to the following lines of credit:					
Bank loans		-	-	17,491,839	15,219,015
Related party loans		1,400,000	1,400,000	-	-
Total facilities available		1,400,000	1,400,000	17,491,839	15,219,015
Facilities utilised at 30 June:					
Bank loans		-	-	17,319,702	15,135,269
Related party loans		1,220,193	1,372,026	-	-
Total facilities utilised at 30 June		1,220,193	1,372,026	17,319,702	15,135,269
Facilities not utilised at 30 June:					
Bank loans		-	-	172,137	83,746
Related party loans		179,807	27,974	-	-
Total facilities not utilised at 30 June		179,807	27,974	172,137	83,746

(i) Includes the Hybrid Securities issued as part of the refinancing and debt stabilisation agreement. Refer to Note 3(c) for further information.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(a) Fair Values

The carrying amount of the Group's interest-bearing liabilities compared to fair value have been disclosed below. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates:

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Bank loans – secured	-	-	11,091,302	8,406,406
Bank loans – unsecured	-	-	881,861	851,264
Commercial mortgage backed securities	-	-	5,153,408	4,881,493
Capital leases	-	-	122,632	122,632
Investor loan notes held by puttable interest holders	-	-	70,499	70,499
Related party loans	1,220,193	1,219,619	-	-
	1,220,193	1,219,619	17,319,702	14,332,294

As at 30 June 2008, the fair value of the Group's interest-bearing liabilities approximated their carrying value.

The Group carries a portion of its debt at fair value as follows:

	Centro Properties Limited and its Controlled Entities			
	2009		2008	
	Carrying Amount \$'000	Principal Amount \$'000	Carrying Amount \$'000	Principal Amount \$'000
Commercial mortgage backed securities	434,121	473,681	396,817	396,817
	434,121	473,681	396,817	396,817

The fair value mark to market adjustments for 2009 was \$39.5 million attributable to changes in the credit risk. The remainder of the movement is due to market risk. In 2008, the principal amount equalled the carrying amount as the investment that holds the debt was classified as held for sale.

The fair value of fixed rate debt is determined as the net present value of future cash flows, discounted at market rates on the valuation date and adjusted for credit risk.

(b) Collateral Pledged

The Group's total interest bearing liability facilities of \$17,492 million (2008: \$15,219 million) comprise

commercial mortgage backed securities (CMBS) issues totalling \$5,154 million (2008: \$4,471 million), which are secured by mortgages over a number of selected investment properties, and \$12,338 million (2008: \$10,748 million) of bank loans and other debt instruments.

Centro Properties Limited, CPT Manager Limited, as responsible entity of Centro Property Trust, and certain of its wholly owned subsidiaries have given fixed and floating charges over all present and future assets to secure:

- loans and financial accommodation made available to CPT Manager Limited as responsible entity of Centro Property Trust;

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

- (ii) loans made available to CPT Manager Limited as responsible entity of Centro (CPT) Trust; and
- (iii) US\$ private placement notes issued by CPT Manager Limited as responsible entity of Centro Property Trust.

The fixed and floating charges given by Centro Properties Limited, CPT Manager Limited, as responsible entity of Centro Property Trust, and Australian Public Trustees Limited, as trustee of the DPF Sub Trust No 2 (a trust indirectly wholly owned by CPT Manager Limited as responsible entity of Centro Property Trust), also secure the liability of those entities under guarantees given in respect of loans to Super LLC.

(c) Defaults on Debt Obligations

At 30 June 2009, the Group had no defaults on debt obligations.

(d) Breaches of Lending Covenants

2009

CMCS 24, a consolidated entity of the Group, has bank debt of A\$65 million which is in breach of its loan to value ratio at 30 June 2009. The lender has been informed of the breach and reserved their rights. The debt has been classified as current at 30 June 2009.

Centro Saturn Residual 1 LLC, a consolidated entity of the Group, has bank debt of US\$12 million which is in breach of its debt covenant ratio at 30 June 2009. The debt has been classified as current at 30 June 2009.

2008

The Direct Property Fund (DPF) and Direct Property Fund International (DPFI) business combinations detailed in Note 26 resulted in the consolidation of a large number of the Group's managed funds at 30 June 2008. This consolidation caused the Group to breach its loan to value ratio and priority debt covenants for its previously unsecured debt with its Australian lenders and US private placement note holders as the covenants were based on an equity accounted model.

Subsequent to 30 June 2008 waivers were received from the requisite majority of Australian lenders under the Australian extension deed until 15 December 2008. Waivers were also received from the US private placement note holders until 15 December 2008, being the expiry date of the note holder extension arrangements. Under the terms of Centro's debt stabilisation agreement new financial covenants are now in place and the previously breached covenants no longer apply.

As a result of the breach at 30 June 2008, A\$750 million of debt due to the Australian lenders and US\$450 million due to the US private placement note holders which were previously classified as non-current, were classified as current in the 30 June 2008 financial statements.

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

16. DEFERRED TAX LIABILITIES

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
The deferred tax liability balance comprises temporary differences attributable to:					
US investment property		-	-	21,468	104,002
		-	-	21,468	104,002
Movements:					
Opening balance at 1 July		-	-	104,002	-
Credited to the income statement	6(a)	-	-	(90,960)	(33,258)
Foreign currency translation movements		-	-	8,426	-
Acquired through business combinations		-	-	-	137,260
Closing balance at 30 June		-	-	21,468	104,002

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

17. PUTTABLE INTERESTS IN CONSOLIDATED FINITE LIFE TRUSTS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Puttable interests in consolidated finite life trusts	-	-	292,109	587,445

Puttable interests in consolidated finite life trusts represents the minority interest in managed investment schemes consolidated by the Group. It should be noted that the entitlement of these holders is solely to the residual equity of the individual trusts concerned, pari passu with the interest held by the Group.

The following table details the impact of the accounting policy detailed in Note 1(ac) on the balance sheet as at 30 June 2008. The revision did not have a material impact on the presentation of the income statement for the year ended 30 June 2008. There is no change to the disclosures of the parent entity and no change to total parent entity interest in the Group.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Revised 30.06.08 \$'000	30.06.08 \$'000	Revised 30.06.08 \$'000	30.06.08 \$'000
NON-CURRENT LIABILITIES				
Puttable interests in consolidated finite life trusts	-	-	587,445	-
TOTAL LIABILITIES	-	-	17,022,107	16,434,662
NET ASSETS	-	-	3,554,765	4,142,210
EQUITY				
Total parent entity interest	-	-	1,289,760	1,289,760
Minority interests	-	-	2,265,005	2,852,450
TOTAL EQUITY	-	-	3,554,765	4,142,210

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

18. CONTRIBUTED EQUITY

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 Number '000	30.06.08 Number '000	30.06.09 Number '000	30.06.08 Number '000
Number of securities issued:				
– Ordinary ⁽ⁱ⁾	971,867	845,116	971,867	845,116
– Preference units	45,970	-	45,970	51,305
	1,017,837	845,116	1,017,837	896,421
	\$'000	\$'000	\$'000	\$'000
Paid up capital:				
– Ordinary ⁽ⁱ⁾	48,258	48,258	1,768,553	1,687,163
– Preference units	191,054	-	502,776	561,078
	239,312	48,258	2,271,329	2,248,241

(i) Adjusted for securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*.

(a) Ordinary Stapled Securities

An ordinary stapled security comprises one share in Centro Properties Limited and one unit in Centro Property Trust. Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Company or Trust in proportion to the number of amounts paid on the securities held. The value of stapled securities issued is apportioned between the Company and the Trust.

124,904,301 ordinary stapled securities valued at \$14.1 million were issued to the Group's Australian lenders under the stabilisation agreement entered into on 16 January 2009. 1,846,989 new ordinary stapled securities, along with 5,267,341 existing ordinary stapled securities were issued to preference unitholders in exchange for the repurchase of 5,335,746 preference units for a total value of \$65.0 million. Paid up capital increased by \$2.3 million from employee loan repayments through the sale of existing ordinary securities under the ESP.

(b) Preference Units

The Group has US\$448 million (2008: US\$500 million) of Exchangeable Notes (preference units) on issue. Preference unitholders rank ahead of ordinary securityholders for both capital and income distributions. At Centro's discretion, preference units bear a fixed interest coupon of 3.50% per annum and a yield to maturity of 5.55% per annum for an initial term of 3 years, maturing on 30 June 2010. Preference units are exchangeable into Centro Properties Group ordinary stapled securities or can be cash-settled at Centro's option.

Certain events trigger a dividend and capital distribution stopper. Although no such trigger event has occurred, the dividend and capital distribution stopper is currently active because Centro elected not to pay the coupon on the exchangeable securities. The Group can remedy the dividend stopper by paying the accumulated distribution entitlements, which currently stand at US\$23.5 million as at 30 June 2009 (2008: US\$14.6 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5,335,746 preference units with an historical value of \$58.3 million (net of distribution reinvestment of \$6.7 million) were exchanged for 1,846,989 new ordinary securities and 5,267,341 existing ordinary securities.

The movement in Centro Properties Limited's paid up capital relating to preference units reflects the transfer of the preference units from the CNP Funding Trust to Centro Properties Limited and Centro Property Trust that occurred as a result of the non-payment of the interest due to note holders.

(c) Employee Securities Plan (ESP)

Information relating to the Centro Employee Securities Plan, including details of securities issued under the plan are set out in Note 23.

(d) Capital Risk Management

When managing capital, the Group's objective is to ensure it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders by maintaining a capital structure that ensures the lowest cost of capital available.

Due to restrictions on credit globally since December 2007, the Group's access to debt and equity markets has been severely restricted. As part of the long term refinancing and stabilisation agreement reached with the Group's lenders on 16 January 2009 the Group issued \$1.05 billion in Hybrid Securities which will convert into 90.1% of the post-conversion (fully diluted) ordinary stapled securities of Centro (inclusive of the 14.8% in new securities issued to the Group's lenders in partial settlement of lender fees). Any conversion of the Hybrid Securities to ordinary stapled securities will be subject to a number of conditions, including the approval of Centro ordinary securityholders. Holders can request early redemption of the Hybrid Securities at any time from 15 January 2014. If Centro is not able to redeem following a request, this will not be a default but will lead to an increase in the interest rate to 10% per annum until maturity. Refer to Note 3(c) for further information

on the Group's refinancing and debt stabilisation agreement.

Centro continues to be prohibited from paying distributions to ordinary securityholders due to electing not to make payment of the 3.5% coupon on its Exchangeable Notes at 30 June 2008, 31 December 2008 and 30 June 2009. In addition, Centro is restricted from issuing further capital, paying distributions and paying the coupon on the Exchangeable Notes while the senior debt facility is in place.

Capital risk management practices have been conducted within these restricted conditions and the information within this Note and Note 3 above needs to be considered on that basis. While the Group's access to debt and equity markets remains restricted, capital management decisions will be made as the need arises in line with the long term interests of unit holders and the broader economic conditions to which the Group is exposed.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

19. RESERVES AND RETAINED PROFITS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Foreign currency translation reserve (a)	-	-	548,450	(103,393)
Share based payments reserve (b)	-	-	43,368	35,836
Accumulated losses (c)	(496,733)	(286,579)	(4,419,724)	(890,924)
	(496,733)	(286,579)	(3,827,906)	(958,481)
(a) Foreign currency translation reserve				
Opening balance at 1 July	-	-	(103,393)	-
Currency translation differences arising during the year	-	-	651,843	(103,393)
Closing balance at 30 June	-	-	548,450	(103,393)
(b) Share based payment reserve				
Opening balance at 1 July	-	-	35,836	24,653
Share based payment expense	-	-	7,532	11,183
Closing balance at 30 June	-	-	43,368	35,836
Total Reserves	-	-	591,818	(67,557)
(c) Accumulated losses				
Balance at 1 July	(286,579)	(162,720)	(890,924)	1,195,105
Net profit/(loss) attributable to members of Centro Properties Group	(210,154)	(123,859)	(3,543,981)	(2,055,169)
Dividends/distributions provided for or paid to permanent preference unitholders	-	-	15,181	(30,860)
Closing balance at 30 June	(496,733)	(286,579)	(4,419,724)	(890,924)

Nature and Purpose of Reserves

(a) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve as described in Note 1(x)(ii). The reserve also includes the Group's share of its associates translation reserve. The reserve is recognised in the income statement when the net investment is disposed of.

(b) Share Based Payment Reserve

The reserve is used to recognise the fair value of options issued (at the date of issue) but not exercised, under the Employee Securities Plan.

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

20. CASH FLOW INFORMATION

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
(a) Reconciliation of cash					
Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the Balance Sheet as follows:					
Cash and cash equivalents		-	-	266,064	201,127
(b) Reconciliation of operating profit/(loss) after income tax to net cash inflow/(outflow) from operating activities					
Net loss		-	-	(5,000,296)	(2,052,730)
Exclude non cash items:					
Net profit/(loss) on disposal of investment property and equity accounted investments		-	-	58,174	(9)
Depreciation and amortisation	5(b)	-	-	28,736	6,186
Bad and doubtful debts	5(b)	-	-	33,344	2,724
Property revaluation decrements for directly owned properties	10(d)	-	-	3,846,917	306,969
Fair value gains on other financial assets	10(c)	-	-	181,035	141,902
Share of net losses of associates		-	-	266,741	769,451
Impairment of investment in joint venture		-	-	-	578,189
Impairment of goodwill		-	-	-	193,830
Movement in net assets attributable to puttable interests in consolidated finite life trusts		-	-	(464,845)	-
Straight lining of rents	10(d)	-	-	(20,730)	(15,242)
Net tax benefit	6(a)	-	-	(92,126)	(16,121)
Net unrealised gain on mark to market of derivatives and unrealised foreign exchange transactions		-	-	1,501,569	132,337
Share-based payment expense	5(b)	-	-	7,532	11,183
Restructuring costs		-	-	93,115	69,922
Other non cash items		-	-	10,087	25,428
Change in operating assets and liabilities, net of the effects of purchase and disposal of controlled entities:					
(Increase)/decrease in trade and other receivables		-	-	1,285	(50,715)
(Decrease)/increase in other provisions		-	-	(7,774)	(7,187)
(Decrease)/increase in other operating liabilities		-	-	(72,854)	10,289
Net cash inflow from operating activities		-	-	369,910	106,406

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

21. EARNINGS PER SECURITY

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
(a) Basic loss per security - cents	(23.72)	(15.28)	(398.36)	(257.27)
(b) Diluted loss per security - cents	(23.72)	(15.28)	(398.36)	(257.27)
(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per security (basic and diluted)				
Net loss	(210,154)	(123,859)	(5,000,296)	(2,052,730)
Net loss/(profit) attributable to minority interest	-	-	1,456,315	(2,439)
Net loss attributable to members of Centro Properties Group	(210,154)	(123,859)	(3,543,981)	(2,055,169)
Less: distributions to preference units	-	-	15,181	(30,860)
	(210,154)	(123,859)	(3,528,800)	(2,086,029)
	Number '000	Number '000	Number '000	Number '000
(d) Weighted average number of securities				
Basic weighted average number of securities on issue for the period	885,824	810,825	885,824	810,825
Diluted weighted average number of securities on issue for the period	885,824	810,825	885,824	810,825

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

22. NET TANGIBLE ASSET BACKING

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09	30.06.08	30.06.09	30.06.08
(a) Basic net tangible asset backing per ordinary security				
Net tangible (liabilities)/assets attributable to members of Centro Properties Group (\$'000)	(257,421)	(238,321)	(2,269,781)	620,986
Preference units ⁽ⁱ⁾	(211,110)	-	(555,556)	(519,427)
Adjusted net tangible (liabilities)/assets attributable to members of Centro Properties Group (\$'000)	(468,531)	(238,321)	(2,825,337)	101,559
Number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security (Number '000) ⁽ⁱⁱ⁾	971,867	845,116	971,867	845,116
Net tangible (liability)/asset backing per security - basic	(\$0.48)	(\$0.28)	(\$2.91)	\$0.12
(b) Diluted net tangible asset backing per ordinary security				
Net tangible (liabilities)/assets attributable to members of Centro Properties Group (\$'000)	(257,421)	(238,321)	(2,269,781)	620,986
Number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security (Number '000) ^{(ii),(iii)}	1,017,837	845,116	1,017,837	896,421
Net tangible (liability)/asset backing per security - diluted	(\$0.25)	(\$0.28)	(\$2.23)	\$0.69

(i) Value of preference units has been translated at the year end spot rate to reflect the impact on ordinary securityholders in the event that the preference units were redeemed for cash rather than at the historical rate as recognised in equity.

(ii) Includes preference units based on potential entitlement to ordinary securities.

(iii) Adjusted to add back securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

23. EMPLOYEE BENEFITS

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Employee benefit and related on-cost liabilities					
Provision for employee benefits - current	14	-	-	3,867	4,519
Provision for employee benefits - non-current	14	-	-	3,264	7,169
Total provision for employee benefits		-	-	7,131	11,688

The following provides a summary of the Long Term Incentive Plans previously used to provide the long term incentive component of performance based remuneration together with details of total holdings which remain in place for each of those LTI plans. Please refer to the Remuneration Report in the Director's Report for more information on the Group's LTI plans.

There have been no options or restricted stock units issued during the 2009 financial year under these LTI plans.

(a) Employee Securities Plan and Loan Scheme for Australian Employees

Equity based LTI participation was previously provided under the terms of the Employee Security Plan and Loan Scheme (ESP) approved by Centro securityholders in 1991 and subsequently approved by security-holders at the time of the merger of Centro Properties Group with Prime Retail Group.

The securities issued to eligible employees are currently financed by an interest free loan from Centro, the value of which forms part of each employee's remuneration. The price per security is the prevailing market price, as determined by the Board. The Board also determines the number of securities offered to an eligible employee. Under a non-recourse condition, the Company must accept the lower of the loan balance or the net sale proceeds after selling costs of the securities associated with that loan, in full settlement of the loan. Note that these loans are treated as options under AASB 2 *Share-based Payment*.

The securities vest based on achievement of continuous service as well as in some instances market based performance criteria. The continuous employment criterion is met if the employee is in the employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on Total Shareholder Return (TSR). The performance hurdle involves a comparison of the TSR on Centro's securities and that of other Listed Property Trust securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee.

The participating employee cannot sell or otherwise deal with the securities unless the loan is fully repaid. In all other respects the employee securities rank equally with other fully paid ordinary stapled securities.

Participants are allowed to receive dividends or distributions in full once the loan for a grant of securities reaches 75% or less of the market price of the securities, on the condition that the loan subsequently remains below 85% of the market price. In the event that the 85% threshold is exceeded, a portion of the dividend or distribution is once again applied towards repayment of the

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

loan. This variation to the Plan is not available to participants holding conditional vesting securities, in which case both the 75% rule and the vesting condition must be met.

The following securities were granted during the 2008 financial year.

Centro Properties Limited and its Controlled Entities

Securities Granted During 2008	Number	Exercise Price \$	Fair Value of Option at Grant Date \$
Granted 17 July 2007	625,000	8.55	1.60
Granted 28 September 2007	9,651,378	7.37	1.27

The weighted average fair value of the options granted during the financial year is \$0 million (2008: \$13.3 million). Options were priced using a recognised option pricing model taking into account market performance criteria when appropriate. Grant price equals the closing market share price on date of grant. Expected volatility is based on the historical share price volatility of the Company from the date listed. Option life is determined based on vesting term and prior history of option exercises. The risk-free interest rate is obtained from the Australian government treasury rate based on option life. As of 30 June 2009 6,486,116 shares were exercisable (2008: 12,808,945).

The following reconciles the outstanding securities granted under the employee securities plan at the beginning and end of the financial year.

Centro Properties Limited and its Controlled Entities

	2009		2008	
Employee Securities Plan and Loan Scheme	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Opening balance at 1 July	23,501,045	\$6.75	27,860,390	\$6.19
Granted during the year	-	-	10,276,378	\$7.79
Exercised during the year	-	-	-	-
Repaid / forfeited during the year	(9,062,102)	\$8.16	(14,635,723)	\$6.41
Closing balance at 30 June	14,438,943	\$5.86	23,501,045	\$6.75

(b) Executive Option Plan

US executives were granted options under the terms of the Executive Option Plan (EOP) which was approved by Centro securityholders at the 2001 AGM and subsequently revised by the Board in February 2006 for the purpose of granting Options to US Executives.

The securities vest based on achievement of continuous service as well as in some instances market based performance criteria. The continuous employment criterion is met if the employee is in the

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on TSR. The performance hurdle involves a comparison of the TSR on Centro's securities and that of other LPT securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee. As of 30 June 2009 no options were exercisable.

The following options were granted during the 2008 financial year.

Centro Properties Limited and its Controlled Entities

Securities Granted During 2008	Number	Exercise Price \$	Fair Value of Option at Grant Date \$
Granted 31 July 2007	2,436,700	8.15	1.47
Granted 1 April 2008	1,000,000	0.50	0.06

Options were priced using a recognised option pricing model taking into account market performance criteria when appropriate. Grant price equals the closing share price on date of grant. Expected volatility is based on the historical share price volatility of the Company from the date listed. Option life is determined based on vesting term and prior history option exercises. The risk-free interest rate is obtained from the Australian government treasury rate based on option life.

The following reconciles the outstanding share options granted under the share option plan at the beginning and end of the financial year:

Centro Properties Limited and its Controlled Entities

Executive Option Plan	2009		2008	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Opening balance at 1 July	4,985,266	\$6.71	1,613,271	\$8.70
Granted during the year	-	-	3,436,700	\$5.82
Exercised during the year	-	-	(10,905)	\$7.76
Forfeited during the year	(486,866)	\$8.05	(53,800)	\$7.96
Closing balance at 30 June	4,498,400	\$6.63	4,985,266	\$6.71

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(c) Restricted Stock Units

During the year ended 30 June 2008, the Company granted Restricted Stock Units (RSU) to select US employees. No RSU's were granted during the year ended 30 June 2009. An RSU provides the employee with an ordinary security in Centro Properties Group for nil consideration upon satisfying vesting conditions. The RSU's vest based on achievement of continuous service as well as market based performance criteria. The continuous employment criteria is met if the employee is in the employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on TSR. The performance hurdle involves a comparison of the TSR on Centro's securities and that of other Listed Property Trust (LPT) securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee.

The weighted average fair value of RSU's granted in 2008 was \$7.96 per share at grant date. Fair value has been determined based upon the Company's closing share price on date of grant, 31 July 2007, of \$7.96. No shares were exercisable as of 30 June 2009 or 30 June 2008.

The following reconciles the outstanding RSU's at the beginning and end of the financial year:

Centro Properties Limited and its Controlled Entities

Restricted Stock Units	2009 Number	2008 Number
Opening balance at 1 July	339,800	-
Granted during the year	-	344,300
Exercised during the year	-	-
Forfeited during the year	(7,000)	(4,500)
Closing balance at 30 June	332,800	339,800

(d) Expenses Arising From Share-Based Payment Transactions

Total expenses arising from share-based payment transactions (classified as options under AASB 2 *Share-based Payment*) recognised during the period as part of employee benefit expense were as follows:

Centro Properties Limited and its Controlled Entities

	2009 \$'000	2008 \$'000
Executive option plan	1,334	1,273
Employee security plan	5,741	9,453
Restricted stock units	457	457
Total share-based payment expense	7,532	11,183

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

24. AUDITORS REMUNERATION

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$	30.06.08 \$	30.06.09 \$	30.06.08 \$
During the year, the following fees were paid or payable for services provided by the auditors of the Company or its related practices.				
Assurance services				
(a) Audit services				
Ernst & Young Australian firm: ⁽ⁱ⁾				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	-	-	2,029,410	-
Related practices of Ernst & Young Australian firm	-	-	2,846,643	-
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	-	-	2,864,651	4,752,387
Related practices of PricewaterhouseCoopers Australian firm	-	-	1,660,114	458,100
Moore Stephens Australian firm:				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	-	-	232,000	153,480
Total remuneration for audit services	-	-	9,632,818	5,363,967
(b) Other assurance services				
PricewaterhouseCoopers Australian firm:				
Change of auditor transition service	-	-	350,000	-
Compliance audit services	-	-	-	192,363
Audit of regulatory returns	-	-	-	519,000
Due diligence services	-	-	-	1,013,812
Total remuneration for other assurance services	-	-	350,000	1,725,175
Total remuneration for assurance services	-	-	9,982,818	7,089,142
Taxation services				
PricewaterhouseCoopers Australian firm:				
Taxation compliance services, including review of company income tax returns and due diligence services	-	-	218,784	254,630
Related practices of PricewaterhouseCoopers Australian firm	-	-	9,036,483	3,062,012
Total remuneration for taxation services	-	-	9,255,267	3,316,642

(i) The fees disclosed in relation to services provided by Ernst & Young relate only to the period following their appointment as auditor of the Group in June 2009.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

25. CONTINGENT LIABILITIES

The following disclosures are relevant in relation to contingent liabilities of the Group as at 30 June 2009:

(a) Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Properties Limited and CPT Manager Limited. The statements of claim in each proceeding allege that Centro Properties Limited and CPT Manager Limited (as responsible entity for Centro Property Trust), 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 Centro's consolidated financial statements, which were published in Centro's Preliminary Financial Report and Annual Report for the year ended 30 June 2007;
- Centro's operating distributable profit per security (DPS) forecasts for the 2008 financial year; and
- the refinancing of Australian and United States debt.

Similar proceedings were commenced against Centro Retail Limited and Centro MCS Manager Limited.

The claims have been made on behalf of persons or entities who acquired Centro stapled securities, in the instance of the first proceeding, between 9 August 2007 to 15 February 2008 and, in the instance of the second proceeding, between 5 April 2007 to 28 February 2008.

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

The proceedings are being vigorously defended (with defences filed) and no amount has been provided for in the financial report. Centro Properties Limited and CPT Manager Limited have also filed cross claims against their former auditor, PricewaterhouseCoopers.

Court orders were made on 17 December 2008 which required the parties to mediate the issues relating to both class actions. A first round of mediation was conducted in July 2009. A further round is anticipated to occur in November 2009.

(b) Guarantees

Bank guarantees of \$5 million each have been arranged by the Group in the name of CPT Manager Limited and Centro MCS Manager Limited to guarantee obligations under Australian Financial Services Licence and responsible entity requirement.

(c) Other Contingent Liabilities

The Victorian and New South Wales State Revenue Offices are investigating entities within the Centro Group in relation to their acquisition of Victorian and New South Wales property interests and establishment of the funds. Centro considers that there is no basis for these investigations and has lodged written objections to assessments raised with each State Revenue Office.

(d) Contingent Commitments

Centro is a co-investor into some of its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, Centro has provided limited exit mechanisms to investors at the then net asset backing of the relevant fund. Liquidity mechanisms generally fall into three categories; syndicate liquidity, syndicate rollovers and open ended fund liquidity mechanisms. A summary of these exit mechanisms is detailed below.

- The Group has provided a net asset backing guarantee to Direct Property Fund (DPF) and Direct Property Fund International (DPFI) in relation to their investment in Centro Retail Investment Trust (CRIT). The guarantee may be called upon on the seventh anniversary of the establishment of CRIT or on the occurrence of certain liquidity trigger events. The Group would expect to meet this commitment through the redemption of units held in DPF and DPFI in return for units in CRIT. The Group's exposure

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

in respect of this guarantee is the difference between net asset backing and the fair value less costs to sell of CRIT. A liability of \$2.0 million has been recognised on the Group's balance sheet for this potential exposure.

- Liquidity guarantees of \$50 million each have been issued to DPF and DPFI. These guarantees are subject to increases of up to \$51 million in total across DPF and DPFI in the event that the Group's total economic interest in either fund falls below 35%. The Group currently consolidates both these funds.
- Centro's more recent CMCS syndicates and wholesale fund include limited liquidity mechanisms for investors. Funds to which this mechanism applies include CMCS 37, CMCS 38 and Centro America Fund.

CMCS 37 and CMCS 38 investors have limited exit opportunities annually from 30 June 2009 onwards. Based on current net asset backing and external ownership interest, this arrangement may result in Centro acquiring annually up to one million units (CMCS 37) and two million units (CMCS 38) in these syndicates at their then net asset backing. Based on 30 June 2009 values, the gross cost to Centro would be approximately \$0.6 million (CMCS 37) and \$0.4 million (CMCS 38) per annum.

Centro America Fund has an annual liquidity facility commencing on 1 July 2010. Based on current net asset backing and external ownership interest, this arrangement may result in Centro acquiring annually up to 5% of the equity in Centro America Fund at its then net asset backing. Based on 30 June 2009 values, the gross cost to Centro would be approximately \$9.1 million per annum.

(e) Redemptions

There was an opportunity for redemption in relation to certain outside equity interests within Centro NP LLC, a subsidiary of Super LLC, from April 2008. The maximum redemption was US\$85 million however this was contingent on unitholders

exercising their right for redemption. As of the date of this report, unitholders of US\$60 million of these units have elected redemption, which has been paid. The total outstanding as at the date of this report is approximately US\$25 million. This has been recorded as a liability on the Group balance sheet.

26. BUSINESS COMBINATIONS

2009

There have been no business combinations during the current financial year.

2008

(a) Direct Property Fund International

(i) Summary of Acquisition

On 25 January 2008 Centro acquired 3.83 percent of the issued capital of Direct Property Fund International (DPFI) from Lipoma Pty Ltd in settlement of a put option, increasing Centro's voting interest in DPFI from 47.97% at 31 December 2007 to 51.80%, giving Centro control over DPFI and its controlled entities. As Centro was a co-investor with DPFI in a number of managed funds, the business combination also resulted in the consolidation of these managed funds by the Group. The fair value allocations were provisional as of 30 June 2008. No changes have been made to the provisional accounting.

Prior to the acquisition, Centro accounted for its interest in DPFI using the equity method. The acquired business contributed revenues of \$200.2 million and net loss of (\$110.9) million to Centro for the period from 25 January 2008 to 30 June 2008. If the combination had taken place at the beginning of the year, the revenue for the Group would have been \$529.9 million and the loss from continuing operations would have been (\$387.1) million.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Details of the fair value of assets and liabilities acquired as at 25 January 2008 are as follows:

	2008 \$'000
Cash paid	49,385
Equity accounted balance given up	1,667,321
Total purchase consideration	1,716,706
Fair value of net identifiable assets acquired attributable to unit holders of Centro (refer (iii) below)	1,522,876
Goodwill	193,830
Impairment of goodwill (refer Note 12)	(193,830)
Net goodwill recognised on acquisition	-

(ii) Purchase Consideration

	2008 \$'000
The cash outflow on acquisition is as follows:	
Cash consideration paid	49,385
Less balance acquired	(77,740)
Net consolidated cash inflow	(28,355)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(iii) Assets and Liabilities Acquired

The assets and liabilities arising from the acquisition are as follows:

	2008 Fair Value on Acquisition \$'000	2008 Carrying Value \$'000
Current assets		
Cash and cash equivalents	77,740	77,740
Restricted cash	10,516	10,516
Receivables	21,798	128,273
Distribution receivables	927	927
Other current assets	1,593	1,593
Total current assets	112,574	219,049
Non-current assets		
Financial assets at fair value through profit or loss	225,695	650,400
Investment property	5,171,327	5,171,327
Derivative financial instruments	61	61
Other financial assets	13,620	13,620
Other non-current assets	27,397	107,816
Total non-current assets	5,438,100	5,943,224
Total assets	5,550,674	6,162,273
Current liabilities		
Payables	73,711	73,711
Interest bearing liabilities	8,812	8,812
Interest payable (on equity notes)	8,439	8,439
Derivative financial instruments	2,921	2,921
Provisions – distribution payable	20,889	20,889
Total current liabilities	114,772	114,772
Non-current liabilities		
Interest bearing liabilities	2,953,900	2,931,013
Deferred tax liabilities	98,367	98,367
Total non-current liabilities	3,052,267	3,029,380
Total liabilities	3,167,039	3,144,152
Net assets	2,383,635	3,018,121
Less fair value of net assets attributable to external minority interests acquired	860,759	
Net assets related to unit holders of Centro acquired	1,522,876	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(b) Direct Property Fund

(i) Summary of Acquisition

On 9 May 2008 Direct Property Fund (DPF) converted 279,710,679 equity notes belonging to Centro into ordinary units. The conversion increased Centro's voting ownership percentage from 46.81% at 31 December 2007 to 53.65%, giving Centro control over DPF and its controlled entities. No consideration was provided for the conversion. As Centro was a co-investor with DPF in a number of managed funds, the business combination also resulted in the consolidation of these managed funds by the Group. The fair value allocations were provisional as of 30 June 2008. No changes have been made to the provisional accounting.

Prior to the acquisition, Centro accounted for its interest in DPF using the equity method. The acquired business contributed revenues of \$128.9 million and net profit of \$56.6 million to Centro for the period from 9 May 2008 to 30 June 2008. If the combination had taken place at the beginning of the year, the revenue for the Group would have been \$985.4 million and loss from continuing operations would have been (\$1,382) million.

Details of the fair value of assets and liabilities acquired as at 9 May 2008 are as follows:

	2008 \$'000
Cash paid	-
Equity accounted balance given up	2,873,647
Total purchase consideration	2,873,647
Fair value of net identifiable assets acquired attributable to unit holders of Centro (refer (iii) below)	2,835,194
Goodwill on acquisition	38,453

(ii) Purchase Consideration

	2008 \$'000
The cash outflow on acquisition is as follows:	
Cash consideration paid	-
Less balance acquired	(82,107)
Net consolidated cash inflow	(82,107)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(iii) Assets and Liabilities Acquired

The assets and liabilities arising from the acquisition are as follows:

	2008 Fair Value on Acquisition \$'000	2008 Carrying Value \$'000
Current assets		
Cash and cash equivalents	82,107	82,107
Restricted cash	69,104	69,104
Derivative financial instruments	116,250	116,250
Receivables	142,855	142,855
Distribution receivables	6,786	6,786
Other current assets	54,377	54,377
Total current assets	471,479	471,479
Non-current assets		
Financial assets at fair value through profit or loss	1,233,792	906,792
Investments accounted for using equity method	818,557	818,557
Investment property	12,311,525	12,311,525
Plant and equipment	16,443	16,443
Derivative financial instruments	639	639
Intangible assets	-	461,037
Other financial assets	17,813	28,496
Total non-current assets	14,398,769	14,543,489
Total assets	14,870,248	15,014,968
Current liabilities		
Payables	357,525	357,525
Interest bearing liabilities	4,425,667	4,425,667
Interest payable (on equity notes)	9,921	9,921
Derivative financial instruments	14,633	14,633
Provisions – distribution payable	33,003	33,003
Total current liabilities	4,840,749	4,840,749
Non-current liabilities		
Payables	2,236	34,006
Interest bearing liabilities	4,301,763	4,336,318
Deferred tax liabilities	38,894	38,894
Other non-current liabilities	6,142	6,142
Total non-current liabilities	4,349,035	4,415,360
Total liabilities	9,189,784	9,256,109
Net assets	5,680,464	5,758,859
Less fair value of net assets attributable to external minority interests acquired	2,845,270	
Net assets related to unit holders of Centro acquired	2,835,194	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons were non-executive Directors of the Centro Properties Group during the financial year:

Non-executive Directors

P. Cooper (Chairman)

P. G. Goldie

S. Kavourakis

L. P. Wilkinson

J. Hall

R. Wylie (appointed 16 October 2008)

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, indirectly or directly, during the financial year:

Name	Position
G. Rufrano	Group Chief Executive Officer
A. Clarke	Chief Executive Officer - Australia
M. Carroll	Chief Executive Officer - US
M. Wilson	General Manager - Australian Property Operations
G. Terry	Chief Operating Officer (terminated 6 March 2009)
J. Hutchinson	General Counsel (terminated 6 March 2009)
P. Kelly	General Manager Institutional Funds Management (terminated 6 March 2009)

(a) Key Management Personnel Compensation

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$	30.06.08 \$	30.06.09 ⁽¹⁾ \$	30.06.08 \$
Short-term employee benefits	-	-	11,165,959	8,548,926
Post-employment benefits	-	-	214,730	381,566
Termination benefits	-	-	4,517,035	4,620,465
Share-based payments	-	-	(413,024)	(303,192)
	-	-	15,484,700	13,247,765

(1) Excludes compensation payable to Mr Siegel who is included in section 6.1.1 of the Remuneration Report as he is one of the five highest remunerated officers, however he is not considered to be a member of the Key Management Personnel of the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Information relating to loans provided to Key Management Personnel, security holdings of Key Management Personnel and the operation of the Executive Option Plan are provided below. Information relating to the operation of the Centro Properties Employee Security Plan is provided at Note 23. The remuneration information and other information included in the remuneration report and this note relates to remuneration provided to the Directors and other Key Management Personnel of the Group for year to 30 June 2009.

Equity Instrument Disclosures Relating to Key Management Personnel

Centro Executive Option Plan

There were no options granted to key management personnel during the 2009 financial year. The following options were granted to key management personnel during the 2008 financial year. This excludes share issues under the ESP and Loan Scheme for Australian employees that are considered options under AASB 2 *Share-based Payment*.

Centro Properties Limited and its Controlled Entities

		Exercise Price	Fair Value of Option at Grant Date
Options granted during 2008	Number	\$	\$
G. Rufrano Group Chief Executive Officer	1,000,000	0.50	0.056
	878,200	8.15	1.473
	1,878,200		

Options Provided as Remuneration

When issued, the fair value of options granted to Key Management Personnel is assessed at the grant date and included in remuneration over the period from grant date to vesting date, based upon periodic assessments of the probability of options vesting. Fair value at grant date is determined using a recognised option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term of the option. Refer also to accounting policy at Note 1(m).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Security Holdings

The numbers of securities in the Group held during the financial year by each Director and other Key Management Personnel of the Group, including their personally-related entities, are set out below:

Year Ended 30 June 2009

Name	Balance at the Start of the Year	Received During the Year on Exercise of Options	Other Changes During the Year ⁽¹⁾	Balance at the End of the Year
Directors of the Group				
Ordinary securities				
P. Cooper	-	-	-	-
P. G. Goldie	34,971	-	-	34,971
S. Kavourakis	33,117	-	-	33,117
L. P. Wilkinson	10,000	-	-	10,000
J. W. Hall	11,833	-	-	11,833
R. Wylie	-	-	-	-
Other Key Management Personnel of the Group				
Ordinary Securities				
G. Rufrano	132,600	-	-	132,600
A. Clarke	-	-	-	-
M. Carroll	53,100	-	-	53,100
M. Wilson	1,210,000	-	(400,000)	810,000
G. Terry	925,180	-	(925,180) ⁽²⁾	-
J. Hutchinson	925,000	-	(925,000) ⁽²⁾	-
P. Kelly	750,000	-	(750,000) ⁽²⁾	-

(1) For executive Directors and other Key Management Personnel, this primarily represents issues/disposals under Centro Properties Employee Security Plan.

(2) Movements for the year reflect the securities forfeited following the termination of the executives effective 6 March 2009.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Year Ended 30 June 2008

Name	Balance at the Start of the Year	Received During the Year on Exercise of Options	Other Changes During the Year ⁽¹⁾	Balance at the End of the Year
Directors of the Group				
Ordinary securities				
B. Healey	105,535	-	15,000	120,535
A. T. Scott	5,105,130	-	(5,105,130) ⁽²⁾	-
P. G. Goldie	34,971	-	-	34,971
S. Kavourakis	28,117	-	5,000	33,117
L. P. Wilkinson	10,000	-	-	10,000
J. W. Hall	3,833	-	8,000	11,833
P. Cooper	-	-	-	-
Other Key Management Personnel of the Group				
Ordinary securities				
G. Terry	2,913,674	-	(1,988,494)	925,180
M Wilson	1,440,000	-	(230,000)	1,210,000
P. Kelly	900,000	-	(150,000)	750,000
R. Nenna	2,041,000	-	(2,041,000) ⁽³⁾	-
J. Hutchinson	1,942,534	-	(1,017,534)	925,000
T. Clarke	-	-	-	-
G. Rufrano	-	-	132,600	132,600

(1) For executive Directors and other Key Management Personnel, this primarily represents issues/disposals under the Centro Properties Employee Security Plan.

(2) Movement for the year reflects resignation of Mr Scott effective 14 January 2008. 2,265,000 securities were forfeited and the remainder are removed from disclosure requirements.

(3) Movement for the year reflects resignation of Mr Nenna effective 31 March 2008. 1,235,000 securities were forfeited and the remainder are removed from disclosure requirements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Loans to Key Management Personnel

Details of loans made to Directors of the Group and other Key Management Personnel of the Group, including their personally related entities are set out below:

	Balance at Start of the Year \$	Interest Paid and Payable for the Year \$	Interest Not Charged \$	Balance at the End of the Year \$	Highest Level of Indebtedness During the Year \$
Year Ended 30 June 2009					
Other Key Management Personnel of the Group					
M. Wilson	7,160,614	-	445,732	4,448,645	7,160,614
G. Terry	6,799,169	-	355,718	- ⁽ⁱ⁾	6,799,169
J. Hutchinson	5,483,986	-	286,910	- ⁽ⁱ⁾	5,483,986
P. Kelly	5,771,904	-	301,973	- ⁽ⁱ⁾	5,771,904
	25,215,673	-	1,390,333	4,448,645	25,215,673

(i) Balance at the end of the year is nil due to loan being settled (following the termination of respective employee during year) under the terms of the loan grants and the Employee Security Plan rules.

	Balance at Start of the Year \$	Interest Paid and Payable for the Year \$	Interest Not Charged \$	Balance at the End of the Year \$	Highest Level of Indebtedness During the Year \$
Year Ended 30 June 2008					
Directors of the Group					
A. T. Scott	10,479,538	-	564,414	- ⁽ⁱ⁾	16,502,803
Other Key Management Personnel of the Group					
G. Terry	6,427,421	-	657,066	6,799,169	9,611,129
M. Wilson	6,799,754	-	553,241	7,160,614	7,549,556
T. Torney	5,106,263	-	200,700	- ⁽ⁱ⁾	5,106,263
P. Kelly	4,981,189	-	468,206	5,771,904	6,615,462
R. Nenna	4,890,523	-	388,062	- ⁽ⁱ⁾	7,699,330
J. Hutchinson	5,381,621	-	514,170	5,438,986	7,358,626
	33,586,771	-	2,781,445	25,215,673	43,940,366

(i) Balance at the end of the year is nil due to loan being settled (following the resignation of respective employee during year) under the terms of the loan grants and the Employee Security Plan rules.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

These loans are provided to Key Management Personnel to fund the acquisition of securities under the Employee Security Plan and Executive Option Plan.

These loans are to be repaid via distributions received from the underlying security holding, subject to certain loan to security value criteria. As discussed in the Remuneration Report, the maximum amount recoverable is the value of the share price at settlement date. The loan term is a period of ten years. An interest rate of 7.7% per annum was used to determine interest not charged during period.

These securities issued are treated as options under Australian Accounting Standards and as such, no loans are recorded on the Group's Balance Sheet.

The amounts shown for interest not charged in the above tables represent the difference between the amounts paid/payable for the year and the amount of interest that would have been charged on an arm's length basis.

Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel that were not conducted on a normal arm's length basis. All transactions with Key Management Personnel require approval by the Board. The Group has established a policy that requires all 'non-standard' transactions to be subject to prior approval by the Board, with legal advice being sought as necessary.

28. RELATED PARTY DISCLOSURES

(a) Parent Entity

The parent entity of the Group is Centro Properties Limited. For statutory reporting purposes the controlled entities include Centro Property Trust.

(b) Subsidiaries

Interest in subsidiaries are set out in Note 28(e).

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 27.

(d) Information on Related Parties and Transactions

- (i) Profit/(loss) as detailed in Note 5 was derived from controlled and related entities on the basis outlined in Note 1.
- (ii) The names of persons who were Directors of Centro Properties Limited and CPT Manager Limited during the financial year are as follows:
P. Cooper (Chairman)
P. G. Goldie
S. Kavourakis
L. P. Wilkinson
J. Hall
R. Wylie (appointed 16 October 2008)
- (iii) All of the Directors received or were entitled to receive distributions either beneficially or as Director or Trustee of associated entities.
- (iv) Details of transactions by Directors of securities in the Group during the year ended 30 June 2009 are disclosed in Note 27.
- (v) The ultimate controlling entities in the Group are Centro Properties Limited and Centro Property Trust. Details of the significant controlled entities are disclosed in Note 28(e). All entities are incorporated in either Australia, New Zealand or the United States of America.
- (vi) The Trust is the principal borrower for the Group and members of the Group (i.e. the Company and the Trust) have entered into cross guarantees to support its obligations.

Centro Properties Limited borrows from the Trust on an unsecured basis. The balance outstanding at 30 June 2009 totals \$1,220,193,000 (2008: \$1,372,026,000).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Interest expensed by Centro Properties Limited to the Trust during the year amounted to \$196,823,910 (2008: \$106,407,383).

The effects of the above transactions have been eliminated in the consolidated accounts.

Share of profits from associates is contained in Note 28(f). Fee income derived from associates of the Group by the Group is shown in Note 28(d)(xi).

- (vii) Loans and trade receivables from related parties are disclosed in Note 9.
- (viii) An impairment assessment is undertaken each financial year by examining the financial position of the related party to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.
- (ix) Outstanding related party trade receivables balances at year end are unsecured and settlement occurs in cash. Interest is charged on an arm's length basis on amounts greater than 90 days outstanding. The Group does not hold any collateral in relation to related party receivables.
- (x) Loans to Directors are disclosed in Note 27.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(xi) The Group has earned fees from related parties as detailed below:

The ultimate parent, Centro Properties Limited, did not earn any fees directly from related parties in 2009 (2008: nil).

	Property Management \$	Development and Leasing \$	Funds Management \$	Total \$	Amount Included in Receivables \$
30 June 2009					
Centro MCS Syndicate No. 2	45,390	6,872	97,177	149,439	435
Centro MCS Syndicate No. 3	379,818	127,359	801,493	1,308,670	-
Centro MCS Syndicate No. 4	340,671	172,593	899,834	1,413,098	29,936,484
Centro MCS Syndicate No. 5	439,501	16,905	969,129	1,425,535	2,439,501
Centro MCS Syndicate No. 6	444,551	165,423	873,667	1,483,641	2,285,139
Centro MCS Syndicate No. 8	582,353	107,160	1,205,155	1,894,668	1,974,210
Centro MCS Syndicate No. 9	1,032,896	(277,863)	1,439,057	2,194,090	18,132,908
Centro MCS Syndicate No. 10	336,519	48,289	717,763	1,102,571	155,168
Centro MCS Syndicate No. 11	673,864	505,949	1,410,832	2,590,645	2,093,226
Centro MCS Syndicate No. 12	387,808	101,305	634,874	1,123,987	8,854,188
Centro MCS Syndicate No. 14	451,950	194,265	881,544	1,527,759	1,398,330
Centro MCS Syndicate No. 15	260,238	215,331	446,975	922,544	265,769
Centro MCS Syndicate No. 16	232,311	14,455	509,143	755,909	16,726,307
Centro MCS Syndicate No. 17	506,951	109,422	1,030,468	1,646,841	7,063,578
Centro MCS Syndicate No. 18	267,246	219,223	484,040	970,509	1,027,229
Centro MCS Syndicate DPI No. 19	944,383	451,614	1,149,864	2,545,861	2,507,582
Centro MCS Syndicate No. 20	-	128,784	342,048	470,832	77,829
Centro MCS Syndicate No. 21 Property Trust	1,349,876	-	903,616	2,253,492	4,282,103
Centro MCS Syndicate No. 22 Property Trust	48,906	-	375,318	424,224	122,858
Centro MCS No. 23 Property Syndicate	166,497	105,283	354,189	625,969	92,066
Centro MCS Syndicate No. 24	287,624	53,014	710,516	1,051,154	-
Centro MCS Syndicate No. 25	989,618	-	932,125	1,921,743	-
Centro MCS Syndicate No. 26	886,511	-	832,440	1,718,951	-
Centro MCS Syndicate No. 27	475,155	-	707,213	1,182,368	-
Centro City MCS Syndicate No. 28	433,008	-	1,396,640	1,829,648	1,525,769
Centro City MCS Syndicate No. 29	-	-	-	-	7,294
Centro MCS Syndicate No. 30	67,604	4,478	154,572	226,654	-
Centro MCS Syndicate No. 32	-	-	2,062,019	2,062,019	-
Centro MCS Syndicate No. 33	728,589	22,241	1,429,971	2,180,801	774,640
Centro MCS Syndicate No. 34	678,488	-	866,513	1,545,001	9,524,193
Centro MCS Syndicate No. 35	-	-	1,108,095	1,108,095	975,733
Centro MCS Syndicate No. 36	1,913,847	588,394	1,961,215	4,463,456	-
Centro MCS Syndicate No. 37	571,714	-	267,178	838,892	1,416,184
Centro MCS Syndicate No. 38	3,682,736	861,725	3,011,656	7,556,117	-
Centro MCS Syndicate No. 39	5,397,573	1,811,658	4,400,127	11,609,358	-

Continued next page...

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro MCS Syndicate No. 40	5,515,606	2,629,569	4,151,244	12,296,419	-
Centro Watt America REIT 1, Inc.	3,333,824	940,791	3,761,224	8,035,839	-
Centro Watt America REIT 10, Inc.	899,688	1,929	251,494	1,153,111	-
CSFJV	9,604,603	5,277,100	4,701,313	19,583,016	-
Centro Direct Property Fund No. 1	-	-	7,642,489	7,642,489	-
Centro DPF International	637	-	5,008,358	5,008,995	-
Centro Super LLC	46,894,561	19,595,479	15,945,765	82,435,805	-
Centro Retail Trust	6,864,057	(63,375)	32,877,204	39,677,886	-
Centro Australia Wholesale Fund	9,484,655	234,659	10,912,672	20,631,986	-
Centro America Fund	-	1,258,847	6,100,685	7,359,532	-
Centro Premium Fund No. 1	-	-	-	-	2,611,912
Lutwyche Holding Trust	378,085	-	-	378,085	(137,617)
Centro Arndale Properties Trust	662,237	-	-	662,237	-
Bankstown Partnership	1,996,582	-	-	1,996,582	1,972,314
Centro Karingal Holding Trust	830,497	-	-	830,497	-
Tuggeranong Town Centre Trust	1,700,000	-	-	1,700,000	-
Centro City Perth Property Trust	-	-	-	-	634,637
Emerald Village	-	-	-	-	425,438
Centro Karratha	-	-	-	-	1,861,807
	113,169,228	35,628,878	126,718,914	275,517,020	121,027,214

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

30 June 2008	Property Management \$	Development and Leasing \$	Funds Management \$	Total \$	Amount Included in Receivables \$
Centro MCS Syndicate No. 2	187,515	15,040	454,489	657,044	168,689
Centro MCS Syndicate No. 3	158,333	12,980	846,671	1,017,984	-
Centro MCS Syndicate No. 4	283,996	117,909	6,218,739	6,620,644	35,454,760
Centro MCS Syndicate No. 5	389,094	139,900	1,018,565	1,547,559	763,177
Centro MCS Syndicate No. 6	443,484	254,844	958,033	1,656,361	1,833,661
Centro MCS Syndicate No. 8	600,050	448,151	1,266,725	2,314,926	991,889
Centro MCS Syndicate No. 9	1,001,322	372,632	1,744,468	3,118,422	15,212,654
Centro MCS Syndicate No. 10	291,881	91,046	869,257	1,252,184	(42,979)
Centro MCS Syndicate No. 11	636,990	269,830	1,538,893	2,445,713	629,798
Centro MCS Syndicate No. 12	339,350	306,353	1,150,024	1,795,227	8,688,075
Centro MCS Syndicate No. 14	411,406	240,833	6,775,115	7,427,354	2,450,837
Centro MCS Syndicate No. 15	270,304	52,556	633,103	955,963	149,766
Centro MCS Syndicate No. 16	130,885	16,586	380,017	527,488	15,538,700
Centro MCS Syndicate No. 17	73,501	5,835,541	83,561	5,992,603	5,763,456
Centro MCS Syndicate No. 18	245,923	1,806,779	537,455	2,590,157	2,198,866
Centro MCS Syndicate DPI No. 19	609,785	248,485	1,091,570	1,949,840	2,891,094
Centro MCS Syndicate No. 20	92,053	42,514	419,684	554,251	100,614
Centro MCS Syndicate No. 21 Property Trust	-	-	1,693,060	1,693,060	2,566,462
Centro MCS Syndicate No. 22 Property Trust	47,153	3,388	382,464	433,005	352,994
Centro MCS No. 23 Property Syndicate	164,130	174,769	363,370	702,269	188,596
Centro MCS Syndicate No. 24	256,429	532,358	764,893	1,553,680	-
Centro MCS Syndicate No. 25	228,919	93,421	934,708	1,257,048	-
Centro MCS Syndicate No. 26	859,034	-	3,187,323	4,046,357	-
Centro MCS Syndicate No. 27	447,924	10,221	687,145	1,145,290	-
Centro City MCS Syndicate No. 28	113,731	48,122	1,463,972	1,625,825	4,313,484
Centro MCS Syndicate No. 30	58,264	29,051	147,081	234,396	-
Centro MCS Syndicate No. 32	-	-	1,609,086	1,609,086	-
Centro MCS Syndicate No. 33	157,030	2,370,784	1,541,316	4,069,130	2,441,755
Centro MCS Syndicate No. 34	157,168	463,023	955,823	1,576,014	5,602,302
Centro MCS Syndicate No. 35	-	-	1,059,272	1,059,272	1,645,605
Centro MCS Syndicate No. 36	3,124,442	757,136	1,769,512	5,651,090	-
Centro MCS Syndicate No. 37	924,305	610,000	93,208	1,627,513	2,199,659
Centro MCS Syndicate No. 38	3,425,937	-	957,650	4,383,487	-
Centro MCS Syndicate No. 39	3,168,619	-	2,030,208	5,198,827	-
Centro MCS Syndicate No. 40	2,663,215	-	1,737,129	4,400,344	-
Centro Watt America REIT 1, Inc.	2,740,312	2,261	5,760,949	8,503,522	-

Continued next page...

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Watt America REIT 10, Inc.	565,235	-	348,982	914,217	-
CSFJV	13,047,415	1,153,305	5,716,028	19,916,748	-
Centro Direct Property Fund No. 1	-	-	15,922,808	15,922,808	-
Centro DPF International	-	-	7,114,013	7,114,013	-
Centro Super LLC	26,927,429	12,907,972	11,538,776	51,374,177	-
Centro Retail Trust	4,413,963	78,603	28,059,704	32,552,270	-
Centro Australia Wholesale Fund	8,994,408	1,246,855	12,340,271	22,581,534	-
Centro America Fund	-	-	5,055,000	5,055,000	-
Centro Premium Fund No. 1	-	-	-	-	1,187,350
Lutwyche Holding Trust	146,527	-	-	146,527	-
Centro Shopping Centre Securities Ltd	-	-	-	-	5,864,732
Centro Arndale Properties Trust	594,874	-	-	594,874	351,918
Bankstown Partnership	1,637,841	-	-	1,637,841	1,800,000
Centro Karingal Holding Trust	804,751	-	-	804,751	603,177
Tuggeranong Town Centre Trust	1,098,829	-	-	1,098,829	16,020
	82,933,756	30,753,248	139,220,120	252,907,124	121,927,110

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(xii) The Group acts as counterparty to the derivatives held by a number of its related parties. These transactions are undertaken on an arm's length basis. The amount included in derivative financial instruments for related parties is detailed below.

	Fair Value of Derivatives	
	30.06.09 \$	30.06.08 \$
Centro MCS Syndicate No. 4	-	829,000
Centro MCS Syndicate No. 5	-	1,582,000
Centro MCS Syndicate No. 6	-	1,281,000
Centro MCS Syndicate No. 8	-	876,000
Centro MCS Syndicate No. 9	8,163,786	6,353,000
Centro MCS Syndicate No. 10	2,014,738	1,800,000
Centro MCS Syndicate No. 11	-	1,559,000
Centro MCS Syndicate No. 12	-	856,000
Centro MCS Syndicate No. 14	-	538,000
Centro MCS Syndicate No. 15	-	1,454,000
Centro MCS Syndicate No. 16	-	659,000
Centro MCS Syndicate No. 17	2,737,140	2,615,000
Centro MCS Syndicate No. 18	1,008,959	1,179,000
Centro MCS Syndicate DPI No. 19	-	2,926,000
Centro MCS Syndicate No. 20	-	5,412,000
Centro MCS Syndicate No. 21 Property Trust	2,401,075	2,913,000
Centro MCS Syndicate No. 22 Property Trust	421,822	635,000
Centro MCS No. 23 Property Syndicate	866,480	755,000
Centro City MCS Syndicate No. 28	-	5,471,000
Centro MCS Syndicate No. 33	-	3,531,000
Centro MCS Syndicate No. 34	3,019,852	2,683,000
Centro MCS Syndicate No. 35	184,317	9,742,000
Centro MCS Syndicate No. 37	1,011,365	7,800,000
Centro Watt America REIT 2, Inc.	(1,092,568)	(3,078,996)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(e) Ownership Interests in Significant Controlled Entities

	Issued Capital Group Entity Interest	
	30.06.09 %	30.06.08 %
Centro Properties Limited	100	100
Centro Property Trust	100	100
Centro Australia Wholesale Fund ⁽²⁾	100	100
Centro America Fund ⁽¹⁾	94.9	94.9
Centro Retail Trust ⁽²⁾	50.6	50.6
Direct Property Fund ⁽²⁾	53.6	53.6
Direct Property Fund International ⁽¹⁾	93.6	93.6
Super LLC ⁽²⁾	100	100
Centro (CPL) Ltd	100	100
Centro Asset Management Pty Ltd	100	100
Centro Corporate Services Pty Ltd	100	100
Centro Development Management Pty Ltd	100	100
Centro Development Trust	100	100
Centro Funds Management Ltd	100	100
Centro Management Services Trust	100	100
Centro MCS Manager Limited	100	100
Centro MCS Property Funds Limited	100	100
Centro New Plan Inc.	100	100
CPM (ACT) Pty Ltd	100	100
CPM (NSW) Pty Ltd	100	100
CPM (QLD) Pty Ltd	100	100
CPM (SA) Pty Ltd	100	100
CPM (WA) Pty Ltd	100	100
Centro CNP Exchangeable Sub Trust	100	100
Centro Syndication Finance Pty Ltd	100	100
Centro WCJV, LP Inc.	100	100
Centro WCJV, GP Inc.	100	100
CPT Custodian Pty Limited	100	100
CPT Manager Limited	100	100
Centro (CPT) Trust	100	100
Centro Heritage Residual Sub Trust	100	100
Centro Heritage Residual Sub Trust No. 2	100	100
Centro MCS Syndicate Investment Fund	82.4	82.4
Centro Retail Holding Trust	100	100
Centro Super Holding Trust No. 2	100	100
Centro Super Holding Trust No. 4	100	100
Centro MCS 32 ⁽¹⁾	53.1	53.1
Centro MCS 36 ⁽¹⁾	52.7	52.7
Centro MCS 38 ⁽¹⁾	82.7	82.7

Continued next page...

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro MCS 39 ⁽¹⁾	100	100
Centro MCS 40 ⁽¹⁾	100	100
Centro MCS 3 ⁽²⁾	100	100
Centro MCS 24 Investment Trust ⁽²⁾	52.1	52.1
Centro MCS 24 Property Trust ⁽²⁾	61.2	61.2
Centro MCS 25 ⁽²⁾	68.6	68.6
Centro MCS 26 ⁽²⁾	86.3	86.3
Centro MCS 27 Investment Trust ⁽²⁾	60.0	60.0
Centro MCS 27 Property Trust ⁽²⁾	79.7	79.7
Centro MCS 30 ⁽²⁾	53.3	53.3
Centro Watt America REIT 1, Inc ⁽¹⁾	100	100
Centro Watt America REIT 5 Inc ⁽²⁾	100	100
Centro Watt America REIT 10, Inc ⁽¹⁾	100	100
CSF REIT ⁽²⁾	100	100

(1) Consolidated as a controlled entity after the Centro Direct Property Fund International business combination on 25 January 2008.

(2) Consolidated as a controlled entity after the Centro Direct Property Fund business combination on 9 May 2008.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(f) Ownership Interests in Significant Associates Accounted for Using the Equity Method of Accounting

	Group Entity Interest		Carrying Amount		Share of Net Profit	
	30.06.09 %	30.06.08 %	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Bankstown Partnership ⁽¹⁾	50.0	50.0	257,500	309,640	(39,139)	2,164
Roselands Investment Trust ⁽¹⁾	50.0	50.0	150,435	173,450	(13,249)	1,425
Centro Arndale Property Trust ⁽¹⁾	50.0	50.0	52,500	65,000	(7,906)	723
Tuggeranong Town Centre Trust	50.0	50.0	30,679	72,400	(41,293)	452
Hervey Bay Holding Trust ⁽¹⁾	50.0	50.0	34,950	41,000	(4,550)	253
Victoria Gardens Retail Trust No. 1 ⁽¹⁾	50.0	50.0	47,100	54,000	(4,410)	394
Centro Lutwyche Sub Trust ⁽¹⁾	50.0	50.0	32,000	37,700	(4,221)	6,418
Centro Wodonga Partnership ⁽²⁾	100	100	-	-	-	(3,404)
Broken Hill Trust ⁽²⁾	100	100	-	-	-	1,310
Centro Karingal Holding Trust ⁽²⁾	100	100	-	-	-	1,085
Box Hill Central Holding Trust ⁽²⁾	100	100	-	-	-	1,185
Whitehorse Plaza Trust ⁽²⁾	100	100	-	-	-	516
Centro Mandurah Holding Trust ⁽²⁾	100	100	-	-	-	2,222
Warwick Grove Trust ⁽²⁾	100	100	-	-	-	1,471
Halls Head Trust ⁽²⁾	100	100	-	-	-	166
Centro Cannonvale Sub Trust ⁽²⁾	100	100	-	-	-	614
Centro Lavington Sub Trust ⁽²⁾	100	100	-	-	-	764
Centro Retail Trust ⁽²⁾	50.6	50.6	-	-	-	(151,815)
Centro Direct Property Fund ⁽²⁾	53.6	53.6	-	-	-	(82,616)
Centro City Perth Property Trust	50.0	50.0	30,000	41,250	(8,785)	2,376
Centro Super LLC ⁽²⁾	100	100	-	-	-	(412,694)
Centro DPF International ⁽³⁾	90.9	90.9	-	-	-	(74,346)
Emerald Village ⁽¹⁾	50.0	50.0	20,500	21,750	1,432	80
Centro Super LLC Joint Ventures ⁽¹⁾	50.0	50.0	62,880	92,673	(41,232)	907
Heritage Joint Ventures	50.0	50.0	5,390	79,539	(43,833)	583
Other	-	-	-	-	(985)	6,751
TOTAL			723,934	988,402	(208,171)	(693,016)

(1) Accounted for as an associate after the Centro Direct Property Fund business combination on 9 May 2008.

(2) Consolidated as a controlled entity after the Centro Direct Property Fund business combination on 9 May 2008.

(3) Accounted for as an associate until the Centro Direct Property Fund International business combination on 25 January 2008 and thereafter consolidated as a controlled entity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

(g) Ownership Interests in Significant Associates Designated as Financial Assets Carried at Fair Value Through Profit or Loss

	Group Entity Interest		Carrying Amount		Share of Net Profit	
	30.06.09 %	30.06.08 %	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Centro MCS Syndicate No. 2	28.8	28.8	229	8,771	(1,281)	93
Centro MCS Syndicate No. 4 ⁽¹⁾	36.2	36.2	12,266	23,166	(12,901)	175
Centro MCS Syndicate No. 5 ⁽¹⁾	24.1	24.1	13,783	18,311	(4,460)	144
Centro MCS Syndicate No. 6 ⁽¹⁾	16.4	16.4	9,036	13,137	(4,002)	95
Centro MCS Syndicate No. 8 ⁽¹⁾	8.8	8.8	6,153	7,931	(1,750)	58
Centro MCS Syndicate No. 9 ⁽¹⁾	9.0	9.0	5,614	9,450	(3,791)	81
Centro MCS Syndicate Unit Trust No. 9 ⁽¹⁾	6.4	6.4	1,119	1,883	(761)	16
Centro MCS Syndicate No. 10 ⁽¹⁾	15.3	15.3	4,804	7,458	(2,689)	72
Centro MCS Syndicate Unit Trust No. 10 ⁽¹⁾	31.5	31.5	3,215	4,992	(1,775)	49
Centro MCS Syndicate No. 11 ⁽¹⁾	4.8	4.8	6,115	7,227	(992)	43
Centro MCS Syndicate Unit Trust No. 11 ⁽¹⁾	8.4	8.4	2,247	2,655	(365)	16
Centro MCS Syndicate No. 12 ⁽¹⁾	11.3	11.3	3,778	5,489	(1,704)	49
Centro MCS Syndicate Unit Trust No. 12 ⁽¹⁾	5.2	5.2	506	735	(227)	7
Centro MCS Syndicate No. 14 ⁽¹⁾	24.6	24.6	8,513	13,402	(5,049)	110
Centro MCS Syndicate Unit Trust No. 14 ⁽¹⁾	28.0	28.0	2,689	4,155	(1,559)	34
Centro MCS Syndicate No. 15 ⁽¹⁾	18.3	18.3	5,063	7,004	(1,958)	60
Centro MCS Syndicate Unit Trust No. 15 ⁽¹⁾	25.8	25.8	1,929	2,668	(740)	23
Centro MCS Syndicate No. 16 ⁽¹⁾	26.8	26.8	2,944	5,337	(2,384)	62
Centro MCS Syndicate Unit Trust No. 16 ⁽¹⁾	52.7	52.7	325	589	(264)	7
Centro MCS Syndicate No. 17 ⁽¹⁾	6.1	6.1	3,707	4,771	(1,046)	41
Centro MCS Syndicate Unit Trust No. 17 ⁽¹⁾	14.2	14.2	2,462	3,169	(695)	27
Centro MCS Syndicate No. 18 ⁽¹⁾	17.5	17.5	5,632	6,622	(989)	63
Centro MCS Syndicate Unit Trust No. 18 ⁽¹⁾	29.2	29.2	2,119	2,492	(373)	24
Centro MCS Syndicate Unit Trust No. 19 ⁽¹⁾	13.1	13.1	7,919	9,352	(1,091)	90
Centro MCS Syndicate DPI No. 19 ⁽¹⁾	34.9	34.9	4,008	5,050	(1,226)	49
Centro MCS Syndicate No. 20 ⁽¹⁾	16.2	16.2	3,075	3,819	(749)	42
Centro MCS Syndicate No. 21 Holding Trust ⁽¹⁾	22.7	22.7	5,320	7,113	(1,787)	50
Centro MCS Syndicate No. 21 Property Trust ⁽¹⁾	50.0	50.0	31,845	42,583	(10,737)	300
Centro MCS Syndicate No. 22 Investment Trust ⁽¹⁾	22.3	22.3	3,319	3,560	(213)	58
Centro MCS Syndicate No. 22 Property Trust ⁽¹⁾	20.2	20.2	4,651	4,988	(302)	83
Centro MCS 23 Investment Syndicate ⁽¹⁾	40.6	40.6	2,479	3,266	(752)	23
Centro MCS 23 Property Syndicate ⁽¹⁾	26.4	26.4	3,860	5,362	(1,157)	38
Centro MCS Syndicate No. 28 ⁽¹⁾	30.4	30.4	48,893	86,765	(40,583)	621
Centro MCS Syndicate No. 33 ⁽¹⁾	40.4	40.4	36,577	51,989	(16,003)	514
Centro MCS Syndicate No. 34 ⁽¹⁾	42.0	42.0	15,280	26,356	(11,524)	243
Centro MCS Syndicate No. 35 ⁽²⁾	49.6	49.6	10,017	29,444	(19,427)	1,049
Centro MCS Syndicate No. 37 ⁽¹⁾	49.7	49.7	17,428	35,174	(18,787)	377

Continued next page...

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Centro Premium Fund No 1 ⁽³⁾	50.0	50.0	-	35,594	-	1,909
Retail Co-Investment Trust ⁽³⁾	50.0	50.0	-	32,810	-	1,035
Centro America Fund ⁽⁴⁾	94.9	94.9	-	-	-	7,137
Centro Australia Wholesale Fund ⁽⁵⁾	100	100	-	-	-	19,980
Centro MCS Syndicate No. 39 ⁽⁴⁾	100	100	-	-	-	8,997
Centro MCS Syndicate No. 40 ⁽⁴⁾	100	100	-	-	-	8,924

(1) Accounted for as an associate after the Centro Direct Property Fund business combination on 9 May 2008.

(2) Accounted for as an associate after the Centro Direct Property Fund International business combination on 25 January 2008.

(3) Direct associates of Centro Properties Group.

(4) Accounted for as an associate until the Centro Direct Property Fund International business combination on 25 January 2008 and thereafter consolidated as a controlled entity.

(5) Accounted for as an associate until the Centro Direct Property Fund business combination on 9 May 2008 and thereafter consolidated as a controlled entity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(h) Summarised Financial Information of Associates

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Share of associates' contingent liabilities	-	-	-	-
Share of associates' expenditure commitments	-	-	-	-
Summary of the performance and financial position of associates accounted for using equity accounting method				
Aggregate revenue	-	-	284,494	623,830
Aggregate net (losses)/profits after income tax	-	-	(415,545)	30,604
Assets	-	-	2,738,226	3,135,401
Liabilities	-	-	945,743	897,402
Summary of the performance and financial position of associates accounted for as financial assets carried at Fair Value Through Profit or Loss				
Aggregate revenue	-	-	255,393	493,159
Aggregate net (losses)/profits after income tax	-	-	(589,516)	(45,396)
Assets	-	-	3,068,925	3,981,880
Liabilities	-	-	1,643,620	2,051,668

29. COMMITMENTS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:				
Capital expenditure:				
Capital expenditure projects ⁽ⁱ⁾			71,518	214,523
Payable:				
Within one year	-	-	66,382	168,687
Later than one year but not later than five years	-	-	5,136	45,836
Later than five years	-	-	-	-

(i) Includes Centro Development Management Pty Ltd, a wholly-owned entity of Centro Properties Group, which has undertaken to act as agent on behalf of Centro managed vehicles. Centro will initially incur the capital expenditure, but expects to recoup 100% of these costs from the Centro managed vehicles.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

30. OPERATING LEASES

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.09 \$'000	30.06.08 \$'000	30.06.09 \$'000	30.06.08 \$'000
The property of the Group is leased to third party tenants under operating leases at balance date. Lease terms vary between tenants and some leases include percentage rent payments:				
Future minimum rental revenues under non-cancellable operating leases at balance date are as follows				
Receivable:				
Within one year	-	-	1,356,838	1,338,977
Later than one year but not later than five years	-	-	3,708,731	3,756,021
Later than five years	-	-	2,545,197	2,658,214
	-	-	7,610,766	7,753,212

These amounts do not include percentage rentals which depend upon retail sales performance, and recovery of outgoings.

31. EVENTS OCCURRING AFTER REPORTING DATE

(a) Executive Contract Renewals and Appointments

On 6 August 2009, Centro announced that Glenn Rufrano, Group Chief Executive Officer, had advised the board that he would not be renewing his contract beyond February 2010. Tony Clarke also advised that he would not be renewing his contract as Chief Executive Officer – Australia beyond February 2010. A search for a new Chief Executive Officer has commenced.

On 13 July 2009, Centro announced that it had appointed Chris Nunn as Group Chief Financial Officer and Dimitri Kiriacoulacos as General Counsel – Australia. Mr Nunn joined in September and Mr Kiriacoulacos will join by October. Both will be members of Centro's Executive Committee.

(b) Asset Sales

Since 30 June 2009, the Group has sold the following interests in US assets:

- Four US assets held by Centro Shopping America Trust (otherwise known as CSF or Centro GA America LLC) for gross proceeds of US\$70.1 million.
- Two US assets held by Super LLC for gross proceeds of US\$10.7 million (including Super LLC's portion of assets disposed of through a joint venture); and
- One US asset held by Centro MCS 39 for gross proceeds of US\$17.9 million.

Other than disclosed above, since 30 June 2009 no events have occurred which have had a material impact on the financial position or results of the operations of the Group.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on Pages 56 to 143 and remuneration disclosures on Pages 33 to 53 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

In the opinion of the directors of Centro Properties Limited the financial statements and notes are in accordance with the Constitution dated 31 July 1989.

This declaration is made in accordance with a resolution of the directors.

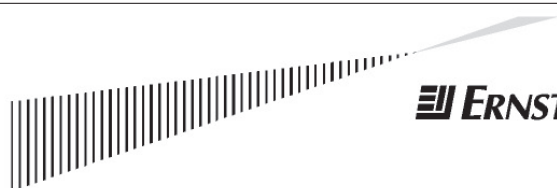


P. Cooper

Chairman

Signed at Melbourne, 15 September 2009

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report to the members of Centro Properties Limited

Report on the Financial Report

We have audited the accompanying financial report of Centro Properties Limited (the 'Company') and Centro Properties Group (the 'Group'), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Centro Properties Limited and Centro Properties Group. The Group comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

2009

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT



2008

Ernst & Young were appointed Auditors on 26 June 2009 and therefore did not audit the financial report for the year ended 30 June 2008. The extent of our audit procedures performed on the comparatives has, in accordance with Australian Auditing Standards, been significantly less than for the audit of the 2009 financial information and has been limited to ensuring that the comparatives have been correctly reported and are appropriately classified in accordance with International Financial Reporting Standards.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Basis for Qualified Auditor's Opinion on Comparative Information of the Group

The consolidated financial information and remuneration report at 30 June 2008 included profit and loss, cash flow and remuneration information in respect of Direct Property Fund International and Direct Property Fund from 25 January 2008 and 9 May 2008 respectively. We have been unable to obtain sufficient and appropriate audit evidence to determine whether control of those entities passed to the parent entity on that date or at some earlier date due, inter alia, to limitations in our access to the predecessor auditor's working papers and to the Group's relevant former executive management personnel with responsibility for determining the point at which the control passed and any documentation they may have had to support their judgements on this matter.

Qualified Auditor's Opinion

In our opinion, because of the significance of the above matter in relation to the results of Group's operations for the year ended 30 June 2008, we are not in a position to, and do not express an opinion on the comparatives for the year ended 30 June 2008 of the Group as they relate to the income statement, cash flow statement and statement of changes in equity for the year ended on that date and the comparative information in the related notes 3, 4, 5, 6, 9, 10, 11, 12, 14, 16, 19, 20, 21, 23, 24, 26, 27 and 28.

In our opinion except for the above matter :

1. the financial report of Centro Properties Limited and the Centro Properties Group is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Company and the Group as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

INDEPENDENT AUDITOR'S REPORT



Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualifying the opinion expressed above, we draw attention to Note 1(b) in the financial report which indicates that there is significant uncertainty as to whether the Group will continue as a going concern as the Group remains reliant on the support of its lenders through extension of certain loan facilities and, therefore, whether the Company and its controlled entities (including the Centro Properties Trust) will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 33 to 53 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Qualified Auditor's Opinion

In our opinion, because of the significance of the above matter in relation to the remuneration information for the year ended 30 June 2008, we are not in a position to, and do not express an opinion on the comparatives for the year ended 30 June 2008 as they relate to the Remuneration Report.

In our opinion except for the above matter the Remuneration Report of Centro Properties Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of BR Meehan.

BR Meehan

Partner
Melbourne
15 September 2009

Centro The Glen, VIC



SUMMARY OF SECURITYHOLDERS

as at 28 August 2009

Range	Fully Paid Ordinary Securities	
	Number of Securityholders	% of Issued Securities
1 to 1,000	5,035	0.32%
1,001 to 5,000	11,987	3.53%
5,001 to 10,000	5,937	4.90%
10,001 to 50,000	6,814	16.55%
50,001 to 100,000	1,296	10.23%
100,001 and Over	1,021	64.47%
Number of Securityholders	32,090	100%
Holdings less than a marketable parcel	12,615	

SUBSTANTIAL SECURITYHOLDERS

	Fully Paid Ordinary Securities	
	Number Held	% of Issued Securities
HSBC Custody Nominees (Australia) Limited	78,137,952	8.04%
J P Morgan Nominees Australia Limited	42,093,579	4.33%

20 LARGEST SECURITYHOLDERS

	Fully Paid Ordinary Securities	
	Number Held	% of Issued Securities
HSBC Custody Nominees (Australia) Limited	78,137,952	8.04%
J P Morgan Nominees Australia Limited	42,093,579	4.33%
JP Morgan Chase Bank Na	28,945,667	2.98%
Vistal Group Limited	26,591,042	2.74%
The Royal Bank Of Scotland Plc	25,583,632	2.63%
BNP Paribas	18,882,655	1.94%
ANZ Nominees Limited <Cash Income A/C>	18,416,400	1.89%
Australia And New Zealand Banking Group Limited	17,050,939	1.75%
Citicorp Nominees Pty Limited	12,567,743	1.29%
BSF (BVI) Limited	8,000,000	0.82%
UBS Wealth Management Australia Nominees Pty Ltd	7,557,927	0.78%
Lumar Investments Pty Ltd <The Lou Family A/C>	6,190,000	0.64%
Comsec Nominees Pty Limited	5,921,785	0.61%
Centro MCS Manager Limited <Centro Direct Prop Fund A/C>	5,307,283	0.55%
Smartec Capital Pty Ltd	4,970,000	0.51%
National Australia Bank	4,601,970	0.47%
Merrill Lynch (Australia) Nominees Pty Limited	3,721,905	0.38%
Mr Lawrence Lou & Mrs Margaret Lou <Smartec Super Fund A/C>	3,660,000	0.38%
Mr Adam Garrigan	3,500,000	0.36%
Commonwealth Bank Of Australia	3,434,394	0.35%
Total 20 Largest Securityholders	325,134,873	33.45%
Total Capital	971,867,258	100%

GLOSSARY

ABN – Australian Business Number.

A\$ – Australian Dollars.

AICD – Australian Institute of Company Directors.

AIFRS – Australian Equivalents to International Financial Reporting Standards.

Anchor – Typically a large retailer (often a supermarket, department store or discount department store) with a lettable area greater than 1,000m².

A-REIT – Australian Real Estate Investment Trust – A company that owns, and in most cases, operates income-producing real estate such as shopping centres. REITs were created to make investments in large-scale, income-producing real estate accessible to investors.

ASIC – Australian Securities & Investments Commission – ASIC enforces and regulates company and financial services laws to protect consumers, investors and creditors.

Assets – The resources owned by a company, fund or person. Assets can be tangible, e.g. cash, investments, property and equipment, or intangible, for example goodwill, patents.

ASX – Australian Securities Exchange Limited.

Basis Points – One basis point is 1/100th of one percent. One per cent is equal to 100 basis points.

Book Value – The value of an asset as recorded in a company's statutory accounts, representing its cost plus any additions, less depreciation. The book value may differ from the current market value.

Capitalisation Rate – The net income from a property expressed as a percentage of the market value of the property.

Centro (CNP) – Centro Properties Group being Centro Properties Limited (ABN 45 078 590 682) and Centro Property Trust (ARSN 091 043 793) and all other entities controlled by each of them.

Centro MCS – The direct property syndicate division of Centro, consisting of Centro MCS Manager Limited (ABN 69 051 908 984) and CPT Manager Limited (ABN 37 054 494 307).

Centro Retail Trust (CER) – A pure property trust specialising in the ownership of shopping centres. CER owns retail property investments in Australia and the US.

Centro Stapled Securities – Securities traded on the ASX which comprise one ordinary unit in the Centro Property Trust (ARSN 091 043 793) and one ordinary share in Centro Properties Limited.

CMBS – Commercial Mortgage Backed Securities – A form of secured borrowing against commercial property assets, similar to a home loan.

Derivative – A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterised by high leverage.

Direct Property – Real estate investments which are held directly or through unlisted collective ownership vehicles subject to appraisal valuations.

Distributions – Income payments made by a trust to its investors.

EBIT – Earnings before interest and taxes.

Exchangeable Securities – Debt instruments which give the holders of these securities the right to exchange them under certain conditions for one or more shares of a stock corporation.

FinSIA – Financial Services Institute of Australia.

Foreign Exchange (FX) – System of trading in and converting the currency of one country into that of another.

Gearing Ratio – The gearing ratio is generally expressed as a percentage and is calculated as the proportion of borrowings to assets.

GST – Goods and Services Tax.

Hedge – A strategy used to offset financial risks such as movements in interest rates or foreign currency exchange (FX) rates. Common hedging strategies adopted include the use of interest rate swaps, FX rate forwards and cross currency swaps, which are effectively used to fix interest rates or foreign currency exchange rates for the life of the swap. These swaps are generally independent of the debt facilities, so a swap maturity date may be different to the term of the debt facility. The hedges may or may not satisfy the definition of a hedge under Australian Accounting Standards.

ICR – Interest Coverage Ratio – A ratio used to determine an entity's ability to pay interest on outstanding debt. The interest coverage ratio is calculated by dividing the entity's earnings before interest and taxes (EBIT) of one period by the entity's interest expenses of the same period.

Liquidity – The ability of an asset to be converted into cash quickly and without any price discount.

Listed Asset – A company that is publicly owned and listed on a recognised securities exchange.

LPT – Listed Property Trust – A property trust that is listed on the ASX. Now commonly referred to as Real Estate Investment Trusts (REITs).

LVR – Loan to Value Ratio.

Margin – Fee charged by a lending institution or loan facility above the base interest rate of a loan.

Market Capitalisation – The value of an entity as reflected in its stock market price. It is calculated as current price per security multiplied by the number of securities on issue.

Market Value – The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

MTM – Mark to Market – The accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value.

NAB – The NAB (or Net Asset Backing) is the measure used to reflect the fair value of a syndicate or fund on a per unit basis. The use of a NAB methodology differs somewhat from the accounting norm of a Net Tangible Assets (NTA) figure (NTA being simply the total tangible assets of a company or trust on a per unit basis). Though NAB is quite closely aligned with NTA, it is adjusted for several factors such as actual or likely property acquisition costs, structuring and establishment costs, exit and success fees and selling costs.

NOI – Net Operating Income – Property revenues less property expenses, excluding debt service, depreciation and capital expenditures.

NTA – Net Tangible Assets – Calculated as the total assets of an entity, minus any intangible assets such as

goodwill, patents and trademarks, less all liabilities and the par value of preferred stock.

OEI – Outside Equity Interest.

Property Trust – A property trust is a means for investors to purchase an interest in a portfolio of real property assets. Investors in property trusts typically receive regular rental income through distributions and any capital gains on the assets are also passed on to investors through the trust. There are two main types of property trusts: a Real Estate Investment Trust (REIT), which is a pooled investment whose units are listed on the ASX, previously referred to as LPTs, and Unlisted Property Trusts which are not listed on the ASX.

RE – Responsible Entity – A company that holds an Australian Financial Services Licence authorising it to operate a registered managed investment scheme.

Securities – A financial instrument, which is a claim over an asset or a future income stream. Examples are bonds and shares.

Stapled Security – When the unitholder owns a unit in a trust and a share in the attached company, which cannot be separately traded.

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.

Unitholder – The person for the time being registered under the provisions of the trust deed as the holder of a unit in the trust and includes persons jointly registered.

US\$ – US Dollars.

Yield – The income from an investment expressed as a percentage of its value.

Wholesale Fund – An unlisted fund managed by a professional fund manager that pools moneys from institutional investors to invest in assets that would not normally be accessible to individuals.

Responsible Entity

CPT Manager Limited
ABN 37 054 494 307

Board of Directors

Paul Cooper (Chairman)
Graham Goldie
Sam Kavourakis
Peter Wilkinson
Jim Hall
Rob Wylie

Company Secretary

Elizabeth Hourigan

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Melbourne Victoria 3000

Security Registrar

Link Market Services Limited
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Melbourne Victoria 3000

