

CENTRO **PROPERTIES** **GROUP**

annual report **2010**

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Chairman's Report

The Year in Review

Centro Properties Group (Centro) 2010 Financial Year was highlighted by:

- Continuing to actively manage our assets, funds and people
- Completion of the Centro and Centro Retail Trust (CER) Board separation and regeneration
- Finalisation of the restructuring of the Executive Committee and the appointment of Robert Tsenin as Group Chief Executive Officer (CEO) and Managing Director
- Some progress on the move toward a restructure and recapitalisation of the Group

The Stabilisation Agreement achieved in January 2009 provided us the time to work through a range of alternatives and considerations as to how to take the Centro Group forward and deliver outcomes in the best interests of all stakeholders.

Developing and executing a plan for restoring value is the next step we must take. Some progress was made on this front in FY10 and although discussions commenced with our lenders on potential restructuring options under consideration, no decisions have yet been made.

Financial Result

Centro achieved an underlying profit* for the year ended 30 June 2010 of \$174 million (2009: \$229 million). Centro's net loss (net loss occurs when expenses exceed the income produced) was \$653 million (2009: \$3,544 million).

The loss is primarily attributable to a number of non-cash items including property devaluations, impairment of intangible assets, the effect of foreign exchange movements and derivative mark-to-market adjustments. The Review of Operations on Page 12 contains further detailed information of Centro's financial result.

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

*The Australian Institute of Company Directors (AICD)/Financial Services Institute of Australasia (FinSIA) defines underlying profit as "the statutory profit figure as adjusted in order to arrive at an amount which reflects the result for ongoing business activities and is a sound basis for the estimation of future operating results of the enterprise."

Board Regeneration and Separation Completed

New non-executive Directors Anna Buduls, Susan Oliver and Robert Tsenin took their places on the Board on 1 October 2009 following the retirements of Graham Goldie, Sam Kavourakis and Peter Wilkinson. We undertook a rigorous selection process that led to the appointments of Anna, Susan and Robert and were delighted to appoint three individuals with both diverse and extensive experience.

The first meeting of the new Centro Board represented a major milestone for the Company. The CER Board is now also separate from the Centro Board with Jim Hall and I being the only common Directors. These new arrangements have ensured both a continuity of corporate knowledge and the independence CER must have as it assesses options for its future.

Executive Management Team Regenerated and New CEO Appointment

Centro's Succession Plan was completed when Glenn Rufrano and Tony Clarke left Centro and non-executive Director Robert Tsenin commenced as Group Chief Executive Officer and Managing Director in March 2010.

During the year we also announced the appointment of a new Group Chief Financial Officer, Chris Nunn, who commenced in September 2009, and new Group General Counsel, Dimitri Kiriacoulacos, who commenced in October 2009.

The regeneration of the Centro Executive Committee was completed when a new member of the team, Sue Smith, joined us in the newly created role of Group General Manager, Human Resources in July 2010.

On behalf of the Board I would like to thank Glenn Rufrano and Tony Clarke for the work they did in steering the Group through the most challenging of times. Glenn and Tony played an integral role in stabilising the Group and through their focus and leadership created the platform for stability and growth that we are building on today. Glenn and Tony joined Centro in a time of crisis and their important contributions to Centro cannot be overstated. The Board wishes them both well for the future.

Following a global search for a new Group CEO, the Board was pleased to announce in January 2010 that Robert Tsenin (who had previously been appointed as a new non-executive Director) had been appointed to the role. Robert formally commenced his duties as Group CEO and Managing Director on 1 March in our Melbourne head office having spent a month as CEO designate.

The handover period, and Robert's time as a non-executive Director, provided him with a sound knowledge of the Centro business and resulted in a seamless transition from Glenn and Tony's leadership.

Robert has brought to Centro more than 30 years experience in real estate, corporate finance, and mergers and acquisitions, both in Australia and abroad, including six years at Lend Lease as Finance Director. His depth of experience and knowledge of the Group quickly came to the fore as he immediately got on with the job of steering the Centro Group in the direction required for us to achieve our longer term goals.

Restructure Update

In last year's Annual Report, I advised that Centro's future depended on our ability to achieve a recapitalisation of the Group. I said that FY10 would be a critical year for Centro to utilise the time afforded under the debt stabilisation agreement executed in January 2009 to commence working through a range of alternatives and considerations as to how to take the Group forward and deliver outcomes in the best interests of all securityholders.

A "do nothing" approach is not a viable one for Centro. Centro must be simplified, restructured and recapitalised. Until this happens the Group will not be able to generate the capital required in the future to undertake asset development and capture investment opportunities.

As I outlined at the beginning of this Report, some progress has been made, however maximising value is going to take some time.

In December 2009 Centro announced the appointment of J.P. Morgan Australia Limited and Moelis & Company as co-advisers to work with management to undertake an assessment of a restructure of Centro. CER appointed its own adviser UBS. The objective of the assessment phase was to identify the means by which the enterprise value of the Group can be maximised and to separately identify and analyse execution risks.

The assessment phase concluded in mid 2010 and Centro announced to the market a restructure update in July.

As the assessment phase progressed it became clear to management that a restructure and recapitalisation of the Group could be accomplished in a number of ways but that Centro's complexity will make the execution of any plan very challenging.

Multiple stakeholder approvals will be required and it is vital for us to ensure that our Lender Group is in agreement with us on direction. Discussions with our lenders on potential restructuring options we have under consideration have commenced but again I emphasise that no decisions have been made at this stage.

Continuing Focus on Operations

Whilst the restructuring work has been ongoing, the Group has continued to remain focused on the operating side of the businesses.

Continuing to manage our properties, funds and syndicates to achieve the best possible outcome for our securityholders is vital for Centro's future. These everyday realities are happening in parallel with the restructuring work.

As an example, in July 2010 Centro commenced strategic initiatives aimed at strengthening and growing its syndicate funds management business. A formal process began that will evaluate interest from strategic parties to participate alongside Centro in the growth of its syndicate funds management business.

The strategic intent is to grow the syndicates business and create value for Centro, a direction consistent with the work that is being done to date on assessing restructuring options.

Throughout the year I was fortunate to be able to visit many of our assets both in Australasia and the US alongside the Chairman of CER, Peter Day. Peter and I were both impressed not only by the quality and presentation of our properties, but also by the hard working and diligent management we have at all levels in the field. I will continue a series of visits in FY11.

Financial risk management has also remained a key focus during the year. We successfully refinanced or extended all maturing facilities, including \$1.4 billion of debt across our managed funds and in July 2010 we announced a major milestone in securing a one-year extension to 31 December 2011 for US\$2.3 billion of debt within Super LLC, which is a joint venture between Centro Properties Group, CER and Centro MCS 40. The maturity of this US debt is now aligned with the term of our Australian headstock debt, and importantly affords us greater time to assess and implement a broader group restructure.

I would like to acknowledge the achievements of Centro's auditors, Ernst & Young, who were appointed toward the end of FY09. Ernst & Young joined Centro at a critical time for the Group and worked with management to finalise the FY09 accounts within a short timeframe. They have continued to work with Centro to ensure we deliver fully audited financial results by end of August 2010.

This progress, as outlined above, in conjunction with actively managing our properties and funds, is the platform from which Centro can now focus on long-term strategies.

Shareholder Class Action

Centro continues to defend two class action claims that have been brought against us, the first by Maurice Blackburn and the second by Slater & Gordon. Cross claims were served by Centro against its former auditor, PricewaterhouseCoopers in respect of both class action proceedings.

The shareholder class actions were last before the court in March, the issues dealt with on that occasion principally concerned whether the shareholder groups can pursue a direct claim against PricewaterhouseCoopers.

The court has reserved its decision on this issue and no date has been indicated for delivery of this decision.

Centro believes it is in the best interests of all involved for these claims to be dealt with as quickly and efficiently as possible.

Our Board's Approach

The Board has continued to pursue a reformist agenda on matters of corporate governance during the year. Following the regeneration and separation of the Centro and CER Boards, the Centro Board undertook a review of its original charter and committee structures.

Centro appointed external consultants to assist the Board to undertake an assessment and review of the Board, Committees and performance. This process will be completed by the one year anniversary of the new Board appointments that became effective in October 2009.

The Board reviewed the composition of its committees and Committee chairpersons and I believe the Committee structures now recognise and reflect the skills and expertise that each of our Board members bring to Centro.

Looking Ahead

Opportunities and challenges are going to emerge from our work on the restructuring and recapitalisation of the Group.

The foundations for change that have been put in place since the stabilisation of the Group will serve us well as we make the decisions and changes required for our future progress.

The Group made progress in FY10 as our focus transitioned from stabilisation to an examination of alternatives and considerations of restructuring and recapitalisation options for the Group. These options and the direction in which we move will underpin our future.

Our work in FY10 on the restructuring and recapitalisation of the Group is just the beginning of change.

The Board and management team in place are the right team, working in concert, to ensure these challenges and opportunities are addressed comprehensively, energetically, and in the long term best interests of all securityholders.

Investor Communications

Your support and investment are important to us. Building on the work commenced last year, we continued to listen to Investor feedback. I am particularly pleased that the responses we have had to date suggest the Investor newsletter sent to you periodically is proving a valuable resource for Investors.

We are also working on an improved website that will be live by the time you receive your Annual Report.

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 17 November 2010 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.

Signed

A handwritten signature in black ink, appearing to read 'Paul Cooper', is displayed within a light gray rectangular box.

Paul Cooper

31 August 2010

CEO's Report

Since becoming Chief Executive Officer of Centro Properties Group in March 2010 I have focused on:

- The continued management of the operating performance of our properties and funds; and
- Identifying and assessing financial and operational restructuring and recapitalisation alternatives for the Centro Group.

Managing the Business

Business Operations

The Centro Group has quality assets that have performed well despite the difficult operating environment experienced over the past few years.

The Centro Group continues to be a leading retail centre property manager. In Australia, we have achieved a very high stabilised occupancy of 99.5% and improving comparable NOI growth of 3.2% for FY10. Success in hiring and retaining strong leasing executives and implementing centre-based operating cost saving initiatives are helping to drive this performance.

The US environment remains challenging with 88.3% stabilised occupancy and comparable NOI decline of 4.2% for FY10. The US economy has not recovered from the global financial crisis as quickly as the Australian economy and the impact of this is reflected in the results of our US property portfolio. Whilst there are some indications of a recovery in the US economy, any meaningful improvement in portfolio fundamentals is expected to lag. In particular, we continue to face considerable leasing challenges in the US.

As part of the Stabilisation Agreement executed in January 2009, budgets were agreed for maintenance and operational capital expenditure across the Centro Group's property portfolio. As a result, there is limited capital available and the ability to undertake value adding developments or take advantage of new investment opportunities has been limited. This impacts on our competitiveness and the future value of our assets.

Restructuring and recapitalising the Centro Group as soon as possible is the only way of returning to a normal operating platform whereby we can develop and invest strategically for future growth.

Financial Results

Our property results, coupled with our ongoing Services Business fee streams, have provided an Underlying Profit of \$174 million for the year. However, overall on a statutory basis Centro recorded a net loss of \$653 million largely as a result of the impact of asset devaluations and impairment of intangible assets.

Whilst the Stabilisation Agreement has crucially afforded us time to address the structural challenges facing the Centro Group, it did not resolve these challenges. Essentially under the Stabilisation Agreement, the lender group extended maturing debts to December 2010 (US facilities) and December 2011 (Australian facilities), in exchange for taking all available security and the option to convert (subject to securityholder approval) the negotiated \$1 billion Hybrid Securities to 90.1% of the diluted capital of Centro (including securities already issued to the lender group).

However, the Stabilisation Agreement did not address Centro's fundamental issue of overleverage or other financial risks including interest rate and foreign currency exposures.

Across the entire Centro Group, including Centro and all of its funds under management, there is \$18.6 billion of investment properties and \$18.4 billion of debt. This is clearly an unsustainable capital structure. Centro's current inability to obtain derivative credit lines also means we have not been able to hedge the interest rate exposure for approximately 63% of our \$3.5 billion headstock debt or our net foreign currency exposure on our negative net US equity of US\$2.5 billion. These exposures mean that in the future, Centro is likely to experience significant volatility in both its underlying profit and equity position. If interest rates increase, Centro's underlying profit will decrease and if the Australian dollar depreciates relative to the US dollar, Centro's net equity will further deteriorate, other things being equal.

At June 2009, Centro had net tangible assets per security of -\$2.91, which due largely to further property devaluations, has deteriorated to -\$3.12 at 30 June 2010.

Centro's net equity attributable to members at 30 June 2010 is -\$2.1 billion, again an unsustainable capital structure.

Given this negative net asset position, a significant uncertainty exists in relation to Centro'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. Centro remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates and the provision of loan covenant waivers. The Group also relies on the continuation of distributions from its investment portfolio. 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, refinanced or restructured, including by way of compromise;
- 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 as outlined in the 30 June 2010 financial report. Key to this assessment is management's and the Board's reasonable expectations, based on preliminary considerations of, and dialogue on, various potential restructure alternatives that a restructure and recapitalisation will take place, though because this will most likely require the consents and approvals of many parties including lenders and investors, no outcome can be guaranteed.

Debt Refinancing

Despite these challenges, during the year Centro successfully completed the extension and refinancing of \$1.4 billion of debt across its managed funds. This was a significant achievement that improved the debt maturity profile of Centro Retail Trust, Centro Australia Wholesale Fund and many Centro MCS syndicates.

Discussions with lenders around debt maturities in FY11 have also commenced and are progressing satisfactorily.

Subsequent to year end, Centro also announced a number of further significant financing achievements, completing financing arrangements for approximately US\$3.1 billion of debt across its US business. These financing arrangements include:

- Extension of US\$2.3 billion of debt within Super LLC (a joint venture of CNP, Centro Retail Trust (CER) and Centro MCS 40) from 31 December 2010 to 31 December 2011 with no increase in margins;
- New Term Loans totalling US\$659 million, US\$469 million of which has been utilised to refinance debt within Super LLC for a period of 10 years; and
- Extension of US\$125 million of debt outside of Super LLC to 31 December 2011.

Approximately US\$2.7 billion of the US\$3.2 billion of debt within Super LLC which was due to expire on or before 31 December 2010 has therefore been extended or refinanced.

A number of options to refinance the remaining balance of approximately US\$440 million are being considered and we remain confident of a successful outcome.

Super LLC

Super LLC is a joint venture between Centro, Centro Retail Trust ("CER") and Centro MCS 40 ("CMCS 40"). Super LLC owns US properties which have been secured against the debt within the Super LLC structure. Under the terms of the joint venture, each of the joint venture partners is entitled to the economic benefits and burdens of separately identified properties, including the property specific debt encumbering those assets. In terms of non-property specific unsecured debt within Super LLC, the joint venture partners are each effectively responsible for such debt to the extent of the value of the properties they have interests in within Super LLC. Should there be a default under the Super LLC banking arrangements, ultimately the unsecured lenders to Super LLC may seek to recover the amounts owing from any of the properties within Super LLC. This limits the exposure of CER and CMCS 40 to the extent of their equity value of their allocated assets within Super LLC. As part of the Stabilisation Agreement announced in January 2009, Centro provided additional collateral of certain investments to the lenders of Super LLC.

As at 30 June 2010, Super LLC had a total of US\$4.9 billion of assets and US\$5.3 billion of liabilities. Given this over 100% leveraged position, no cash is able to be distributed to the shareholders of Super LLC. Due to the total assets of Super LLC being less than the total amount of debt and the cross collateralisation discussed above, both CER and CMCS 40 have impaired their investments in Super LLC to nil value.

The following table depicts the financial position of Super LLC at 30 June 2010.

US\$bn	CNP	CER	CMCS 40	Super Total
Assets	1.69	2.46	0.78	4.93
Liabilities	2.71	1.98	0.60	5.29
Equity	(1.03)	0.48	0.19	(0.36)
Impairment		(0.48)	(0.19)	N/A
Equity (post impairment)	(1.03)	-	-	N/A
LVR (pre impairment)	161%	80%	76%	107%

Our People

The Centro Group in Australia and the US has an extremely professional and dedicated staff. That is reflected in the continued good performance of our centres and businesses, even during these challenging times. I would personally like to thank the teams both in Australia and the US for their dedication and commitment to the Centro Group.

Ensuring that we retain and motivate our staff is critical to the Groups performance. Without the commitment of our staff the ongoing performance of our 712 centres runs the risk of severe deterioration. For these reasons, an important recent addition to the Centro Executive Committee was the newly created role of Group General Manager, Human Resources. Moving forward we will require a global and strategic human resources focus to coordinate the strategic management of our people across Australia and the US which we are now well positioned to achieve.

Restructure Update

As part of the ongoing review conducted in the second half of FY10 of restructure and recapitalisation options, we assessed a “do nothing – business as usual” scenario and determined that this is not a viable strategy for maximising value for our stakeholders. Centro must be simplified, made more transparent and it must be recapitalised.

Much of the work that management and our advisors undertook in the second half of FY10 pointed us in this direction. The complexity of the Centro Group required us to immediately address issues of governance and ensure that the interests of all stakeholders were appropriately managed and, as discussed in the Chairman’s Report, Centro has robust governance processes in place.

The complexity of the Centro Group is also driving the need for a restructure. The way the Centro Group is currently structured, especially with assets owned in multiple co-ownership vehicles, makes it extremely difficult to efficiently raise capital.

An assessment of restructure alternatives for the Centro Group commenced in early 2010 with the objective of identifying the means by which the enterprise value of the Centro Group could be maximised, including recapitalisation options, and to consider and analyse execution risks.

The two ASX listed entities, Centro and Centro Retail Trust (“CER”), appointed separate advisers. The respective Boards’ clear primary responsibility is to act in the interests of their securityholders. As a consequence of the co-ownership of assets, we believe the best outcome will most likely occur if Centro and CER act collaboratively, but each party must be confident it is acting in the best interests of its securityholders.

Key components of the assessment phase involved identifying a number of financial restructuring alternatives for the Centro Group (including CER and the various funds and business units) and the development of a Strategic Business Plan.

Examples of what has been considered to date include the geographic separation of our Australian and US businesses, the creation of a syndicate business joint venture to facilitate the growth of our syndicate business, and targeted trade sales.

However the execution is not simple because of the complexity of the Centro Group. For example, consideration of a geographic separation of the Australian and US businesses is an option that is being considered but it is important to appreciate the complexity of execution. It will require approval by the securityholders of Centro and CER, all of the owners of the assets, comprising a number of different funds and shareholders, as well as our lenders.

It is pleasing to note that the capital markets have improved since the Stabilisation Agreement was reached in January 2009. This has meant that the range of financing alternatives has widened and more capital is available. We are far from the boom times 2006-07 period of reasonably freely available capital but the evident strengthening of property and capital markets has resulted in more third party interest in our assets and businesses.

Any restructure will be complex and must be critically linked to reducing the leverage and financial risks I have outlined above. Subject to market conditions, it is expected that any restructure could take through to the end of 2011 to implement. We have made progress on this journey and have commenced discussions with our lenders on potential restructuring options but no decisions have been made and at this stage a successful outcome to the negotiations cannot be guaranteed.

Syndicate Business Update

Independent of our restructuring considerations, we have also commenced a process to evaluate interest from strategic parties to participate alongside Centro in the growth of our syndicate funds management business. Obtaining expressions of interest from potential strategic parties with complementary skills is a logical next step in a process designed to enable Centro to maximise the value of this business for all its stakeholders.

Our syndicate property funds management platform is the largest in Australia. It is an attractive platform for a party seeking to gain immediate scale, presence and exposure to a significant portfolio of quality retail assets under management, 16,000 retail investors and a network of over 1,000 financial planners.

We believe this is an exciting opportunity to grow the syndicates business, provide a superior service to investors, and create value for Centro.

The Future

Centro has enviable asset platforms in Australia and the US; assets that have performed remarkably well through the global financial crisis.

The Stabilisation Agreement of January 2009 bought us time to consider restructure and recapitalisation options but now it is imperative that a restructure, and ultimately recapitalisation, be undertaken in a timely manner and with the intention of maximising value for all Centro stakeholders.

We are continuing to work toward achieving this with our advisers. As we progress this process we will be seeking consensus and agreement with our stakeholders and will keep the market informed as appropriate.

On a final note, I would like to thank the Board of Centro for their support and dedication. A cohesive and united Board will be critical as we work our way through the restructuring and ultimate recapitalisation of the Centro Group and I and the management team believe we have an extremely dedicated and supportive Board.



Robert Tsenin

31 August 2010

Review of Operations

Understanding Centro

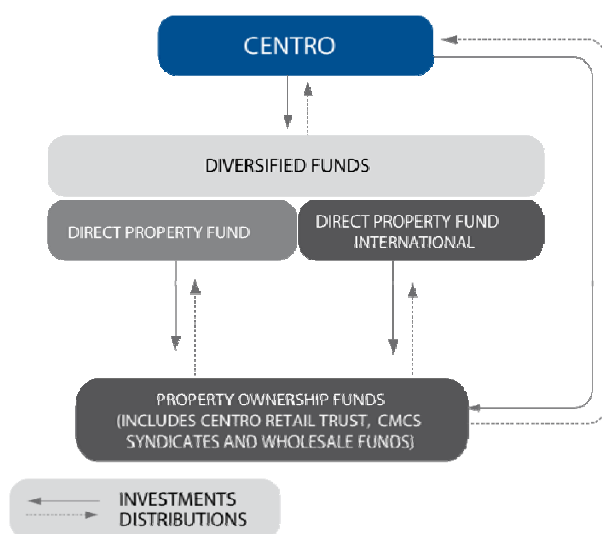
Centro is an Australian Real Estate Investment Trust (A-REIT) listed on the Australian Securities Exchange (ASX) under the code CNP. We have funds under management across Australasia and the US totalling \$18.6 billion.

We generally do not own real estate directly, but rather invest in shopping centres via listed and unlisted property investment funds.

Centro derives revenue primarily in two ways:

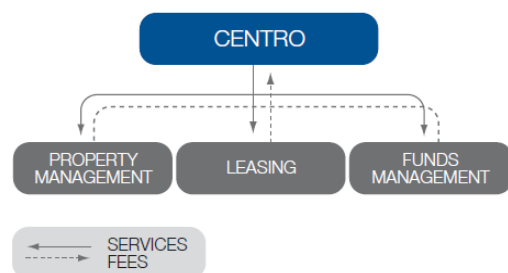
1. Investment Activities

Centro receives distributions from investments in its managed funds. These funds are diversified funds and property ownership funds including syndicates, wholesale funds and the listed Centro Retail Trust.



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. Both the property management and leasing functions are managed by the property operations team. Centro provides personnel, systems and facilities to deliver these services to the properties and funds.



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 by reference to the ownership levels of its managed funds. The accounts aggregate the performance of many of our managed funds and eliminate the Services Business revenue contributed by these funds. Accordingly, the statutory accounts provide limited insight to understanding our financial performance. We have presented the financial performance (below) reflecting equity accounted, or "ownership share", results to provide greater clarity and comparability to aid this understanding. These ownership share results are also presented in Note 6 to the financial statements.

Underlying profit for the year ended 30 June 2010 was \$173.8 million (2009: \$229.2 million). Centro's statutory net loss attributable to members was \$652.7 million (2009: \$3,544.0 million loss). The loss is primarily attributable to non-cash items including property devaluations and the impairment of intangible assets.

Financial Performance (Ownership Share)

Income Statement Extract for year ended (\$m)	30 June 2010	30 June 2009	Variance Fav / (Unfav)
Property investment income	252.6	295.7	(14.6%)
Services business income	222.3	299.8	(25.9%)
Overheads	(139.0)	(172.9)	19.6%
EBIT	335.8	422.6	(20.5%)
Net interest expense	(162.0)	(199.0)	18.6%
Preference Units	0.0	5.6	n/a
Underlying Profit*	173.8	229.2	(24.2%)
Attributable to Members			
Adjustments			
Investment property revaluations	(487.9)	(2,737.2)	n/a
Impairments of intangible assets	(331.2)	0.0	n/a
Foreign exchange gains and losses	49.8	(994.6)	n/a
Mark-to-market movements on derivatives	(27.9)	41.4	n/a
Restructuring costs & other adjustments	(29.4)	(82.7)	n/a
Net Profit/(Loss)	(652.7)	(3,544.0)	81.6%
Attributable to Members			

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

One of the most significant items impacting Centro's underlying profit is the movement in the Australian/US dollar foreign exchange rate. The appreciation of the Australian dollar, from an average of 75 cents in FY2009 to 88 cents in FY2010, has reduced the Australian dollar value of US dollar denominated income, thereby decreasing Investment and Services Business income from US investments as well as decreasing interest expense on US dollar denominated debt.

Property investment income, which included Centro's proportionate share of the underlying profitability of its managed funds, rather than their cash distributions, was \$253 million, a 15% decrease compared with the prior year. This decrease was due to a number of factors:

- Reduced net operating income from US investments due to lower rental income;
- Increased financing costs impacting the cost of debt for Australian ownership funds; and
- The appreciation of the average Australian/US dollar foreign exchange rate by approximately 18% impacting the Australian dollar equivalent of Centro's income from US investments.

The decrease in property investment income is partly offset by a reduction in US interest expense.

Services business income was \$222 million, down from \$300 million for the prior year. This represents the reduction in fees due to a combination of property devaluations, asset sales, and foreign exchange rate movements.

Centro's net interest expense has reduced to \$162 million compared to \$199 million for the prior year. This saving has resulted from the restructuring of debt including the conversion of \$1.05 billion debt into Hybrid Securities under the Stabilisation Plan in January 2009, which accrues interest at a lower rate than the prior debt, as well as lower prevailing interest rates for headstock debt in both Australia and the US and the favourable impact on translation of US Dollar denominated interest. As at 30 June 2010, 63% of Centro's A\$3.5bn headstock debt is subject to variable interest rates, and therefore, significant interest rate exposure exists.

In order to reconcile the underlying profit to the net profit attributable to members of Centro, below the Underlying Profit line are adjustments which mainly comprise non-cash items including asset revaluations, the impairment of intangible assets and foreign exchange movements. These major items are detailed as follows:

- **Investment Property Revaluations** – During the second half of FY2010, property valuations have fallen but at a lower rate of decline, with the majority of devaluations for the year occurring in the first half of FY2010. On a local currency basis, comparable Australian and US property values for Centro's managed property portfolios decreased by 0.2% and 0.7% respectively between December 2009 and June 2010, compared with decreases of 1.1% and 4.5% respectively for the first half of FY2010 and decreases of 15.3% and 18.2% respectively during FY2009.
- **Foreign Exchange Movements** – The value of the Australian dollar fluctuated considerably during FY2010. The Australian/US dollar exchange rate moved from 81c at the start of the year, to 90c at the half-year, and finished at 84c at 30 June 2010. As Centro currently has net US\$ liabilities of US\$2.5 billion, the exchange rate increase in the first half led to a gain for Centro, however, this was mostly offset with a loss in the second half as the exchange rate declined back to 84c.
- **Intangible Asset Impairment** – At 30 June 2010, Centro recognised a \$331 million (2009: nil) impairment of its intangible assets. Centro's intangible assets consist entirely of its Services Business. As is required at each reporting period, Centro tested its intangible assets for the purpose of impairment at 30 June. With limited access to capital, the assessed value at 30 June 2010 did not support the carrying values at 31 December 2009. Accordingly, an impairment of \$331 million has been recognised. While the valuation included in the financial report is based on what Directors have described as a 'limited capital available' scenario, the Group could face very different scenarios in future periods. Should the Group be unable to extend, refinance or renegotiate certain loan facilities beyond existing expiry dates or the Group's circumstances change adversely, the recoverable amount of intangible assets is likely to be significantly lower than the current carrying amount. On the other hand, if the economic conditions in Australia and the US improve, the Group is able to successfully implement a restructure and recapitalisation in the coming 12-18 months through which capital is made available to reinvest in the business, the value attributed to the Services Business could increase considerably. Refer to Note 14 of this Annual Report for more detailed information, assumptions and sensitivities concerning the intangible assets valuation.

Cash Flow

As with the Income Statement, Centro's statutory accounts present consolidated group cash flow information which is of limited use in understanding Centro's cash flow position. The most relevant cash flow information is "headstock" cash flow which represents the cash attributable to members of Centro Properties Group.

Cash flow is a critical component of Centro's financial performance. For the year ended 30 June 2010, Centro's headstock net cash flow prior to debt repayment was \$79 million, enabling us to pay down \$67 million of headstock debt during the year. This compares favourably to the prior year where net cash flow before debt draw downs was negative \$73 million, and \$77.5 million was drawn down from available facilities.

The sustainability of Centro's current headstock cash flow performance is subject to a number of factors including:

- Centro's exposure to variable interest rates;
- The ability of its investments to maintain current distribution levels (also dependent on NOI and interest rates);
- Stabilisation in property valuations;
- Centro's ability to preserve its assets and funds under management; and
- Costs associated with implementing any restructure.

Centro has a \$35 million undrawn working capital facility available which was provided as part of the Stabilisation Agreement.

Centro has one headstock financial covenant – a cash Interest Cover Ratio ("ICR"). For the year ended 30 June 2010, the ICR covenant was met.

Balance Sheet

At 30 June 2010 net equity attributable to members of Centro was negative \$2.1 billion (2009: negative \$1.6 billion). Net Tangible Assets (NTA) per security attributable to ordinary security holders of Centro was negative \$3.12 (2009: negative \$2.91). The following table demonstrates the Balance Sheet movements over the year are largely a result of the movements in investment property revaluations, the impairment of intangible assets and foreign exchange rates as discussed in the Financial Performance section above.

	Net Equity (\$'000)	Net Equity per Security (\$)
Net equity attributable to members of Centro Properties Group at 30 June 2009	(1,556,577)	(1.60)
Movements during FY2010:		
Underlying profit	173,793	0.18
Investment property revaluations	(487,892)	(0.50)
Foreign exchange and mark-to-market derivative value movements	78,034	0.08
Impairment of intangible assets	(331,168)	(0.34)
Other	(17,743)	(0.02)
Net equity attributable to members of Centro Properties Group at 30 June 2010	(2,141,553)	(2.20)
Adjustment for Preference Units (Convertible Bonds)	(528,069)	(0.54)
Net equity attributable to ordinary securityholders of Centro Properties Group at 30 June 2010	(2,669,622)	(2.75)
Adjustment for Intangible Assets recognised on balance sheet	(364,598)	(0.37)
Net tangible assets attributable to ordinary securityholders of Centro Properties Group at 30 June 2010	(3,034,220)	(3.12)

Centro's headstock debt of \$3.5 billion matures on 15 December 2011. As discussed in the Chairman's and CEO's reports, Centro is analysing restructure and recapitalisation options available to the Group which include addressing this upcoming major debt maturity.

Services Business

Centro's Services Business contributed approximately 35% of underlying EBIT and 51% of headstock operating cash flow in FY2010.

As at 30 June 2010, Centro managed a portfolio of 712 shopping centres and, as stated above, derives income from the management and leasing of these centres.

Our property management teams in both Australia and the US are highly skilled and experienced and achieved solid operating results.

Managed Property Portfolio and Performance

June 2010 Statistics	Australia (A\$)	United States (US\$)
Property Portfolio Value	\$7.3bn	\$9.5bn
Number of Properties	112	600
Comparable NOI Growth – Stabilised (12 months)	3.2%	-4.2%
Portfolio Occupancy Rate – Stabilised	99.5%	88.3%

Centro manages an A\$18.6 billion portfolio of 712 shopping centres in Australia, New Zealand and the US. The vast majority of the shopping centres are owned by Centro's managed funds. Approximately 60% of the portfolio by value is located in the US.

Centro is the second largest manager of retail property in Australia and the third largest manager of shopping centres in the US based on the gross lettable area of the centres.

In both the US and Australia, we operate national platforms supported by 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 discount 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 with each having responsibility for an average of 12 million square feet of retail space.
- Our local presence in the respective markets provides us with comprehensive market intelligence and gives us the opportunity to engage with our retailers – an approach critical in today's economic environment.

The value of Centro's properties under management declined during FY2010, and as discussed earlier, the majority of this decrease was in the first half of the year. On a comparable property basis, the valuations movements were as follows:

- Australia – The value of assets under management declined by 1.0% or \$72 million (of which \$61 million was in the first half of FY2010).
- US – The value of assets under management declined by 4.8% or US\$476 million (of which US\$412 million was in the first half of FY2010).

The moderation of devaluations in the second half of the year (compared to the first half) is a reflection of the gradually improving property market and fundamental performance measures which are discussed below.

Australasian Managed Properties Performance

The Australian portfolio has performed well in FY2010 despite the tough operating environment. Comparable net operating income (NOI) growth of 3.2% was above our expectations 12 months ago of 1% to 2%.

Our ability to rebuild our leasing team early in FY2010 was one of the key drivers of our solid performance for the year. Rental income growth on renewals has increased to 5.4%, occupancy levels have increased to 99.5% from 99.0% at June 2009, and we had pleasing increases in our base rent, percentage rent and casual mall leasing from the prior year.

We have achieved cost savings by maximising the economies of scale of our national portfolio through consolidated tendering of major services contracts. The benefits of these savings will become more apparent in FY2011.

Sales growth for the Australian portfolio, whilst remaining solid at 4.0%, has been adversely impacted by the downturn in consumer spending, predominantly due to the loss of the impact of last year's stimulus spending. The supermarkets have been the primary driver of total retail sales growth in the portfolio which has been aided by the major chains continuing to redevelop their stores combined with their aggressive marketing and competition.

In FY2011 we expect retail sales growth will continue to be subdued as a result of rising interest rates suppressing any above trend growth. Nevertheless, despite retail sales coming under increasing pressure, we have continued to see solid leasing demand. WA continued to be the state with the highest rental growth, however strong results from our centres in NSW, and also Victoria and Queensland, contributed strongly.

Our strategy for FY2011 is to continue to build upon the strong fundamentals of the portfolio – high occupancy, sustainable occupancy costs and improved cost efficiencies, as well as undertaking value creating property investment opportunities where possible. We are forecasting comparable NOI growth of approximately 3% for FY2011.

US Managed Properties Performance

Our operating results for FY2010 reflect the challenges of the US recession. Occupancy declines moderated and we ended the year at 88.3% leased, slightly below FY2009 of 88.7%. Leasing volume improved during FY2010 but we continued to experience store closings from some of our local tenants as a result of their limited access to credit, as well as soft rental income growth given excess retail supply in many of our markets. In total, we executed more than 2,000 leases for 12.3 million square feet of space, with rental income growth of negative 2 percent. Our comparable NOI performance also reflected the effect of the bankruptcies during the past two years with NOI growth of -4.2% within our target range of -3% to -5%, but did show steady improvement as the year progressed.

The portfolio is well diversified with broad geographic distribution of properties, a wide tenant base and balanced mix of both community and neighbourhood shopping centres. Our ten largest tenants account for only 17% of our annual base rent, with our two largest tenants, The TJX Companies and Kroger, each accounting for approximately 3%. Our grocery anchors continue to demonstrate positive sales growth, exceeding the average US grocer sales by 26%.

Looking ahead, long-term recovery of operating fundamentals is expected to be impacted by sluggishness in the US retail recovery. We continue to face a cautious consumer with household spending constraints and ongoing difficulties for small shop tenants, but store closings and bankruptcies are benign for national tenants. Our merchandise strategy, with 15 of our top 20 retailers focused in the defensive food category or value / discount players, complements today's more fiscally conservative and value-oriented consumer.

Our guidance for 2011 reflects this cautious optimism. We expect year-end occupancy of 88 to 89 percent. And while NOI declines may continue through the year, traction is being made in leasing mid-size and anchor boxes that will help improve comparable NOI performance. We expect comparable NOI for 2011 in the range of flat to negative 2 percent.

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.

An outline of each of the EC and MC committee members' skills and experience is outlined below.

Executive Committee

Robert Tsenin

Group Chief Executive Officer and Managing Director

Mr Robert Tsenin commenced as Centro's Group Chief Executive Officer and Managing Director Designate on Friday 5 February 2010. Robert has also served as a non-executive Director of Centro Properties Group since his appointment to the Board effective October 2009. Robert has over 30 years experience in investment banking in corporate finance and mergers and acquisitions, and senior roles in real estate in development, construction and funds management in Australia, the US and the UK. Robert's recent roles include Managing Director of Goldman Sachs (Australia) Limited and Finance Director of Lend Lease Corporation Limited. Robert has served as a non-executive Director of major Australian and overseas companies and a number of real estate funds.

Chris Nunn

Group Chief Financial Officer

Mr Chris Nunn joined Centro in September 2009. Chris oversees the finance, treasury, tax and financial and management accounting functions of Centro and its managed funds. Chris also manages the internal audit, IT, information management and business analysis part of the Centro business. Chris has over 30 years of finance, accounting and audit experience and most recently Chris served 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.

Mark Wilson

General Manager – Property Operations Australia

Mr Mark Wilson is responsible for the overall performance of Centro's Australian retail assets. This includes all areas of leasing, property management, development and marketing, as well as valuations and property transactions.

Since joining Centro in 1997, Mark has held various roles including Chief Investment Officer and Chief Operating Officer for Centro Watt US. Mark is a Director of the Shopping Centre Council of Australia and has over 25 years experience in the property industry.

Dimitri Kiriacoulacos

Group General Counsel

Mr Dimitri Kiriacoulacos joined Centro in October 2009 and oversees the Group's legal, secretariat and compliance teams. Dimitri is a lawyer and accountant with legal and commercial experience across many countries. 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.

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.

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 ten years at PricewaterhouseCoopers where he was a director in the Assurance and Business Advisory practice, specialising in the retail property, retirement village and construction sectors.

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.

Sue Smith
Group General Manager – Human Resources

Sue Smith joined Centro in July 2010 in the newly created role of Group General Manager, Human Resources.

Sue brings to Centro extensive human resources experience in multinational and financially focused organisations. She also has significant experience in workforce planning and the management of people across different countries and cultures.

Prior to joining Centro, Sue held senior roles both in Australia and the UK with companies such as Foster's Group Limited, GE Capital Australia Limited and Colonial Limited.

Sue will be coordinating the strategic management of staff across Australasia and the US.

Management Committee

Michael Carroll
Chief Executive Officer – US

Mr Michael Carroll is Chief Executive Officer of Centro US. Prior to this position, Michael served as Executive Vice President and Chief Operating Officer of Centro US where he was responsible for all day-to-day property operations of Centro's US portfolio. Until its acquisition by Centro in April 2007, Michael served as Executive Vice President – Real Estate Operations of New Plan Excel Realty Trust, Inc. Michael was employed by New Plan in 1992 and has served in various senior roles including Senior Vice President – Director of Redevelopment and Vice President – Asset Management.

Michael is a member of the International Council of Shopping Centers and a Director of the Bowling Green State University Foundation Board. Michael has been involved in the shopping centre industry for 18 years and has overseen approximately 200 redevelopment and development projects.

Tiffanie Fisher**Chief Financial Officer – US**

Ms Tiffanie Fisher joined Centro in April 2009. Tiffanie's responsibilities include directing the Company's capital markets, financial controls, SEC reporting and compliance activities. She has over 17 years of experience in real estate and finance.

Tiffanie most recently worked for Morgan Stanley as an Executive Director of Morgan Stanley Real Estate based in London, where she performed multiple roles for its real estate business including a senior investment banker overseeing capital markets and advisory transactions for property companies in Emerging European markets. Prior to this, Tiffanie was Chief Operating Officer of Morgan Stanley Real Estate in Europe, served as Chief Financial Officer for Morgan Stanley's real estate private equity efforts in the UK and served on the Board of Directors of Songbird Estates PLC, a publicly listed company which controls Canary Wharf. Tiffanie has also held senior finance roles at Vornado Realty Trust and UBS Investment Bank.

Dean Bernstein**Executive Vice President – Acquisitions / Dispositions**

Mr Dean Bernstein is responsible for identifying, underwriting and executing all acquisitions and dispositions of retail properties within the US. Dean has been involved in the shopping centre industry for 19 years and has participated in acquisitions of over 300 properties and dispositions of over 200 properties. Until its acquisition by Centro in April 2007, Dean was Executive Vice President, Acquisitions / Dispositions of New Plan Excel Realty Trust, Inc. He joined New Plan in 1991 and has served in various senior roles including Senior Vice President – Acquisitions / Dispositions and Senior Vice President – Finance.

Michael Moss**Executive Vice President – National Director of Leasing**

Mr Michael Moss is responsible for overseeing all leasing efforts generated through Centro's regional operating platform, including for both anchor and small shop space. In addition, Michael is one of the senior relationship managers for the Company's national and regional retailer program. Until its acquisition by Centro in April 2005, Michael was Vice President, Director of Leasing of Kramont Realty Trust. Michael has over 15 years of leasing experience in the shopping center industry.

Steven Siegel**Executive Vice President and General Counsel – Corporate**

Mr Steven Siegel is responsible for the overall management of all legal matters within the US. Steven was Executive Vice President, General Counsel and Secretary of New Plan Excel Realty Trust Inc, prior to its acquisition by Centro in April 2007. He joined New Plan in 1991 and was a Senior Vice President from September 1998 to March 2002. He is a member of the New York Bar. Steven has 24 years of experience in the shopping centre industry.

Steven Splain**Executive Vice President – Chief Accounting Officer**

Mr Steven Splain oversees all financial accounting and reporting for Centro US. Until its acquisition by Centro in April 2007, Steven was Senior Vice President, Chief Accounting Officer of New Plan Excel Realty Trust, Inc. Steven joined New Plan in 2000 after spending five years as Corporate Controller of Grove Property Trust and ten years as a Tax Manager specialising in real estate with Blum, Shapiro & Co, CPA's. Steven has over 23 years of accounting experience.

Carolyn Carter Singh**Executive Vice President – Human Resources and Administration**

Ms Carolyn Carter Singh is responsible for the company-wide human resources function, as well as operations at the corporate level. Until its acquisition by Centro in April 2007, she was Senior Vice President - Human Resources and Administration of New Plan Excel Realty Trust, Inc. Carolyn joined New Plan as Director of Human Resources in 2001. She has over 15 years experience in recruiting, training, benefits, performance management, employee relations, team building and other HR generalist areas.

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.

The Boards currently consist of six Directors, majority of whom (including the Chair) are independent, non-executive directors. The Chief Executive Officer is the only executive member of the Board.

The Directors currently in office and who were in office for FY10 are Messrs Paul Cooper, Rob Wylie and Jim Hall. Ms Anna Buduls, Ms Susan Oliver and Mr Robert Tsenin were appointed to the Boards in October 2009 and served for the balance of the year. Messrs Graham Goldie, Sam Kavourakis and Peter Wilkinson retired as directors on 1 October 2009.

An outline of each Director's skills, experience and term of office is set out in the following 3 pages of this Annual Report.

Paul Cooper **Chairman**

- Appointed October 2006

Background & Experience

Paul 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 ceased to be Chairman of Centro Retail Limited on 30 September 2009 upon the appointment of Mr Day as Chairman.

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.

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.

Current Directorships

- **Centro Retail Limited** – *Non-Executive Director*
- **AXA Asia Pacific Holdings Limited** – *Non-Executive Director*

Robert Tsenin

Group Chief Executive Officer and Managing Director

- Appointed to the Board October 2009; Group Chief Executive Officer Designate (5 February 2010 until 28 February 2010); Group Chief Executive Officer and Managing Director from 1 March 2010.

Background & Experience

Robert Tsenin is also the Group Chief Executive Officer of Centro Properties Group and Centro Retail Trust. Mr Tsenin has over 30 years experience in corporate finance, mergers and acquisitions and real estate in Australia, the US and Europe.

Mr Tsenin has held a number of executive roles including Managing Director of Goldman Sachs (Australia) Limited, Finance Director of Lend Lease Corporation Limited and Senior Adviser on real estate related matters with the Lazard Group in London. Mr Tsenin has served as a non-executive Director on the Boards of Telstra Corporation Limited, AXA Asia Pacific Holdings Limited, Global Properties Fund, International Distressed Debt Fund, Waco International and SAGASCO Holdings.

Current Directorships

- **Australian Infrastructure Fund** – *Non-Executive Director*
- **Metrix Capital Partners** – *Non-Executive Director*

Past Non-Executive Directorships (last 3 years)

- **Matrix European Real Estate Investment Trust plc (Guernsey)** – *Non-Executive Director*
- **Sistema Hals JSC (Moscow)** – *Non-Executive Director*

Anna Buduls

Non-executive Director

- Appointed October 2009

Background & Experience

Anna Buduls has a finance and consulting background, with over 20 years experience, including positions with Macquarie Bank and Westpac, and four years as a journalist and investment editor with the Australian Financial Review.

Ms Buduls has held a number of non-executive directorships including AWB Limited, Freedom Group Limited, Dairy Australia Limited, Hamilton James and Bruce Group, Mirvac Group Limited and The Smith Family.

Current Directorships, Executive Positions and Advisory Roles

- **Foreign Investment Review Board** – *Non-Executive Director*
- **SAI Global** – *Non-Executive Director*
- **Tramada Systems** – *Owner, Chairman*
- **Beyond Empathy** (non profit) – *Chairman*
- **Australian Federal Government Independent Review of Job Seeker Compliance Framework** – *Member, Review Panel*

Past Non-Executive Directorship (last 3 years)

- **Macquarie Generation** – *Non-Executive Director*

Jim Hall

Non-executive Director

- Appointed September 2005

Background & Experience

Jim 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 Limited** – *Non-Executive Director*
- **Alesco Corporation Limited** – *Non-Executive Director*
- **ConnectEast Group** – *Non-Executive Director*
- **JPMorgan Advisory Council (Australia)** – *Member*

Past Non-Executive Directorship (last 3 years)

- **Symbion Health Limited** – *Non-Executive Director*

Susan Oliver

Non-executive Director

- Appointed October 2009

Background & Experience

Ms Oliver has over 30 years experience in building and planning. Ms Oliver has held a number of executive roles including senior roles with Andersen Consulting, Invetech P/L, the Australian Commission for the Future Limited and the Government of Victoria in the Ministry of Housing and the Department of Industry, Technology and Resources, where she was General Manager. Currently, Ms Oliver is an Executive Director of wwite Pty Limited, a start-up information technology company.

Ms Oliver was the Founding Director of The Big Issue in Australia and has served as Chairman of FHAD Design P/L, non-executive Director of MBF Australia Limited, The Swish Group Limited, The Smith Family, Australian Business Foundation Limited, Methodist Ladies College, Just Group Limited and Transurban Group Limited.

Current Directorships and Executive Positions

- **Programmed Group** – *Non-Executive Director*
- **wwite** – *Executive Director*
- **The Smith Family** – *Governor*
- **Victorian Advisory Council** – *Australian Institute of Company Directors*

Past Non-Executive Directorships (last 3 years)

- **Transurban Group** – *Non-Executive Director*
- **Just Group** – *Non-Executive Director*

Rob Wylie
Non-executive Director

- Appointed October 2008

Background & Experience

Mr Wylie has wide ranging experience in professional service in a variety of professional management roles with Deloitte. Most recently he held senior positions with Deloitte Touche USA LLP. Prior to this he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as national Chairman. Mr Wylie also served on the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia.

Current Directorships and Executive Positions

- **MaxiTRANS Industries** – *Non-Executive Director*
- **Elders Limited** – *Non-Executive 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 Dimitri Kiriacoulacos was appointed an Alternate Company Secretary on 1 April 2010 and Mr Paul Flanigan continues as Assistant Company Secretary.

Corporate Governance

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). During FY10, Centro Properties Group carried out a review of its Board and Committee charters in light of the Board separation and regeneration and developments in corporate governance. This review culminated in the Boards of Centro Properties Group approving changes to its Board and Committee charters on 25 June 2010. 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 FY10 and sets out compliance with the *ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Principles and 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; and
- Monitoring the achievement of these goals.

The Group has also established a framework for its management, 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 Board include:

- Exercising 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; and
- 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; and
- 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. References to the Board, or to the Board of the Group, in the Corporate Governance section of this Annual Report, are references to the Boards of the Company and the Responsible Entity.

Over the reporting period, the Board consisted of six Directors. Until 30 September 2009, these Directors were:

Paul Cooper (Chair);

Graham Goldie;

Jim Hall;

Sam Kavourakis;

Peter Wilkinson; and

Rob Wylie.

At that time, Graham Goldie, Sam Kavourakis and Peter Wilkinson retired. Three new Directors, being Anna Buduls, Susan Oliver and Robert Tsenin, were appointed to replace them from 1 October 2009, and their appointments as Directors were approved by securityholders at the 2009 Annual General Meeting.

Board composition and the independence of Directors is determined using the principles adopted in the Board Charter and having regard to the ASX CGC's Corporate Governance Principles and Recommendations. The Boards include a majority of independent non-executive directors, and the Chair of the Boards, Paul Cooper, is an independent non-executive director.

Since his appointment as Group Chief Executive Officer from 1 March 2010, Robert Tsenin is the only executive Director of the Boards and is therefore now not considered to be an independent Director. For the period from 1 October 2009 until 1 March 2010, Robert Tsenin was a non-executive Director and was considered to be an independent Director.

The Boards have considered the ASX Corporate Governance Council's Best Practice Recommendation 2.1 in assessing the independence of each Director. In light of this assessment, the Board has formed the view that the non-executive Directors are independent.

☑ *ASX CGC's Recommendations 2.1, 2.2, 2.3*

In accordance with Recommendation 2.6, information on each Director including their skills, experience and expertise and term of office is disclosed in the Board of Directors section on Page 21.

☑ *ASX CGC's Recommendations 2.6*

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 in accordance with the process disclosed in this statement.

☑ *ASX CGC's 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.

☑ *ASX CGC's Recommendation 2.6*

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 Recommendation 2.6*

Board Committees

The Group has established a number of committees to assist with the implementation of its Corporate Governance practices. Until 1 October 2009 when the Board separation and renewal process was completed, the Board committees were:

Audit and Risk Management Committee;

Compliance Committee;

Nomination Committee; and

Remuneration Committee.

Since 1 October 2009, the Board established new committees and membership. The new committees are:

Audit Committee

Finance Committee

Managed Investments Compliance Committee

Nomination Committee

Remuneration and HR Committee

Risk Committee

Special Matters Committee

Attendance of committee members at meetings is set out on Page 36 of this Annual Report.

The activities of these committees are outlined below. Each has a written charter which is on the Centro website, and operating procedures that are reviewed on a regular basis.

Audit Committee

Until 30 September 2009, the Audit and Risk Management Committee consisted of four of the non-executive Directors of the Board, being Jim Hall, Graham Goldie, Sam Kavourakis and Rob Wylie. Mr Hall chaired the Committee from 1 July 2008.

On 1 October 2009, separate Audit Committee and Risk Committees were established to replace the previous Audit and Risk Management Committee. Since then, the Audit Committee has consisted of Jim Hall, Anna Buduls and Rob Wylie. The Committee has been chaired by Jim Hall from that date until the end of the reporting period.

The Group Chief Executive Officer, Group Chief Financial Officer, General Manager – Finance, Compliance Officer, Group Risk and 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 Committee Charter which sets out the objectives, responsibilities and functions of the Committee in relation to audit matters.

☑ ASX CGC's Recommendations 4.1, 4.2, 4.3, 4.4. *In accordance with Recommendation 4.4, details of the members of the Audit Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.*

Finance Committee

The Finance Committee was established on 1 October 2009 with the appointment of new Board members. The Committee consists of three members, being Rob Wylie, Jim Hall and Susan Oliver. Mr Wylie also chairs the Committee.

A Finance Committee Charter has been adopted which sets out the purpose and powers of the Committee.

Details of the members of the Finance Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.

Managed Investments 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 Managed Investments Compliance Committee and the Compliance Plan auditor.

The Committee is responsible for ensuring the Responsible Entity's compliance with the Compliance Plan. Until 30 September, 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. From 1 October 2009, the Committee consisted of three of the Group's Directors, being Anna Buduls, who also chairs the Committee, Susan Oliver, and Robert Tsenin until his appointment as Group Chief Executive Officer. Paul Cooper has now been appointed in Mr Tsenin's place.

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 at least 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 Managed Investments Compliance Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.

Nomination Committee

The Nomination Committee is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. Until 30 September 2009, the Committee consisted of all members of the Boards. Since 1 October 2009, the Committee has consisted of three of the non-executive Directors of the Boards, being Paul Cooper who also chairs the Committee, Susan Oliver and Rob Wylie.

A Nomination Committee Charter has been adopted which sets out the purpose and powers of the Committee.

The Nomination 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.

☑ ASX CGC's Recommendations 2.4. *Details of the members of the Nomination Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.*

Remuneration and HR Committee

The Remuneration Committee's primary role is to determine the remuneration arrangements of senior executives. Until 30 September 2009, the Remuneration Committee consisted of all members of the Boards and was chaired by Mr Paul Cooper, also Chairman of the Board. On 1 October 2010, the Committee was reconstituted with the appointment of new Directors, and now consists of three non-executive Directors being Rob Wylie, Anna Buduls and Paul Cooper. Mr Wylie also chairs the Committee. The Committee is now known as the Remuneration and HR Committee

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 Group's Remuneration Policy is set out within the Remuneration Report section of the Directors' Report on Page 37.

☒ ASX CGC's Recommendations 8.1 and 8.2. . Details of the members of the Nomination Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.

Risk Committee

The Risk Committee was established on 1 October 2009 and consists of three of the non-executive directors of the Board, being Susan Oliver, Anna Buduls and Jim Hall. The Committee was chaired by Ms Susan Oliver during the reporting period. The Chief Executive Officer, Group Chief Financial Officer, Group Risk and Internal Audit Manager also attend committee meetings by invitation. The Committee regularly reports to the Boards in respect of matters within its responsibilities.

The Boards have adopted a Risk Committee Charter which sets out the objectives, responsibilities and functions of the committee in relation to risk management matters, and identifying and managing material business risks both in Australia and the United States. The Committee oversees the Risk Management and Internal Control Framework and reviews its effectiveness.

Details of the members of the Risk Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members at Committee meetings is set out at Page 36 of this report.

Special Matters Committee

The Special Matters Committee was established in November 2009 and consists of the four non-executive directors of the Board who are not involved in the ASIC proceedings commenced in October 2009 against current and former directors. The Committee members are being Anna Buduls, Susan Oliver, Robert Tsenin and Rob Wylie. The Committee was chaired by Mr Wylie during the reporting period.

The Boards have adopted a Special Matters Committee Charter which sets out the objectives, responsibilities and functions of the Committee in relation to the ASIC proceedings and matters incidental to those proceedings.

Details of the members of the Committee are set out in the Board of Directors section at Page 21. Attendance of Committee members is set out at Page 36 of this report.

Evaluation of Board Performance

The Board supports the principle of regular reviews of both the whole of Board and individual Director performance and effectiveness.

The process of Board regeneration and separation between Centro and Centro Retail Limited was completed in October 2009. This process included an assessment of the skills and experience required of the Board as a whole and the contribution that each Director is able and expected to contribute. The Board has appointed an external consultant to assist it undertake a formal review of the performance of the Board as a whole, including the contributions of individual directors, which is expected to be completed shortly after the anniversary of the appointments made in October last year.

☑ *ASX CGC's 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 Group 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 Board via the 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 Committee and the Risk Committee review and approve the risk-based Strategic Internal Audit Program each financial year. The Committees also review 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 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 personnel policies are detailed in appropriate policies and procedures. 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 *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 *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 *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 2010.

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)
- Anna Buduls (appointed 1 October 2009)
- Jim Hall
- Susan Oliver (appointed 1 October 2009)
- Robert Tsenin (appointed 1 October 2009)
- Rob Wylie
- Graham Goldie (retired 1 October 2009)
- Sam Kavourakis (retired 1 October 2009)
- Peter Wilkinson (retired 1 October 2009)

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

Dimitri Kiriacoulacos was appointed an Alternate Company Secretary on 1 April 2010 and Paul Flanigan continues as Assistant Company Secretary.

Principal Activities

The principal activities of the Group during the year were property investment, property management, property development and funds management.

Significant Matters

On 29 July 2010, Centro announced a number of financing achievements across its US business and that it continues to progress its assessment of restructure options. Refer to Matters Subsequent to the End of the Financial Year for further information.

As at 30 June 2010 the Group is in a net liability position. Further discussion on this matter can be found within Note 1(b) of the Financial Report.

Review of Operations

The review of operations of the Group is included on pages 12 to 17 within the Annual Report.

Distributions

The Directors have declared a nil distribution on ordinary securities for the year ended 30 June 2010 (2009: nil).

Likely Developments and Expected Results of Operations

Information on the likely developments in the operations of the Group has not been included within 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 include regulation against air pollution, liquid discharge and soil contamination. The Group has plans in place regarding the proper care and maintenance of asbestos, which is present in a number of properties and there are no matters requiring specific disclosure.

Matters Subsequent to the End of the Financial Year

(a) Centro financing and restructure update

On 29 July 2010, Centro announced a number of financing achievements across its US business and that it continues to progress its assessment of restructure options. The specific elements of this announcement were:

(i) *US financing update*

Centro has completed financing arrangements for approximately US\$2.7 billion of the US\$3.2 billion of debt within Super LLC (a joint venture of Centro, Centro Retail Trust (CER) and Centro MCS 40), which was due to expire on or before 31 December 2010. The US\$2.7 billion financing arrangements include an extension of approximately US\$2.3 billion (from 31 December 2010 to 31 December 2011) and a refinancing of US\$469.3 million

In addition to the extension of the facilities within Super LLC, Centro, CER, Centro MCS 32 and Centro MCS 39 have also extended two additional US debt facilities outside of Super LLC, including a US\$104.2 million secured term loan (US\$3.1 million Centro, US\$101.1 million Centro MCS 39) and a US\$20.5 million outstanding secured revolving credit facility (US\$0.62 million Centro, US\$9.94 million CER, US\$9.94 million Centro MCS 32).

There is no change in credit margins as a result of the above extensions.

Centro NP (a subsidiary of Super LLC) has entered into new term loans of US\$659.0 million which mature in ten years and carry a fixed interest rate of 6.75 percent. These loans are secured by 76 properties that are owned by Centro NP. Proceeds from these loans will be used to repay the US\$469.3 million of Centro NP debt, included within the US\$2.7 billion previously noted.

(ii) *Restructure update*

An assessment of restructure alternatives for the Group commenced in early 2010 with the objective of identifying the means by which the enterprise value of the Group could be maximised, including recapitalisation options, and to consider and analyse execution risks.

A restructure of the Centro Group could be accomplished in a number of ways and agreement on any definitive approach would likely take some time to reach an appropriate conclusion.

This assessment by Centro management and its advisers has involved identifying multiple financial and operational restructuring alternatives for the Group, including Centro Retail Trust, its various managed funds and syndicates business.

Centro has made good progress and has commenced discussions with its lenders on the potential restructuring options Centro has under consideration.

The assessment has confirmed that any restructure will be complex, with numerous structural, financing and stakeholder considerations to manage and no decisions have been made at this stage. To complete a restructure and recapitalise the Group, approvals and consents will be required at many levels.

Subject to market conditions, it is expected that any restructure could take through to the end of 2011 to implement. Centro will report to the market its overall restructuring and recapitalisation plan upon reaching consensus with stakeholders.

(iii) *Syndicate funds management update*

Independently of its restructuring considerations, Centro announced it is seeking to strengthen and grow its syndicate business and has commenced a process that will evaluate interest from strategic parties to participate alongside it in the growth of its syndicate funds management business.

Centro's syndicate property funds management platform is the largest in Australia, and is an attractive platform for a party seeking to gain immediate scale, presence and diversity via a significant portfolio of quality retail assets under management, 16,000 retail investors and a network of over 1,000 financial planners.

Centro is looking for a strategic partner with complementary skills to its own to work with to grow the unlisted funds management business. Centro believes this is an exciting opportunity to grow the syndicates business, provide a superior service to investors, and create value for Centro. The exact nature, terms and outcome of this process will be determined in due course.

(iv) *Other refinancing*

On 6 August 2010, Centro America REIT 5 Inc. completed the refinancing of \$US13.5m of debt relating to the Village West shopping centre with a five year term.

Matters Subsequent to the End of the Financial Year (continued)

(b) Executive appointment

On 29 July 2010 Centro announced the appointment of Sue Smith as Group General Manager, Human Resources and as a member of Centro's executive committee.

(c) Asset sales

Since 30 June 2010, the Group has sold the following interests in its investment property assets:

- Two Australian assets held by Centro MCS 24 at their combined book value of \$66.0 million; and
- One US asset held by Centro America REIT 6, Inc. for gross proceeds of US\$3.8 million. The 30 June 2010 book value was US\$3.6 million.

Excluding the matters noted above, there has not arisen in the interval between 30 June 2010 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 21 to 24 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 30.06.10	Number of securities 30.06.09
P. Cooper		-	-
A. Buduls		-	n/a ⁽ⁱⁱ⁾
J. Hall	(held in name of Hall Family Superannuation Fund)	11,833	11,833
S. Oliver		-	n/a ⁽ⁱⁱ⁾
R. Tsenin	(held in name of Tsenin Holdings Pty Ltd <Tsenin Super Fund>)	450	n/a ⁽ⁱⁱ⁾
R. Wylie		-	-
P. G. Goldie	(held in the name of Goldie Superannuation Fund)	n/a ⁽ⁱ⁾	34,971
S. Kavourakis	(held in name of Kavourakis Superannuation Fund and Invia Custodian Pty Ltd)	n/a ⁽ⁱ⁾	33,117
L.P Wilkinson	(held in the name of PEVE Pty Ltd)	n/a ⁽ⁱ⁾	10,000

⁽ⁱ⁾ No longer a Director at 30 June 2010.

⁽ⁱⁱ⁾ Not a Director at 30 June 2009.

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	338,000
31 July 2007	31 July 2017	\$8.15	1,417,700

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 current or previous financial year.

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 24 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, Secretaries 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 Directors

No loans have been made to the directors of Centro Properties Limited or CPT Manager Limited, the Responsible Entity of Centro Properties Trust, including their personally related entities by Centro Properties Limited or CPT Manager Limited.

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 2010 and the number of meetings attended by each Director.

	Board	Audit & Risk @	Risk @	Audit @	Finance	Compliance	Remuneration	Special matters
Centro Properties Limited								
Number of meetings held	37	10	2	3	1	N/A	9	2
Number of meetings attended/eligible to attend by:								
P. Cooper	34	#	#	#	#	-	9	#
A. Buduls (appointed 1 October 2009)	25/26	1/1	2	3	#	-	8/8	2
J. Hall	36	10	2	3	1	-	1/1	#
S. Oliver (appointed 1 October 2009)	26/26	#	2	#	1	-	#	2
R.Tsenin (appointed 1 October 2009)	21/26	1/2	#	#	#	-	#	1
R. Wylie	37	10	#	1	1	-	9	2
P. G. Goldie (retired 1 October 2009)	8/11	7/7	#	#	#	-	1/1	#
S. Kavourakis (retired 1 October 2009)	11/11	7/7	#	#	#	-	1/1	#
L. P. Wilkinson (retired 1 October 2009)	9/11	#	#	#	#	-	1/1	#

CPT Manager Limited								
Number of meetings held	37	10	2	3	1	5	N/A	N/A
Number of meetings attended/eligible to attend by:								
P. Cooper	34	#	#	#	#	2/2	-	-
A. Buduls (appointed 1 October 2009)	25/26	1/1	2	3	#	4/4	-	-
J. Hall	36	10	2	3	1	1/1	-	-
S. Oliver (appointed 1 October 2009)	26/26	#	2	#	1	4/4	-	-
R.Tsenin (appointed 1 October 2009)	21/26	1/2	#	#	#	2/2	-	-
R. Wylie	37	10	#	1	1	1/1	-	-
P. G. Goldie (retired 1 October 2009)	8/11	7/7	#	#	#	1/1	-	-
S. Kavourakis (retired 1 October 2009)	11/11	7/7	#	#	#	#	-	-
L. P. Wilkinson (retired 1 October 2009)	9/11	#	#	#	#	1/1	-	-

Not a member of the relevant Committee.

@ Audit & Risk committee was split from the 91st meeting of 3rd February 2010.

Remuneration Report (audited)

Executive Summary

Overview of Centro's Approach to Remuneration during FY10

The Remuneration Report provides investors with an understanding of the processes and policies underlying determination of remuneration for Key Management Personnel (KMPs), that is the Directors and executives who have authority and responsibility for strategic direction and management of the consolidated entity (the Group or Centro) consisting of Centro Properties Limited (the Company) and its controlled entities. This Report forms part of the Directors' Report and is in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Centro's remuneration strategy is to balance the importance of retaining key executives in a way that is consistent with the Remuneration Principles and Framework with stakeholder expectations, legislative changes and evolving governance standards. The Remuneration and HR Committee is focussed on providing appropriate fixed and 'at risk' remuneration opportunities to key executives in support of this strategy.

The Committee engaged Egan Associates and FPL Associates to undertake a review of the remuneration framework for key executives in Australia and the US. This review considered how best to ensure the attraction, retention and motivation of key executives while the Group addresses the challenges over the short to medium term.

Linking Remuneration and Performance for senior executives in FY10

Centro's Short Term Incentive Plan provides a link to both: (a) key financial measures including the Net Operating Income from the Assets plus Services Income less Corporate Overheads; and (b) individual key performance indicators such as key talent attraction and retention and completion of strategic, financing, operational and OHS&E objectives. Performance of the financial measures resulted in 100% (Australia) and 88% (US) of the maximum pool awarded for the financial component. Awards for performance relative to individual key performance indicators varied based on assessed performance.

FY10 was the first year of a cash based Long Term Incentive Plan with the first performance test due to be assessed in January 2011. However the Group announced in late July 2010 that this performance test, the successful extension of the US debt, had been achieved some five months early.

Section 1 Key Management Personnel (KMPs)

The Group has determined that the following executive management members and non-executive directors were the Key Management Personnel for the Group during FY10:

Current executive management

Robert Tsenin – Group Chief Executive Officer and Managing Director (from 1 March 2010); Group Chief Executive Officer – Designate (5 February 2010 until 28 February 2010); non-executive Director (1 October 2009 until 4 February 2010)

Michael Carroll – Chief Executive Officer – US

Chris Nunn – Group Chief Financial Officer (from 1 September 2009)

Mark Wilson – General Manager Property Operations Australian (commenced as a KMP 1 March 2010)

Dimitri Kiriacoulacos – Group General Counsel and Company Secretary (from 30 June 2010); General Counsel – Australia (1 October 2009 until 29 June 2010) (commenced as a KMP 1 March 2010)

Gerard Condon – General Manager Syndicate Funds Management (commenced as a KMP 1 March 2010)

Michael Benett – General Manager Institutional Funds Management (commenced as a KMP 1 March 2010)

Former executive management

Glenn Rufrano – formerly Group Chief Executive Officer (until 28 February 2010)

Tony Clarke – formerly Chief Executive Officer – Australia (until 28 February 2010)

Current non-executive Directors

Paul Cooper – Chairman

Anna Buduls – non-executive Director (from 1 October 2009)

Jim Hall – non-executive Director

Susan Oliver – non-executive Director (from 1 October 2009)

Rob Wylie – non-executive Director

Former non-executive Director KMPs

Graham Goldie – formerly non-executive Director (until 30 September 2009)

Sam Kavourakis – formerly non-executive Director (until 30 September 2009)

Peter Wilkinson – formerly non-executive Director (until 30 September 2009)

Section 2 General Remuneration Principles and Framework

2.1 Governance

The Board maintains a Remuneration and HR Committee whose role is to advise the Board on matters relating to the remuneration, succession planning and development for the CEO and other senior executives and employees of the Group. The composition and function of this Committee is set out within the Corporate Governance section in the Annual Report. Committee charters are available on the Centro website at www.centro.com.au.

The Board has determined a Remuneration Policy which consists of the below components.

2.2 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 that will attract and retain high quality employees; and
- Meet appropriate governance standards and stakeholder expectations.

2.3 Framework

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

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

This framework is reviewed by the Remuneration and HR Committee to ensure that it will support Centro's remuneration principles while being consistent with business objectives, legal requirements and stakeholder expectations.

2.3.1 Total Fixed Remuneration

The aim of this component is to provide a competitive level of 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. Total Fixed Remuneration is normally targeted at around the median of this comparator group and will vary based on assessed individual competence and performance. This component includes fixed salary plus company superannuation contributions.

In addition to the information and advice provided to the Board by its Remuneration Advisors, comparative salary data is sourced through participation in several salary surveys.

2.3.2 Performance Based Remuneration - Variable Pay

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

i. Group CEO

For the Group CEO, the STI links a cash-based payment to a range of key performance indicators (KPIs). Performance targets were set by the Board to take account of important steps associated with his commencing in the role and progress towards an eventual restructure of the Group and include the following:

Performance target	Reason for choosing the target	Methods of assessment
An effective and strong Group leadership	Important for new Group CEO to establish his team	Assessment by the Chairman
Management of key financial and operating risks and targets including asset net operating income, overheads, cash flow, compliance with covenants and litigation	Ensure business performance and ability to maintain operations	Actual performance relative to budget and/or assessment by the Chairman
Completion of strategic and business plans	Ensure the Board has reviewed and agreed strategic and business plans for FY2011	Board approval
Progress on restructure	Critical to future of the Group	Assessment by the Chairman

The KPIs covered the period 1 March – 30 June 2010.

Details regarding the STI payments made to the Group CEO for the year ended 30 June 2010 are set out in section 4.2.1 below.

ii. Other Executives

For executives other than the CEO, the STI links a cash-based payment to two performance indicators.

The first indicator (Company performance) is financial performance assessed against a target set by the Board. The component is based on 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). In both cases, actual financial performance is adjusted to take into account the timing of asset sales and certain management fees which are largely dependent on asset valuations and are therefore outside of the control of executives. Where these management fees are influenced by management, such as the impact of property income on valuations, this performance is taken into account in the Net Operating Income from the Assets.

The second indicator is an individual component based on assessment of the participant's performance relative to performance goals and objectives (Individual performance) such as key talent attraction and retention and completion of strategic, financing, operational and OHS&E objectives, as agreed by the executive's line manager. The Company and Individual components each had a 50% weighting in FY10.

The calculation of the financial performance for both Australia and the US was undertaken in July 2010 by comparing actual performance against target performance and verified by external parties – refer Section 3.1(a) below.

Individual performance was assessed during the annual Performance Review process by the executive's line manager as the most appropriate person to make this assessment. Across the Group the average bonus awarded for this component was 80% of the maximum reflecting the strong performance of the bonus plan participants relative to their goals and objectives.

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

(b) Long Term Incentive (LTI) – cash paid to employees for achievement of longer term goals and retention**i. Group CEO**

Under his Executive Service Agreement which commenced on 1 March 2010, the Group CEO will be eligible for an LTI award in three tranches over a maximum three year period. Performance hurdles were set by the Board for each tranche as follows:

Tranche	Performance hurdle	Reason for choosing the target	Methods of assessment
1	Acceptance by the Board (expected by 31 December 2010) of a restructure plan for the group	Achievement of these performance hurdles is critical to the Group's future	Board acceptance of a restructure plan
2	Achievement of a successful extension to the Australian debt facilities as determined by the Board		Announcement of debt extension
3	A successful restructure of the group taking into consideration such factors as the Board determines including the group's financial results over the term of the agreement up to and including the half-year ending 31 December 2012		Board determination

Where an award is set by the Board, payment will occur following the completion of a successful restructure as determined by the Board, or following the release of the results for the Group for the half-year ending 31 December 2012.

ii. Other Executives

As with the previous two years, the Board concluded that it was imperative to retain key executives through FY10 and beyond. As a result, a new LTI Plan, covering the period 1 July 2009 to 30 June 2012 was introduced for a group of approximately 230 executives in Australia and the US.

The new LTI Plan entails the grant of cash-based awards subject to the achievement of debt extension and/or recapitalisation goals covering both the US debt and Australian debt as well as a service requirement until June 2012, as outlined in the table below. The Board has determined that an LTI Plan based on cash payments, not equity grants, and based on these outcomes, rather than the more common LTI measures such as Total Shareholder Return (TSR) or share price growth, is appropriate. In the Board's view, securityholder value over this period is best served by providing an LTI Plan to reward achievement of debt extension and/or re-capitalisation of the Group.

	Performance test:	Assessment date:
1	A payment of 25% of the award subject to the achievement of a successful extension of the US debt	Expected to be January 2011
2	A payment of 25% of the award subject to the achievement of successful extension of the Australian debt or a successful recapitalisation of the Group	Expected to be January 2012
3	A final payment of the remaining 50% of the award subject to the second performance test and the participant remaining with the company and not resigning by the date of the payment	July 2012

2.3.3 Long Term Incentive (LTI) – Historic**(a) Australia**

Historically, Centro employees were provided with the opportunity to acquire Centro securities under the Centro Employee Security Plan and Loan Scheme (ESP), which was approved by unitholders in 1991, through an interest free loan with loan repayments made through distributions. The last offer to acquire securities under this Plan occurred in September 2007. In reviewing the Remuneration framework in the context of the circumstances facing Centro since December 2007, the Board decided that an equity-based LTI plan award would be inappropriate and would be unlikely to strengthen the alignment of interests between securityholders and employees. During FY09, the Board also determined that no further loans will be granted to employees under the ESP.

For executives, retention of the ESP securities was subject to performance of Centro securities as measured by the TSR over three years relative to the TSR of companies in the ASX Property (A-REIT) 200 Accumulation Index (comparator group) over the same period. All securities acquired under this Plan with a performance measurement date post December 2007 have been forfeited given Centro's TSR performance relative to the comparator group during this period. On forfeiture, under the terms of the Plan, Centro accepted the net proceeds on sale in full settlement of the loan.

Of the Key Management Personnel (KMP) included in this report, the following table represents the balance as at 30 June 2010 for loans which were provided to KMPs to fund the acquisition of securities under the ESP:

	30 June 2010		30 June 2009	
	Market Value	Loan Face Value	Market Value	Loan Face Value
Mark Wilson General Manager Property Operations Australia	60,416	1,536,718 ⁽²⁾	75,330	4,448,645
Gerard Condon General Manager Syndicate Funds Management	13,560	236,734	n/a ⁽¹⁾	n/a ⁽¹⁾
Michael Benett General Manager Institutional Funds Management	6,423	236,261	n/a ⁽¹⁾	n/a ⁽¹⁾

(1) Not a KMP at 30 June 2009

(2) Decrease in loan face value due to the forfeiture of securities under the ESP during the year ended 30 June 2010.

In the case of other employees who were given the opportunity to acquire ESP securities with no performance hurdles, or for senior employees who retained securities as a result of a successful TSR performance prior to December 2007, the loan associated with the acquisition of the securities remains in place for a term of 10 years from acquisition. At that point, the employee can elect to have the loan settled in full from the net proceeds on sale of the securities.

Current holdings under this ESP are as follows:

	30 June 2010	30 June 2009
Number of employees participating in the ESP	448	486
Securities outstanding under the ESP to participating employees	11,993,777	14,438,943

It should be noted that existing holdings generally have no value to ESP participants given the market price of securities is well below the value of the loan.

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.

(b) US

Executive Option Plan (EOP) – Granted to US executives

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 most recent grant occurred in April 2008.

The EOP enabled 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 measures as set out in section 2.3.3(a) (above)) of seven years from the vesting date. All options remain well below the exercise prices and continue to 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 2010	30 June 2009
Number of US executives participating in the EOP	61	67
Options outstanding under the EOP to participating US executives	1,755,700	4,498,400

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. 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 2.3.3(b) (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 2010	30 June 2009
Number of US executives participating in the ESP for Restricted Stock	16	18
Securities outstanding under the ESP to participating US executives	196,800	332,800

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

2.4 Future Remuneration Plans

The Remuneration & HR Committee has engaged Egan Associates and FPL Associates to undertake a review of the remuneration framework for key executives in Australia and the US. This review will consider how best to ensure the attraction, retention and motivation of key executives while the Group addresses the challenges over the short to medium term.

The Board has determined that the re-introduction of an equity based long term incentive, while seen as desirable, is currently not a practical form of remuneration to achieve Centro's remuneration objectives. The structure of the Group's long term incentive arrangements will be kept under review during FY11.

Section 3 The link between Group Performance and performance based variable pay

In determining awards made to participants in Performance based (variable) 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 year ended 30 June 2010.

3.1 Short Term Incentive

(a) STI Plan – FY10

As discussed above at section 2.3.2(a)i, the STI for the Group CEO links a cash-based payment to a range of key performance indicators (KPIs) approved by the Board, as recommended by the Remuneration and HR Committee. Performance was assessed by the Chairman.

For all other executives who participate in the STI Plan, the STI is based on both annual financial performance (Company performance) and the individual's own performance. The Company performance target was set by the Board for Australia and for the US and individual performance was set and assessed by the executive's line manager as described in section 2.3.2(a)ii above.

The Company performance for Australian operations for Australian participants, resulted in 100% of the maximum bonus payable for this component for FY10.

The Company performance for US operations for US participants, resulted in 88% of the maximum bonus payable for this component for FY10.

(b) STI Plan – FY09

The performance conditions for FY09 were the same as those for FY10 with the exception of the conditions relating to the Group CEO, which were introduced in FY10 and are discussed in section 2.3.2(a)i & ii. Performance was assessed in the manner described in section 4.1(a).

The Company performance for Australian operations in FY09 resulted in 69% of the maximum bonus payable for this component for FY09.

The Company performance for US operations in FY09 resulted in 73% of the maximum bonus payable for this component for FY09.

(c) STI Plan – Previous Years

For the financial years from 2005 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 2005 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, the STI Plan performance as measured by Centro's DPS 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.

3.2 LTI Plans

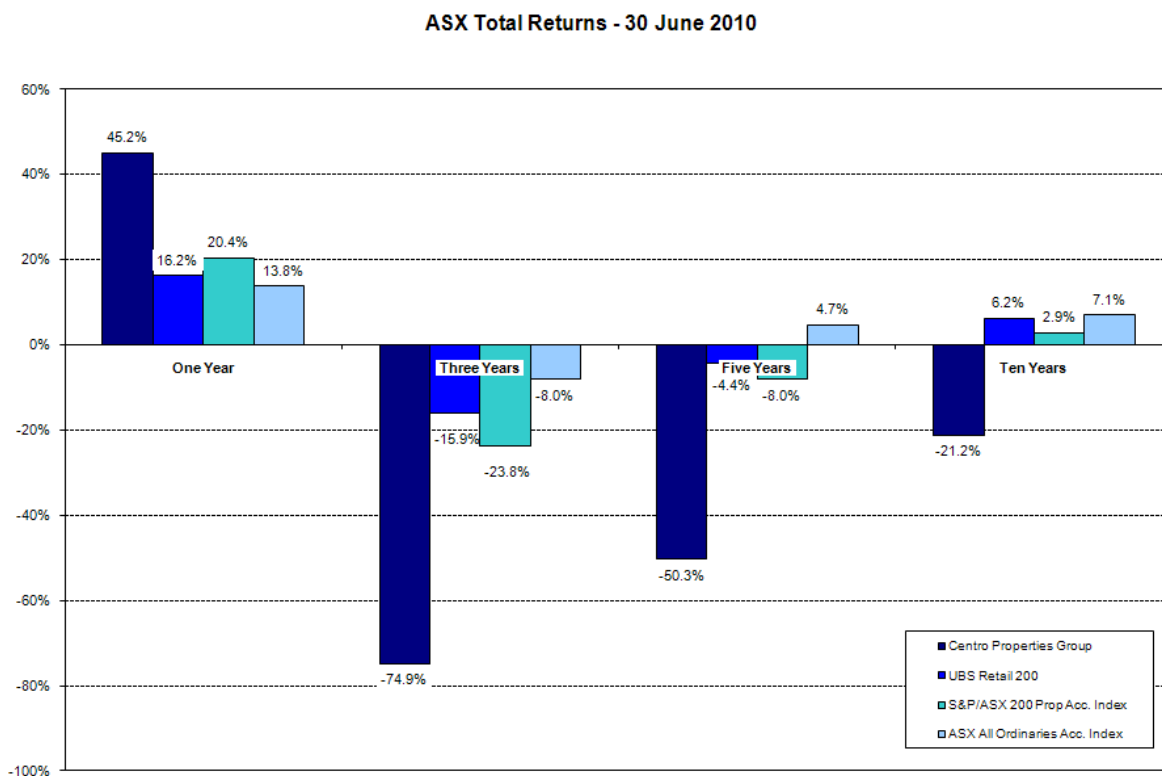
(a) Long Term Incentive (LTI) Plan – FY10

Performance against the measures outlined in section 2.3.2(b)i & ii will occur beyond the end of FY10 and therefore cannot be assessed in FY10. However the Group announced in late July 2010 that the first performance test of the LTI for executives, other than the Group CEO, being the successful extension of the US debt, had been achieved some five months early.

(b) LTI Plan – Historic

The performance measure used for historic Group performance based LTI Plans (in use until September 2007) involved a comparison of the TSR on Centro's securities with companies in the ASX Property (A-REIT) 200 Accumulation Index (comparator group) 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:



i. LTI Plan – Performance test occurring in FY10

The return for the three years to June 2010 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.

ii. LTI Plan – Performance test occurring in FY09

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.

Section 4 Executive Management - KMPs

4.1 Remuneration and Key Employment Terms

Details of the remuneration and key employment terms of KMPs who are executives of the Group are set out in the following tables. The tables also include details for one other executive whose remuneration places him within the five highest paid executives in the Group.

4.2.1 Current Senior Executive Remuneration

		Short Term Employee Benefits					Long Term Employee Benefits		Post Employment Benefits	Equity-based remuneration ⁽³⁾	Total
Name		Fixed salary	Retention payment	Short-term incentive plan	Restructure incentive	Non-monetary benefits ⁽¹⁾	Long term incentive plan ⁽²⁾	Long service leave entitlement	Superannuation/ 401K	Non-cash	
R. Tsenin ⁽⁴⁾ Group Chief Executive Officer/ Managing Director	FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY10	\$484,665	\$0	\$585,000	\$0	\$36,664	\$611,111	\$0	\$6,026	\$0	\$1,723,466
M. Carroll Chief Executive Officer - US	FY09	\$601,540	\$661,411	\$517,805	\$841,796	\$21,615	\$0	\$0	\$0	\$186,163	\$2,830,330
	FY10	\$673,348	\$0	\$622,414	\$0	\$21,541	\$710,660	\$0	\$3,905	\$313,429	\$2,345,297
C. Nunn ⁽⁵⁾ Group Chief Financial Officer	FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY10	\$394,658	\$0	\$221,220	\$0	\$14,182	\$127,697	\$0	\$40,000	\$0	\$797,757
M. Wilson ⁽⁶⁾ General Manager – Property Operations Australia	FY09	\$377,170	\$0	\$163,447	\$137,500	\$3,280	\$0	\$0	\$14,038	\$60,210	\$755,645
	FY10	\$176,075	\$0	\$128,753	\$0	\$1,508	\$54,232	\$2,957	\$7,258	\$60,210	\$430,993
D. Kiriacoulacos ⁽⁷⁾ Group General Counsel	FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY10	\$118,513	\$0	\$87,013	\$0	\$548	\$33,351	\$0	\$4,820	\$0	\$244,245
G. Condon ⁽⁷⁾ General Manager – Syndicate Funds Management	FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY10	\$85,585	\$0	\$72,293	\$0	\$9,808	\$32,046	\$1,715	\$12,693	\$27,589	\$241,729

(table continued next page)

4.2.1 Current Senior Executive Remuneration (continued)

		Short Term Employee Benefits					Long Term Employee Benefits		Post Employment Benefits	Equity-based remuneration ⁽³⁾	Total
Name		Fixed salary	Retention payment	Short-term incentive	Restructure incentive	Non-monetary benefits ⁽¹⁾	Long term incentive plan ⁽²⁾	Long service leave entitlement	Superannuation/ 401K	Non-cash	
M. Bennett ⁽⁷⁾ General Manager – Institutional Funds Management	FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY10	\$95,179	\$0	\$64,166	\$0	\$822	\$29,581	\$1,577	\$4,820	\$34,708	\$230,853
S. Siegel ⁽⁸⁾ Executive Vice President & General Counsel –US	FY09	\$519,791	\$711,518	\$380,246	\$651,390	\$20,980	\$0	\$0	\$0	\$146,605	\$2,430,530
	FY10	\$439,932	\$0	\$353,639	\$0	\$19,122	\$310,209	\$0	\$6,599	\$246,818	\$1,376,319
	FY09	\$1,498,501	\$1,372,929	\$1,061,498	\$1,630,686	\$45,875	\$0	\$0	\$14,038	\$392,978	\$6,016,505
	FY10	\$2,467,955	\$0	\$2,134,498	\$0	\$104,195	\$1,908,887	\$6,249	\$86,121	\$682,754	\$7,390,659

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

(2) Represents the expense accrued for the LTI Plan. No payments were received in FY10.

(3) This column provides a prescribed value for equity-based remuneration as is required in Australian Accounting standards (AASB 2 *Share Based Payment*) and not the realisable value of those holdings or the value of interest not charged. The calculations 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, as outlined below.

- 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 FY10.
- 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 FY10.
- Options: the calculation establishes for the EOP awards (granted in the three prior years) the value attributable to FY10.

(4) Mr Tsenin was appointed as Group Chief Executive Officer and Managing Director on 1 March 2010 following his appointment as CEO designate on 5 February 2010. Mr Tsenin's remuneration as a non-executive director is provided in the table at section 5.5.

(5) Mr Nunn was appointed as Group Chief Financial Officer on 1 September 2009.

(6) Mr Wilson was a KMP in FY09 from 1 July 2008 – 28 February 2009 (8 months) at which time he ceased to be a KMP following an Executive Committee restructure. Amounts under all relevant headings for FY09 detail Mr Wilson's remuneration for that period. Mr Wilson became a KMP again in FY10 from 1 March 2010 following another Executive Committee restructure. Amounts under all relevant headings for FY10 detail Mr Wilson's remuneration for the period 1 March 2010 – 30 June 2010 (3 months).

(7) Messrs Kiriacoulacos, Condon and Bennett became KMPs in FY10 from 1 March 2010 following an Executive Committee restructure. Amounts under all relevant headings for FY10 detail their remuneration for the period 1 March 2010 – 30 June 2010.

(8) Mr Siegel is included as he is one of the five highest remunerated officers.

4.2.2 Former Senior Executive Remuneration

		Short term Employee Benefits					Termination		Post Employment Benefits	Equity-based remuneration ⁽²⁾	Total
Name		Fixed salary	Retention payment	Short-term incentive	Restructure incentive	Non-monetary benefits ⁽¹⁾	Statutory payments on termination	Contractual termination payment	Superannuation/ 401K	Non-cash	
G. Rufrano ⁽³⁾ Group Chief Executive Officer	FY09	\$1,637,011	\$0	\$1,691,840	\$0	\$122,322	\$0	\$0	\$0	\$506,171	\$3,957,344
	FY10	\$928,552	\$0	\$1,989,604	\$0	\$35,614	\$147,633	\$0	\$6,283	-\$951,247 ⁽⁸⁾	\$2,156,439
A. Clarke ⁽⁴⁾ Chief Executive Officer - Australia	FY09	\$1,253,963	\$416,667	\$0	\$500,000	\$1,640	\$0	\$0	\$13,745	\$0	\$2,186,015
	FY10	\$657,026	\$800,000	\$200,000	\$0	\$1,092	\$74,435	\$0	\$48,772	\$0	\$1,781,325
G. Terry ⁽⁵⁾ Chief Operating Officer – Australia	FY09	\$505,069	\$0	\$0	\$37,750	\$3,950	\$338,396	\$1,955,250	\$13,665	-\$463,449 ⁽⁸⁾	\$2,390,631
	FY10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
J. Hutchinson ⁽⁶⁾ Group General Counsel	FY09	\$359,090	\$0	\$0	\$28,250	\$5,273	\$63,863	\$1,381,457	\$27,092	-\$324,008 ⁽⁸⁾	\$1,541,017
	FY10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(table continued next page)

4.2.2 Former Senior Executive Remuneration (continued)

		Short term Employee Benefits					Termination		Post Employment Benefits	Equity-based remuneration ⁽²⁾	Total
Name		Fixed salary	Retention payment	Short-term incentive	Restructure incentive	Non-monetary benefits ⁽¹⁾	Statutory payments on termination	Contractual termination payment	Superannuation/ 401K	Non-cash	
P. Kelly ⁽⁷⁾ General Manager – Institutional Funds Management	FY09	\$257,441	\$0	\$0	\$50,000	\$2,238	\$4,608	\$773,461	\$17,799	-\$378,111 ⁽⁸⁾	\$727,436
	FY10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FY09	\$4,012,574	\$416,667	\$1,691,840	\$616,000	\$135,423	\$406,867	\$4,110,168	\$72,301	-\$659,397	\$10,802,443
	FY10	\$1,585,578	\$800,000	\$2,189,604	\$0	\$36,706	\$222,068	\$0	\$55,055	-\$951,247	\$3,937,764

⁽¹⁾ Includes motor vehicle and other non cash fringe benefits as well as the value of accommodation and other expatriate benefits provided to Mr Rufrano during his time in Australia.

⁽²⁾ This column provides a prescribed value for equity-based remuneration as is required in Australian Accounting standards (AASB 2 *Share Based Payment*) and not the realisable value of those holdings or the value of interest not charged. The calculations 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, as outlined below.

- Loan based securities: the calculation treats each security as an option (granted in the three prior years) and based on the fair value per share amount derived at the time of grant, apports the value attributable to FY10.
- 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 FY10.
- Options: the calculation establishes for the EOP awards (granted in the three prior years) based on the fair value per share amount derived at the time of grant, apports the value attributable to FY10,

⁽³⁾ Mr Rufrano resigned with effect from 28 February 2010. 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. No severance payment was made.

⁽⁴⁾ Mr Clarke resigned with effect from 28 February 2010. Amounts under all relevant headings for FY09 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. No severance payment was made. 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 contract from 1 March 2009 provided for consideration for a Retention Payment covering the period from March 2009 to February 2010 and a short term incentive payment for this period. The amount under the Retention Payment for FY09 includes an accrual for the period March-June 2009 and for FY10 includes an accrual for the period July 2009-February 2010.

⁽⁵⁾ Mr Terry's employment was terminated under the terms of his Executive Service Agreement effective 6 March 2009.

⁽⁶⁾ 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.

⁽⁷⁾ Ms Kelly's employment was terminated under the terms of her Executive Services Agreement effective 6 March 2009.

⁽⁸⁾ Equity-based remuneration (refer Note 2 above) includes negative amounts for securities forfeited during the year (following resignation) resulting in the reversal of the amount expensed since issue.

4.2.3 Remuneration Related to Performance for FY10

The following table provides details of the relative proportions of actual remuneration to total remuneration for KMPs.

	Fixed Remuneration	Short Term Incentive	Long Term Incentive	% of remuneration consisting of options
R. Tsenin Group Chief Executive Officer/Managing Director	29%	35%	36%	0%
M. Carroll Chief Executive Officer - US	29%	27%	31%	13%
C. Nunn Group Chief Financial Officer	56%	28%	16%	0%
M. Wilson General Manager – Property Operations Australia	50%	35%	15%	0%
D. Kiriacoulacos Group General Counsel	51%	35%	14%	0%
G. Condon General Manager – Syndicate Funds Management	48%	36%	16%	0%
M. Bennett General Manager – Institutional Funds Management	52%	33%	15%	0%
G. Rufrano (former) Group Chief Executive Officer	32%	68%	0%	0%
A. Clarke (former) Chief Executive Officer Australia	78%	22%	0%	0%

4.2.4 Additional Information on STI Payments

In relation to the STI payments included in the tables on pages 45 to 48 the percentage of the maximum available STI that was earned in the financial year, and the percentage that was not achieved for KMPs, is set out below. Following payments in August 2010 of amounts awarded as at 30 June 2010, no part of the FY10 STI is payable in future years.

	Minimum % of Fixed Remuneration	Maximum % of Fixed Remuneration	% of Maximum STI Awarded	% STI Forfeited	\$ Value Accrued (1)
R. Tsenin Group Chief Executive Officer/Managing Director	0%	150%	90%	10%	585,000
M. Carroll Chief Executive Officer- US	0%	100%	92%	8%	622,414
C. Nunn Group Chief Financial Officer	0%	75%	65%	35%	221,220
M. Wilson General Manager – Property Operations Australia	0%	75%	94%	6%	128,753
D. Kiriacoulacos Group General Counsel	0%	75%	94%	6%	87,013
G. Condon General Manager – Syndicate Funds Management	0%	75%	89%	11%	72,293
M. Bennett General Manager – Institutional Funds Management	0%	75%	86%	14%	64,166
G. Rufrano (former) Group Chief Executive Officer ⁽²⁾	n/a	n/a	n/a	n/a	n/a
A. Clarke (former) Chief Executive Officer Australia ⁽²⁾	n/a	n/a	n/a	n/a	n/a

- (1) A minimum level of performance must be achieved before any STI is awarded as outlined in section 2.3.2(a) above. Therefore the minimum potential value of the STI which was awarded in respect of FY10 was nil. The maximum potential value of grants under the STI is the actual amount of STI paid.
- (2) STI amounts paid to former KMPs were determined by the Board based on contractual year performance for the period 1 March 2009 – 28 February 2010.

4.2.5 Details of LTI grants made to Key Management Personnel during FY10

Details of the LTI grants made to KMP during the year are set out in the table below:

Name	Date of grant	Type/nature of grant ⁽¹⁾	Future years payable ⁽²⁾	Maximum value of grant ⁽³⁾
R.Tsenin	1 March 2010	Cash grant	FY2011, FY2012 and FY2013	\$5,500,000
M.Carroll	1 July 2009	Cash grant	FY2011, FY2012 and FY2013	\$2,131,979
C. Nunn	1 September 2009	Cash grant	FY2011, FY2012 and FY2013	\$459,710
M. Wilson	1 July 2009	Cash grant	FY2011, FY2012 and FY2013	\$487,000
D. Kiriacoulacos	1 October 2009	Cash grant	FY2011, FY2012 and FY2013	\$300,160
G.Condon	1 July 2009	Cash grant	FY2011, FY2012 and FY2013	\$287,500
M. Benett	1 July 2009	Cash grant	FY2011, FY2012 and FY2013	\$265,500

(1) The LTI entitlement for FY10 was made on the terms summarised in section 2.3.2(b) above

(2) LTI grants vest subject to performance over the period from FY10. LTI grants lapse where the performance conditions are not satisfied on testing. As the LTI grants only vest on satisfaction of performance and service conditions which are to be tested in future financial years, none of the KMP forfeited their LTI grant during FY10.

(3) The minimum total value of the grant, if applicable performance and service conditions are not met, is nil. Grants will be divided as three payments of 25%, 25% and 50% in the relevant future years.

4.2.6 Current holdings of options and securities by current Key Management Personnel and other relevant executives

The number of options or securities held by each KMP and any other executives included in the five highest paid executives in the Group as issued via the ESP or EOP, including those held by their personally-related entities, is as follows:

R. Tsenin
No securities or options held via the ESP or EOP

M. Carroll										
Type of Equity Grant	Number of securities/ options held as at 30 June 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant	% vested	Date vested	% forfeited	Future date 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	0	31 July 2007	0%	n/a	0%	31 July 2010	\$8.15	31 July 2017
options over Centro Properties Group securities issued pursuant to EOP with three year time vesting term	175,700	\$258,806	0	31 July 2007	0%	n/a	0%	31 July 2010	\$8.15	31 July 2017
ordinary securities issued pursuant to ESP with conditional vesting terms	53,100	\$422,676	0	31 July 2007	0%	n/a	0%	31 July 2010	\$0	31 July 2017
Total	404,500									

C. Nunn
No securities or options held via the ESP or EOP

M. Wilson										
Type of Equity Grant	Number of securities/ options held as at 30 June 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant	% vested	Date vested	% forfeited	Future date that securities will vest	Exercise Price	Expiry date
ordinary securities issued pursuant to ESP	100,000	n/a	0	1 Nov 2003	100%	1 Nov 2003	n/a	n/a	\$3.79	1 Nov 2013
ordinary securities issued pursuant to ESP with conditional vesting terms	100,000	n/a	0	1 Nov 2003	100%	30 Jun 2006	0%	n/a	\$3.79	1 Nov 2013
ordinary securities issued pursuant to the exercise of options granted under the Executive Option Plan	250,000	n/a	0	1 Feb 2002	100%	28 Sep 2004	0%	n/a	\$3.43	28 Sept 2014
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$401,750	250,000	20 Jul 2007	0%	30 June 2010	100%	n/a	\$8.24	17 July 2017
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$140,140	110,000	28 Sep 2007	0%	30 June 2010	100%	n/a	\$7.75	28 Sept 2017
Total	450,000		360,000							

D. Kiriacoulacos										
No securities or options held via the ESP or EOP										

G. Condon										
Type of Equity Grant	Number of securities/ options held as at 30 June 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant	% vested	Date vested	% forfeited	Future date that securities will vest	Exercise Price	Expiry date
ordinary securities issued pursuant to ESP	15,520	n/a	0	1 Oct 2004	100%	1 Oct 2004	n/a	n/a	\$4.67	1 Oct 2014
ordinary securities issued pursuant to ESP with conditional vesting terms	85,480	n/a	0	1 Jun 2003	100%	01 Jul 2006	0%	n/a	\$4.05	1 July 2013
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$171,650	50,000	15 Feb 2007	0%	1 Feb 2010	100%	n/a	n/a	n/a
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$140,140	110,000	28 Sep 2007	0%	30 Jun 2010	100%	n/a	\$7.75	28 Sept 2017
Total	101,000		160,000							

M. Bennett										
Type of Equity Grant	Number of securities/ options held as at 30 June 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant	% vested	Date vested	% forfeited	Future financial year that securities will vest	Exercise Price	Expiry date
ordinary securities issued pursuant to ESP	17,841	\$22,729	0	28 Sep 2007	100%	28 Sept 2007	n/a	n/a	\$7.75	28 Sept 2017
ordinary securities issued pursuant to ESP with conditional vesting terms	30,000	n/a	0	1 Oct 2004	100%	30 Jun 2007	0%	n/a	\$4.67	1 Oct 2014
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$257,475	75,000	15 Feb 2007	0%	1 Feb 2010	100%	n/a	n/a	n/a
ordinary securities issued pursuant to ESP with conditional vesting terms	0	\$127,400	100,000	28 Sep 2007	0%	30 Jun 2010	100%	n/a	\$7.75	28 Sept 2017
Total	47,841		175,000							

S. Siegel										
Type of Equity Grant	Number of securities/ options held as at 30 June 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant/ exercise	% 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	0	31 July 2007	0%	n/a	0%	31 July 2010	\$8.15	31 July 2017
options over Centro Properties Group securities issued pursuant to EOP with three year time vesting term	138,400	\$203,863	0	31 July 2007	0%	n/a	0%	31 July 2010	\$8.15	31 July 2017
ordinary securities issued pursuant to ESP with conditional vesting terms	41,800	\$332,728	0	31 July 2007	0%	n/a	0%	31 July 2010	\$0	31 July 2017
Total	318,600									

4.2.7 Holdings of options and securities by previous Key Management Personnel

The number of options or securities in the Group held 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 2010	Fair Value at Grant Date	Number of securities/ options held as at 1 July 2009 but disposed of or ceased to be held under ESP before 30 June 2010	Date of grant/ exercise	% vested	Date vested	% forfeited	Future date 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	-	\$646,794	439,100	31 July 2007	0%	n/a	100%	n/a	n/a	n/a
options over Centro Properties Group securities issued pursuant to EOP with three year time vesting terms	-	\$646,794	439,100	31 July 2007	0%	n/a	100%	n/a	n/a	n/a
ordinary securities issued pursuant to ESP with conditional vesting terms	-	\$195,320	132,600	31 July 2007	0%	n/a	100%	n/a	n/a	n/a
options over Centro Properties Group securities issued pursuant to EOP with a one year time vesting term	-	\$56,000	1,000,000	1 April 2008	0%	15 Jan 2009	100%	n/a	n/a	n/a
Total			2,010,800							

A. Clarke (former executive)

No securities or options held via the ESP or EOP

4.2.8 Key Employment Terms of current executive 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 LTI Plan. Other major provisions of the Agreements relating to the employment of Key Management Personnel and executives in the five highest paid executives in the Group are set out below:

Name	Contract duration	Payments on termination ⁽¹⁾	Notice required to terminate (months)	
			Employee	Company
<i>R. Tsenin</i> Group Chief Executive Officer/ Managing Director (from 1 March 2010)	Fixed Term to 28 February 2013	One times Fixed Salary plus Company Super plus Living Away from Home Allowance in lieu of notice	6	12
<i>M. Carroll</i> Chief Executive Officer US	12 months automatically extended for unlimited number of additional one year periods subject to notice.	One times Fixed Salary plus average of the last two years' Bonus payments	6	6
<i>C. Nunn</i> Group Chief Financial Officer	On-going contract	One times Fixed Salary plus Company Super in lieu of notice	6	12
<i>M. Wilson</i> General Manager – Property Operations Australia	On-going contract	One and a half times the sum of Fixed Salary plus Company Super plus the average of the last two years' STI bonus payments plus the value attributed to the current LTI grant in lieu of notice	6	18
<i>D. Kiriacoulacos</i> Group General Counsel	On-going contract	One times Fixed Salary plus Company Super in lieu of notice	6	12
<i>G. Condon</i> General Manager – Syndicate Funds Management	On-going contract	One times Fixed Salary plus Company Super plus the average of the last two years' STI bonus payments in lieu of notice	6	12
<i>M. Bennett</i> General Manager – Institutional Funds Management	On-going contract	One times Fixed Salary plus Company Super in lieu of notice	6	12
<i>S. Siegel</i> Executive Vice-President and General Counsel US	12 months automatically extended for unlimited number of additional one year periods subject to notice.	One times Fixed Salary plus average of the last two years' Bonus payments	6	6

⁽¹⁾ Termination payments are payable if the Company terminates the senior executive's employment without cause or if the senior executive terminates his employment for a fundamental change or with good reason and is paid in lieu of notice and any relevant entitlements under National Employment Standards. Entitlement to the LTC awards is forfeited unless the Board has determined that the relevant measure has been achieved and the termination is not through resignation or with cause.

All of the contracts described above, with the exception of that between Mr Tsenin and Centro, were entered into prior to 24 November 2009.

4.2.9 Key Employment Terms of former executive KMPs

Name	Contract duration	Payments on termination	Notice required to terminate (months)	
			Employee	Company
G. Rufrano (former) Group Chief Executive Officer	12 months automatically extended for unlimited number of additional one year periods subject to notice.	One times Fixed Salary plus average of the last two years' Bonus payments	6	6
A. Clarke (former) Chief Executive Officer Australia	12 months automatically extended for unlimited number of additional one year periods subject to notice.	One times the sum of Fixed Salary plus Company Super plus the average of the last two years' STI bonus payments in lieu of notice	6	12

Section 5 Non-executive Directors

5.1 Governance

The Board maintains a Nomination Committee whose role is to advise the Board on matters relating to the appointment and remuneration of non-executive Directors. The composition and function of this Committee is set out within the Corporate Governance section of this Annual Report. Committee charters are available on the Centro website at www.centro.com.au.

5.2 Board and Committee fees

Non-executive Directors' fees, including committee fees and ad hoc fees, are determined by the Board based on recommendations from the Nomination Committee. Fees are set 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.

Non-executive Directors receive a Director's fee of \$125,350 per annum inclusive of company superannuation contributions. This amount has remained unchanged since the 2009 financial year.

Non-executive Directors are also permitted to be paid additional fees for attendance at committee meetings of which they are a member. Such fees are included in the aggregate remuneration cap approved by securityholders.

Committee membership fees, inclusive of company superannuation contributions, as follows:

Audit Committee - \$8,720 per annum (2009: Audit & Risk Management Committee - \$8,000 per annum)

Risk Committee - \$7,630 per annum (2009: n/a)

Compliance Committee - \$7,630 per annum (2009: \$7,000 per annum)

Finance Committee - \$7,630 per annum (2009: n/a)

Remuneration and HR Committee - \$4,905 per annum (2009: Nomination and Remuneration Committee - \$4,500 per annum)

Nomination Committee - \$4,905 per annum (2009: n/a)

Committee Chairmen receive a fee equal to twice the relevant Committee members' fees (consistent with 2009).

Non-executive Directors who sit on other committees of the Board, such as due diligence committees, receive an attendance fee of \$3,300 per full day (2009: \$2,500) and \$2,000 per half day (2009: \$1,500). During the year, non-executive Directors were paid a total of \$16,000 in ad hoc committee fees (2009: \$22,000).

The Chairman of the Board receives a fee equal to three times the non-executive Director's fee (consistent with 2009). 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 Committee, is a member of the Remuneration and HR Committee and attends other Committee meetings.

Company superannuation contributions 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.

5.3 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.

5.4 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 but with an adjustment based on the movement in the Consumer Price Index. The remaining non-executive Director who had participated in this retirement allowance retired from the Board in October 2009 and was paid the benefit. No further amounts are payable in respect of non-executive Directors retirement allowances.

The amount paid to the relevant non-executive Director was:

Name	Net benefit as at 30 June 2009	Net benefit as at 30 Sep 2009 after CPI adjustment	Paid out on retirement	Net benefit as at 30 Jun 2010
P.G. Goldie	\$167,981	\$168,485	\$168,485	-

5.5 Current non-executive Director Remuneration

		Short-Term Benefits			Post-Employment Benefits	
Name		Directors' fees	Committee fees (including ad hoc committee fees)	Non-monetary benefits	Superannuation contributions	Total
P. Cooper ⁽⁴⁾ (Chairman)	FY09	\$345,000	\$0	\$0	\$31,050	\$376,050
	FY10	\$355,820	\$0	\$0	\$20,230	\$376,050
J. Hall ⁽⁴⁾	FY09	\$115,000	\$27,500	\$0	\$12,825	\$155,325
	FY10	\$115,000	\$29,375	\$0	\$12,994	\$157,369
R. Wylie ⁽¹⁾	FY09	\$45,741	\$11,375	\$0	\$44,634	\$101,750
	FY10	\$101,147	\$28,000	\$0	\$26,723	\$155,870
A. Buduls ⁽²⁾	FY09	\$0	\$0	\$0	\$0	\$0
	FY10	\$86,250	\$22,285	\$0	\$9,768	\$118,303
S. Oliver ⁽²⁾	FY09	\$0	\$0	\$0	\$0	\$0
	FY10	\$86,250	\$20,875	\$0	\$9,641	\$116,766
R. Tsenin ⁽³⁾	FY09	\$0	\$0	\$0	\$0	\$0
	FY10	\$40,103	\$10,113	\$0	\$4,320	\$54,536
Total	FY09	\$505,741	\$38,875	\$0	\$88,509	\$633,125
	FY10	\$784,570	\$110,648	\$0	\$83,676	\$978,894

(1) Mr Wylie was appointed to the Board effective 16 October 2008.

(2) Ms Buduls and Ms Oliver were appointed to the Board effective 1 October 2009.

(3) Mr Tsenin was appointed to the Board effective 1 October 2009 and to the position of Group Chief Executive Officer and Managing Director effective 1 March 2010. Mr Tsenin's remuneration as CEO designate, Group CEO and managing director is provided in the table at section 5.2.1.

(4) Messers Cooper and Hall are also remunerated in their capacity as directors of Centro Retail Limited, a related party and controlled entity of the Group, from 1 October 2009. Centro Retail Limited and Centro Retail Trust are stapled entities trading on the ASX as Centro Retail Group (CER). The table below discloses the fees paid during FY10 to Messers Cooper and Hall and the total fees received by them, including the fees earned in their capacity as Directors of Centro Properties Limited.

		Short-Term Benefits			Post-Employment Benefits	
Name		Directors' fees	Committee fees (including ad hoc committee fees)	Non-monetary benefits	Superannuation contributions	Total
P. Cooper	FY10	\$86,250	\$8,625	\$0	\$8,539	\$103,414
Total		\$442,070	\$8,625	\$0	\$28,769	\$479,464
J. Hall	FY10	\$86,250	\$25,750	\$0	\$9,720	\$121,720
Total		\$201,250	\$55,125	\$0	\$22,714	\$279,089

5.6 Former non-executive Director Remuneration

		Short-Term Benefits			Post-Employment Benefits		
Name		Directors' fees	Committee fees (including ad hoc committee fees)	Non- monetary benefits	Superannuation contributions	Retirement benefit ⁽²⁾	Total
P. G. Goldie ⁽¹⁾	FY09	\$115,000	\$34,500	\$0	\$12,735	\$4,287	\$166,522
	FY10	\$28,897	\$6,659	\$0	\$3,200	\$504	\$39,260
S. Kavourakis ⁽¹⁾	FY09	\$115,000	\$26,500	\$0	\$11,475	\$0	\$152,975
	FY10	\$28,897	\$19,141	\$0	\$2,883	\$0	\$50,921
L. P. Wilkinson ⁽¹⁾	FY09	\$115,000	\$11,500	\$5,775	\$11,385	\$0	\$143,660
	FY10	\$28,897	\$2,890	\$2,800	\$34,648	\$0	\$69,235
Total	FY09	\$345,000	\$72,500	\$5,775	\$35,595	\$4,287	\$463,157
	FY10	\$86,691	\$28,690	\$2,800	\$40,731	\$504	\$159,416

⁽¹⁾ Messrs, Goldie, Kavourakis and Wilkinson retired from the Board effective 30 September 2009.

⁽²⁾ Retirement benefit represents the amount accrued for the CPI indexation of the benefit as outlined in section 5.4.

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 25 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 63.

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.

Signed at Melbourne on 31 August, 2010 in accordance with a resolution of the Directors.

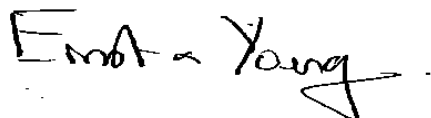


P. Cooper

Chairman

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

In relation to our audit of the financial report of Centro Properties Group for the financial year ended 30 June 2010, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'B R Meehan'.

B R Meehan
Partner
Melbourne
31 August 2010

Income Statement for the year ended 30 June

Centro Properties Limited and its Controlled Entities			
	Notes	30.06.10 \$'000	30.06.09 \$'000
REVENUE			
Property ownership revenue		1,707,709	2,062,629
Property services revenue		66,933	64,979
Distribution revenue		15,511	25,764
Interest revenue		16,469	20,861
TOTAL REVENUE		1,806,622	2,174,233
Other income		116,878	30,252
Property revaluation decrement for directly owned properties	12(d)	(645,508)	(3,846,917)
Net movement on mark to market of derivatives		33,068	(492,696)
Foreign exchange gains/(losses)		45,326	(931,426)
Discount on acquisition	26(a)	4,384	-
Fair value adjustment on financial assets at fair value through profit or loss	12(c)	(22,820)	(181,035)
Share of net profits/(losses) of associates and joint venture partnerships accounted for using the equity method	12(b)	32,125	(208,171)
Movement in net assets attributable to puttable interests in consolidated finite life trusts		24,011	464,845
Financing costs	7	(817,665)	(1,079,371)
Repairs, maintenance, cleaning and security		(128,464)	(158,792)
Employee benefits expense	7	(145,338)	(167,656)
Advisor fees		(31,990)	(94,232)
Withholding and franchise taxes		(21,137)	(19,178)
Rent, rates, taxes and insurance		(244,036)	(251,217)
Light and power		(54,456)	(62,209)
Depreciation and amortisation expense	7	(17,044)	(28,736)
Marketing		(4,342)	(10,179)
Other shopping centre management costs		(44,495)	(85,172)
Bad and doubtful debts	11(a)	(29,304)	(33,344)
Impairment of intangible assets	14	(331,168)	-
Net loss on the disposal of investment property, equity accounted and held-for-sale investments		(1,552)	(58,174)
Other expenses from ordinary activities		(33,021)	(53,247)
LOSS BEFORE TAX		(509,926)	(5,092,422)
Income tax (expense)/benefit	8(a)	(13,252)	92,126
NET LOSS AFTER TAX		(523,178)	(5,000,296)
Attributable to non-controlling interests:			
Centro Property Trust members		(328,018)	(3,383,318)
External		129,522	(1,456,315)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED		(324,682)	(160,663)
Basic loss per share (cents)	22(a)	(33.81)	(18.14)
Diluted loss per share (cents)	22(b)	(33.81)	(18.14)
Net loss attributable to members of Centro Properties Group:			
Centro Property Trust members		(328,018)	(3,383,318)
Centro Properties Limited members		(324,682)	(160,663)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(652,700)	(3,543,981)
Basic loss per stapled security (cents)	22(e)	(67.96)	(398.36)
Diluted loss per stapled security (cents)	22(f)	(67.96)	(398.36)

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

Statement of Comprehensive Income for the year ended 30 June

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
NET LOSS AFTER TAX	(523,178)	(5,000,296)
OTHER COMPREHENSIVE INCOME		
Net exchange differences arising on translation of foreign operations	89,816	831,382
TOTAL COMPREHENSIVE LOSS	(433,362)	(4,168,914)
Amounts attributable to non-controlling interests:		
Centro Property Trust members	(299,839)	(2,612,355)
External	163,228	(1,276,776)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED	(296,751)	(279,783)
Total comprehensive loss attributable to members of Centro Properties Group:		
Centro Property Trust members	(299,839)	(2,612,355)
Centro Properties Limited members	(296,751)	(279,783)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(596,590)	(2,892,138)

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

Total comprehensive loss attributable to members of Centro Properties Group of \$596.6 million (2009: \$2.9 billion) is equal to the net loss of \$652.7 million (2009: \$3.5 billion) plus the gain in the foreign currency translation reserve of \$56.1 million (2009: gain of \$651.8 million). This comprises total comprehensive loss of \$296.7 million attributable to members of Centro Properties Limited (2009: loss of \$279.8 million) and a loss of \$299.8 million attributable to members of Centro Property Trust (2009: loss of \$2.6 billion). Total comprehensive loss attributable to non-controlling interests, which includes Centro Properties Trust and external non-controlling interests, is \$136.6 million (2009: loss of \$3.9 billion).

Balance Sheet

as at 30 June

Centro Properties Limited and its Controlled Entities				
	Notes	30.06.10 \$'000	30.06.09 \$'000	01.07.08 \$'000
CURRENT ASSETS				
Cash assets and cash equivalents	10	465,106	266,064	201,127
Restricted cash		91,061	84,173	81,383
Derivative financial instruments	5(d)	3,563	14,602	458,808
Trade and other receivables	11	325,249	330,167	431,347
Non-current assets classified as held for sale	12(a)	69,232	114,304	768,751
Total current assets		954,211	809,310	1,941,416
NON-CURRENT ASSETS				
Investments accounted for using the equity method	12(b)	703,007	723,934	988,402
Financial assets carried at fair value through profit or loss	12(c)	297,141	333,381	606,209
Investment property	12(d)	14,452,250	15,527,339	16,324,967
Derivative financial instruments	5(d)	21,957	33,246	-
Plant and equipment	13	22,362	28,300	36,131
Intangible assets	14	364,598	713,204	668,774
Trade and other receivables	11	18,174	66,703	10,973
Total non-current assets		15,879,489	17,426,107	18,635,456
TOTAL ASSETS		16,833,700	18,235,417	20,576,872
CURRENT LIABILITIES				
Trade and other payables	15	461,011	528,267	634,103
Interest bearing liabilities	17	4,925,567	1,829,616	8,327,900
Derivative financial instruments	5(d)	13,869	7,080	460,332
Provisions	16	10,843	9,375	54,869
Total current liabilities		5,411,290	2,374,338	9,477,204
NON-CURRENT LIABILITIES				
Trade and other payables	15	37,009	37,266	4,281
Interest bearing liabilities	17	11,635,795	15,490,086	6,807,369
Non-interest bearing liabilities		-	55	7,893
Derivative financial instruments	5(d)	503,041	606,677	-
Deferred tax liabilities	18	33,060	21,468	104,002
Provisions	16	4,923	26,792	33,913
Puttable interests in consolidated finite life trusts	19	183,938	292,109	587,445
Total non-current liabilities		12,397,766	16,474,453	7,544,903
TOTAL LIABILITIES		17,809,056	18,848,791	17,022,107
NET (LIABILITIES)/ASSETS		(975,356)	(613,374)	3,554,765

Balance Sheet

as at 30 June (continued)

		Centro Properties Limited and its Controlled Entities		
	Notes	30.06.10 \$'000	30.06.09 \$'000	01.07.08 \$'000
EQUITY				
Equity attributable to members of Centro Properties Limited				
Contributed equity	2	284,505	284,505	55,499
Other equity	2	(489,517)	(489,517)	(489,517)
Reserves	2	(36,721)	(75,754)	35,835
Accumulated losses	2	(1,019,290)	(694,608)	(533,946)
Total equity attributable to members of Centro Properties Limited		(1,261,023)	(975,374)	(932,129)
Equity attributable to non-controlling interests:				
Centro Property Trust				
Contributed equity	2	2,957,003	2,956,491	3,162,409
Other equity	2	(480,150)	(480,150)	(480,150)
Reserves	2	695,751	667,572	(103,392)
Accumulated losses	2	(4,053,134)	(3,725,116)	(356,978)
Total equity attributable to members of Centro Property Trust		(880,530)	(581,203)	2,221,889
External	2	1,166,197	943,203	2,265,005
Total equity attributable to non-controlling interests		285,667	362,000	4,486,894
TOTAL EQUITY		(975,356)	(613,374)	3,554,765
Equity attributable to members of Centro Properties Group:				
Centro Property Trust members	2	(880,530)	(581,203)	2,221,889
Centro Properties Limited members	2	(1,261,023)	(975,374)	(932,129)
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(2,141,553)	(1,556,577)	1,289,760

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

Statement of Changes in Equity for the year ended 30 June

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
CHANGES IN EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP			
Opening balance of contributed equity		3,240,996	3,217,908
Issue of new stapled securities		-	14,078
Distribution reinvestment		-	6,739
Employee loan repayments classified as options		512	2,271
Closing balance of contributed equity		3,241,508	3,240,996
Opening balance of other equity		(969,667)	(969,667)
Closing balance of other equity		(969,667)	(969,667)
Opening balance of accumulated losses		(4,419,724)	(890,924)
Net loss for the year		(652,700)	(3,543,981)
Distributions provided for or paid to preference unitholders		-	15,181
Closing balance of accumulated losses		(5,072,424)	(4,419,724)
Opening balance of reserves		591,818	(67,557)
Opening balance of share-based payment reserve		43,368	35,836
Movement in share-based payment reserve	7	11,102	7,532
Closing share-based payment reserve		54,470	43,368
Opening balance of foreign currency translation reserve		548,450	(103,393)
Movement in foreign currency translation reserve		56,110	651,843
Closing balance of foreign currency translation reserve		604,560	548,450
Closing balance of reserves		659,030	591,818
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(2,141,553)	(1,556,577)
CHANGES IN EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS			
Opening balance		943,203	2,265,005
Total comprehensive income		163,228	(1,276,776)
Addition of contributed equity		61,804	-
Distributions provided for or paid		(2,038)	(45,026)
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS		1,166,197	943,203
TOTAL EQUITY		(975,356)	(613,374)

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

Total comprehensive loss attributable to members of Centro Properties Group of \$596.6 million (2009: \$2.9 billion) is equal to the net loss of \$652.7 million (2009: \$3.5 billion) plus the gain in the foreign currency translation reserve of \$56.1 million (2009: gain of \$651.8 million). This comprises total comprehensive loss of \$296.7 million attributable to members of Centro Properties Limited (2009: loss of \$279.8 million) and a loss of \$299.8 million attributable to members of Centro Property Trust (2009: loss of \$2.6 billion). Total comprehensive loss attributable to non-controlling interests, which includes Centro Properties Trust and external non-controlling interests, is \$136.6 million (2009: loss of \$3.9 billion).

Cash Flow Statement for the year ended 30 June

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		1,788,037	2,203,837
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(698,282)	(1,037,366)
Distributions received from associates and managed investments		75,720	84,496
Interest and other income received		45,736	51,922
Interest paid/derivative settlements		(743,891)	(932,979)
Net cash inflow from operating activities	21(b)	467,320	369,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities net of cash acquired	26	362	-
Proceeds from other investments		-	14,516
Proceeds/(payments) for plant and equipment		(1,286)	1,436
Payments for other investments		(12,259)	(19,779)
Proceeds from disposal of property investments		260,489	582,461
Payments for development of property investments		(79,090)	(276,957)
Net cash inflow from investing activities		168,216	301,677
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		397,199	394,097
Repayments of borrowings		(768,045)	(922,094)
Proceeds from sale of securities		512	2,271
Payments for financial restructuring costs		(17,947)	(89,265)
Distributions paid to non-controlling and puttable interests	16(c)	(42,130)	(12,660)
Net cash outflow from financing activities		(430,411)	(627,651)
Net increase in cash and cash equivalents		205,125	43,936
Cash and cash equivalents at 1 July		266,064	201,127
Effects of exchange rate changes on cash and cash equivalents		(6,083)	21,001
Cash and cash equivalents at 30 June	10	465,106	266,064

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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements of the consolidated entity (the Group or Centro) consisting of Centro Properties Limited (the Company) and its controlled entities.

Following amendments to the *Corporations Act 2001* in June 2010, parent entity financial statements are no longer required. For parent entity disclosures, refer to Note 4.

(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 except as detailed in Note 1(ae). When the presentation or classification of items in the financial report are amended comparative amounts are also reclassified unless it is impractical.

The Group financial statements reflect the consolidation of all entities controlled by Centro Properties Limited (the Company), including Centro Properties Trust (the Trust). For statutory reporting purposes, in accordance with AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*, Centro Properties Limited is deemed to be the parent entity of the Centro Properties Group and therefore presents the consolidated financial statements of the Group.

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 Securities Exchange together, effectively as a "stapled security", for so long as the two entities remain jointly quoted.

During the year ended 30 June 2010, the Group incurred net losses of \$523.2 million (2009: \$5.0 billion loss) and as at that date, the Group's total liabilities exceeded total assets by \$975.4 million (2009: \$613.4 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. No adjustments were made to the assets and liabilities within the financial report in relation to this uncertainty. The Group is in a net liability position and remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates and the provision of loan covenant waivers. The Group also relies on 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, refinanced or restructured, including by way of compromise;
- 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:

- The long term refinancing and debt stabilisation agreement, including the creation of a hybrid security, announced on 16 January 2009;
- The refinance and extension of some of the Group's maturing facilities announced on 29 July 2010. Refer to Note 33 for more information;
- The underlying performance of the Group's investment portfolio and services business, and forecast cashflows throughout the stabilisation period ending 31 December 2011, including actions management can take to address potential risks;
- Based on preliminary considerations of, and dialogue on, various potential restructure alternatives that a restructure and recapitalisation will take place; and
- Consideration of the Group's exposure to guarantees and covenants.

For the reasons outlined above, the financial report has been prepared on a going concern basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of financial statements (continued)

(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, certain financial assets and liabilities (including derivative instruments) and investment property which have all been recognised at fair value.

(iii) Significant accounting estimates, judgements 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(c) Principles of consolidation

These Group financial statements comprise the consolidated accounts of Centro Properties Limited and its controlled entities as defined by AASB 127 *Consolidated and Separate Financial Statements*, 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(e)).

The effects of all transactions between entities in the Group are eliminated in full. Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated Income Statement and Balance Sheet respectively.

(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 Group exercises significant influence, but not control.

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

(e) Business combinations

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 non-controlling 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 controlled entity 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Business combinations (continued)

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, leasing and development management

Property management and leasing fees are generated from existing properties and development fees are derived in respect of new developments and redevelopments. Fees are in accordance with generally accepted commercial terms and conditions.

Fee revenue is 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 payment is established.

(iv) Interest revenue

Interest revenue 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 Company 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (continued)

(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.

(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 receivables 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 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 annual leave are recognised as a provision for employee benefits and are measured based on the amounts expected to be paid when the liabilities are settled. Amounts due to be settled within twelve months of the reporting date are classified as current liabilities. Non accumulating sick leave is expensed as 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 (current) 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 (non-current) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised 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 that are expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when they are settled.

Liabilities for bonus plans that are expected to be settled greater than 12 months of the reporting date are measured at the present value of amounts expected to be paid. Amounts are recognised as an expense over the period in which employees render the related service under the plan.

(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.

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 share based payment 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 Group.

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 controlled entity/associate at the date of acquisition. Goodwill on acquisitions of controlled entities 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. 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.

(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.

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 of its controlled entities 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. Financial assets 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 deferred in equity are recycled to the Income Statement.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial assets (continued)

(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.

(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. Assets held for sale that are investment properties are stated at fair value. All other assets held for sale are stated at the lower of carrying value and 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 2010, no derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the Income Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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) 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.

(v) 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. All other borrowing costs are expensed as incurred.

(w) 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.

(x) Deferred revenue

Revenue that is received in advance of rendering the related services is recognised as a liability and amortised as earned. The Group continually reassesses the balance of deferred revenue and related revenue to be recognised, in each period.

(y) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Foreign currency translation (continued)

(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.

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 available-for-sale 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 recognised in other comprehensive income and accumulated in 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.

(z) 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.

(aa) 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.

(ab) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) 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 controlled entities 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.

(ad) 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 non-controlling interests in managed investment schemes consolidated by the Group.

(ae) Changes in accounting policies

From 1 July 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual reporting periods beginning on or after 1 January 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 8 *Operating Segments* including the early adoption of AASB 2009-5 *Further amendments arising from the second annual improvements project* as it applies to AASB 8
- Revised AASB 101 *Presentation of Financial Statements*
- Revised AASB 3 *Business Combinations*
- Revised AASB 127 *Consolidated and Separate Financial Statements*
- Revisions to the *Corporations Act 2001* in regard to Parent Entity disclosures

The amending standards which introduce the changes to these standards have also been adopted from 1 July 2009 and 1 July 2008 as necessary.

(i) Operating Segments

The Group has applied the new segment reporting standard, AASB 8 from 1 July 2009. AASB 8 requires a 'management approach' to identifying and presenting segment information, that is, segment information is presented on the same basis as that used for internal reporting purposes.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8.

(ii) Presentation of Financial Statements

The Group has applied the revised AASB 101 from 1 July 2009.

The revised standard requires the presentation of a statement of comprehensive income and requires changes to the statement of changes in equity, but does not affect any of the amounts recognised in the financial statements.

The revised AASB 101 also introduces the requirement to disclose a third Balance Sheet as at the beginning of the comparative period when an entity applies an accounting policy retrospectively.

(iii) Business Combinations and Consolidated and Separate Financial Statements

The Group previously relied on AASB Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* in the preparation of its consolidated financial statements. This Interpretation allowed the Group's financial statements to reflect the aggregation of the consolidated financial statements of Centro Properties Limited and Centro Property Trust, notwithstanding that Centro Properties Limited was deemed to be the parent entity of the Group.

The revised AASB 3 supersedes AASB Interpretation 1013 and therefore, the Group is now required to prepare its consolidated financial statements in accordance with the revised AASB 127.

The application of the revised AASB 127 requires "non-controlling interests", formerly known as "minority 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 has been apportioned to reflect the amount attributable to the owners of the parent and to the non-controlling interests.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Changes in accounting policies (continued)

(iii) *Business Combinations and Consolidated and Separate Financial Statements (continued)*

This change has resulted 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, but rather by securityholders directly.

These changes have had a significant impact on how the financial results are presented, however, the underlying result 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 Property Trust.

(iv) *Parent entity disclosures*

The Group has applied *Corporations Act 2001* amendments requiring an entity to prepare either consolidated financial statements, where required by accounting standards or, individual entity financial statements if the accounting standards do not require the preparation of consolidated financial statements. The Group has presented consolidated financial statements along with summarised parent entity information in compliance with these changes. Refer to Note 4 for parent entity disclosures.

(af) Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations that are relevant to the Group are set out below.

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9*

AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. AASB 9 addresses the current classification and measurement models of financial assets in AASB 139 *Financial Instruments: Recognition and measurement* with a new model. Under this new model, financial assets that are debt instruments with certain characteristics are measured at amortised cost. All other financial assets are measured at fair value. For equity instruments, an option is available to recognise all fair value changes in other comprehensive income. These changes may impact the classification and measurement of financial assets held by the parent and the Group. The Group is still assessing the impacts of this standard.

(ii) *Revised AASB 124 Related Party Disclosures*

The amended AASB 124 is applicable for annual reporting periods beginning on or after 1 January 2011, and requires prior period disclosures to be revised accordingly. The amendment provides simplification of the definition of a related party, clarifying its intended meaning and eliminating inconsistencies in the definition. The Group will apply the amended standard from 1 July 2011 and its effects are not expected to have an impact on the related party disclosures of the Group.

(iii) *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2009-5 is applicable for annual reporting periods beginning on or after 1 January 2010, with specific application dates for each of the standards it amends. The amendments are part of the IASB's second annual improvements project and introduce various changes that are not expected to have a material impact on the Group's financial statements. The Group will apply the amended standard from 1 July 2010.

(iv) *AASB 2009-8 Amendments to Australian Accounting Standards- Group Cash-settled Share-based Payment Transactions*

AASB 2009-8 is applicable for annual reporting periods beginning on or after 1 January 2010. The Amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must recognise, in its separate financial statements, an expense for those goods or services regardless of which entity in the Group settles the transaction and in what way (equity or cash). The amendment is not expected to have any impact on the Group financial statements. The Group will apply the amended standard from 1 July 2010.

(v) *AASB 2009-12 Amendments to Australian Accounting Standards*

AASB 2009-12 is applicable for annual reporting periods beginning on or after 1 January 2011. The amendments introduced by AASB 2009-12 are primarily editorial amendments and changes in terminology and are not expected to have a material impact on the Group's financial statements. The Group will apply the amended standard from 1 July 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) Accounting standards and interpretations issued but not yet effective (continued)

(vi) AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2010-3 is applicable for annual reporting periods beginning on or after 1 July 2010, with specific application dates for each of the standards it amends. The amendments are part of the IASB's third annual improvements project and introduce various changes that are not expected to have a material impact on the Group's financial statements. The Group will apply the amended standard from 1 July 2010.

(vii) AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

AASB 2010-4 is applicable for annual reporting periods beginning on or after 1 January 2011, with specific application dates for each of the standards it amends. The amendments are part of the IASB's third annual improvements project and introduce various changes that are not expected to have a material impact on the Group's financial statements. The Group will apply the amended standard from 1 July 2011.

(viii) Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

Interpretation 19 is applicable for annual reporting periods beginning on or after 1 July 2010. The Interpretation requires an entity to measure equity instruments issued to a creditor to extinguish a financial liability at the fair value of the equity instruments issued, or the fair value of the liability exchanged, whichever is more reliably determinable. The difference between the carrying amount of the financial liability extinguished and the initial measurement of the amount of the equity instruments issued is required to be recognised in the Income Statement. The Group will apply this Interpretation from 1 July 2010. The Interpretation is not expected to have a material impact on the Group's financial statements.

(ag) 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 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. RETROSPECTIVE ACCOUNTING CHANGES

From 1 July 2009 the Group was required to apply the revised AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Reports* as detailed in Note 1(ae)(iii) above.

As a consequence of adopting the revised accounting standards, the Group was required to change its method of presenting the stapling of Centro Properties Limited and Centro Property Trust.

The intention of the revised requirements is to represent the fact that Centro Properties Limited does not own Centro Property Trust, but rather both are owned by securityholders directly by virtue of the stapling arrangement. Securityholders should note that this requirement does not in any way change their investment or their entitlements but merely presents their ownership interests differently.

This change has had a significant impact on the presentation of the financial position and result but has not changed the net assets or results attributable to the members of Centro Properties Group.

The affected financial statement line items for the prior period have been revised to comply with the adoption of revised accounting standards and the changes in accounting policy, as detailed below.

Extract of Consolidated Income Statement for the year ended 30 June 2009

	Revised 30.06.09 \$'000	30.06.09 \$'000
NET LOSS AFTER TAX	(5,000,296)	(5,000,296)
Attributable to non-controlling interests:		
Centro Property Trust members	(3,383,318)	n/a
External	(1,456,315)	(1,456,315)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED	(160,663)	n/a
Basic loss per share (cents)	(18.14)	n/a
Diluted loss per share (cents)	(18.14)	n/a
Net loss attributable to members of Centro Properties Group:		
Centro Property Trust members	(3,383,318)	n/a
Centro Properties Limited members	(160,663)	n/a
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(3,543,981)	(3,543,981)
Basic loss per stapled security (cents)	(398.36)	(398.36)
Diluted loss per stapled security (cents)	(398.36)	(398.36)

n/a – not required under the previous accounting standard applied by the Group.

2. RETROSPECTIVE ACCOUNTING CHANGES (CONTINUED)

Extract of Consolidated Balance Sheet
as at 30 June 2009

	Revised 30.06.09 \$'000	30.06.09 \$'000	Revised 01.07.08 \$'000	01.07.08 \$'000
EQUITY				
Equity attributable to members of Centro Properties Limited				
Contributed equity	284,505	2,271,329	55,499	2,248,241
Other equity ⁽ⁱ⁾	(489,517)	n/a	(489,517)	n/a
Reserves	(75,754)	591,818	35,835	(67,557)
Accumulated losses	(694,608)	(4,419,724)	(533,946)	(890,924)
Total	(975,374)	(1,556,577)	(932,129)	1,289,760
Equity attributable to non-controlling interests:				
Centro Property Trust				
Contributed equity	2,956,491	n/a	3,162,409	n/a
Other equity ⁽ⁱ⁾	(480,150)	n/a	(480,150)	n/a
Reserves	667,572	n/a	(103,392)	n/a
Accumulated losses	(3,725,116)	n/a	(356,978)	n/a
Total	(581,203)	n/a	2,221,889	n/a
External	943,203	943,203	2,265,005	2,265,005
Total equity attributable to non-controlling interests	362,000	943,203	4,486,894	2,265,005
TOTAL EQUITY	(613,374)	(613,374)	3,554,765	3,554,765
Equity attributable to members of Centro Properties Group:				
Centro Property Trust members	(581,203)	n/a	2,221,889	n/a
Centro Properties Limited members	(975,374)	n/a	(932,129)	n/a
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(1,556,577)	(1,556,577)	1,289,760	1,289,760

n/a – not required under the previous accounting standard applied by the Group.

- ⁽ⁱ⁾ Other equity, totalling negative \$969.7 million results from the deemed reverse acquisition arising from the Centro/Prime merger which occurred in October 2004. Current versions of Australian Accounting Standards require individual disclosure of equity attributable to Centro Properties Limited and Centro Property Trust. Prior to the application of revised AASB 3 and AASB 127, other equity was included within the Group's contributed equity balance.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS 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 based on either an independent valuation or a Directors' valuation which is supported by the extrapolation of independent valuations on similar properties. 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. Refer to Note 12 for further information regarding investment property valuations.

At 30 June 2010, the carrying value of investment properties held by the Group is \$14.5 billion (2009: \$15.5 billion).

(b) Fair value of mark-to-market derivatives and other financial instruments

Management uses its judgement 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 intangible assets on its Balance Sheet. In order to review the carrying amount of the intangible asset balance, the recoverable amounts of cash-generating units have been determined based on value in use calculations. The value in use method for assessing intangible assets involves using cash flow projections based on detailed FY11 budgets and forecasts to FY13 approved by the Board and an extrapolation to FY20.

The valuation included in the financial statements is based on what Directors have described as a 'limited capital available' scenario. Refer to Note 14 for details of these assumptions and the potential impact of changes to these assumptions. Should the Group be unable to extend, re-finance or restructure certain loan facilities beyond existing expiry dates or the Group's circumstances change adversely, the recoverable amount of intangible assets is likely to be significantly lower than the current carrying amount. On the other hand, if the Group is able to successfully implement a restructure and recapitalisation in the coming 12-18 months and capital is made available to reinvest in the business, the value attributed to the business could increase considerably.

At 30 June 2010, the carrying value of intangible assets of the Group is \$364.6 million (2009: \$713.2 million).

(d) Control

Management uses their judgement 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.

(e) Collectability of trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. 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.

The Group estimates the amount to be provided for based on knowledge of individual retailers circumstances, customer credit-worthiness, and current economic trends. The amount of the allowance is continually reassessed following any changes in individual retailer circumstances, such as bankruptcy, with a complete review undertaken every six months.

(f) Litigation

The Group is subject to ongoing litigation involving holders of CNP stapled securities as disclosed in Note 27(a). 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.

4. PARENT ENTITY INFORMATION

(a) Parent entity

The parent entity of the Group is Centro Properties Limited.

(b) Financial information

The financial information presented below represents that of the legal parent entity only and is not comparable to the consolidated results of Centro Properties Limited, as presented in the Income Statement.

	Centro Properties Limited	
	30.06.10	30.06.09
	\$'000	\$'000
Income Statement information		
Net loss attributable to members of the parent entity	(911,368)	(210,154)
Comprehensive income information		
Total comprehensive income attributable to members of the parent entity	(911,368)	(210,154)
Balance Sheet information		
Current assets	49	60
Total assets	53,541	967,780
Current liabilities	2,136	5,008
Total liabilities	1,222,329	1,225,201
Equity attributable to members of the parent entity		
Contributed equity	239,312	239,312
Accumulated losses	(1,408,100)	(496,733)
	(1,168,788)	(257,421)

(c) Related party transactions

The above results and Balance Sheet position are primarily the result of related party transactions. The effects of the below transactions have been eliminated in the consolidated accounts of the Group.

Centro Properties Limited borrows from the Trust on an unsecured basis. The balance outstanding at 30 June 2010 is \$1,220,193,000 (2009: \$1,220,193,000).

Centro Properties Limited had an amount receivable from the Trust for which it does not have a right to offset against the loan balance outlined above. An impairment of \$302,373,013 (2009: nil) has been recognised and the balance outstanding at 30 June 2010 is nil (2009: \$302,373,013).

Centro Properties Limited has recognised an investment in and a receivable from Centro (CPL) Limited in the amounts of \$31,233,000 (2009: \$31,233,000) and \$489,117,144 (2009: \$489,117,144) respectively. An impairment of \$31,233,000 (2009: nil) and \$433,671,359 (2009: nil) has been recognised for both the investment in and receivable from Centro (CPL) Limited.

Interest expensed by Centro Properties Limited to the Trust during the year amounted to \$126,200,143 (2009: \$196,823,910).

(d) Guarantees

Centro Properties Limited has not entered into any guarantees during the year ended 30 June 2010 (2009: none).

(e) Contingent liabilities

With the exception of the matters disclosed in note 27(a),(b) and (d) as it relates to stamp duty, Centro Properties Limited does not have any contingent liabilities as at 30 June 2010 (2009: none).

(f) Contractual capital commitments

Centro Properties Limited does not have any contractual capital commitments as at 30 June 2010 (2009: none).

5. FINANCIAL RISK MANAGEMENT

This note details the requirements of AASB 7 *Financial Instrument Disclosures*, which mandates disclosures regarding only financial assets and financial liabilities. As a result, these 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 currency 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. To the extent that they are able to access them, the Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to manage its exposures to foreign currency and interest rate risk, whenever possible. The Group has not been able to access many new financial instruments since January 2009 and remains exposed to significant foreign exchange and interest rate risks.

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 manages financial risks in close co-operation with the Group's operating units. Group Treasury reports to the Board at least quarterly on the Group's derivative and debt positions and compliance with policy.

The Group has the following financial instruments:

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
Financial assets			
Cash and cash equivalents	10	465,106	266,064
Trade and other receivables	11	343,423	396,870
Financial assets carried at fair value through profit or loss (FVTPL)	12(c)	297,141	333,381
Derivative financial instruments	5(d)	25,520	47,848
		1,131,190	1,044,163
Financial liabilities			
Trade and other payables	15	498,020	565,533
Interest bearing liabilities	17	16,561,362	17,319,702
Non-interest bearing liabilities		-	55
Derivative financial instruments	5(d)	516,910	613,757
Puttable interests in consolidated finite life trusts	19	183,938	292,109
		17,760,230	18,791,156

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, unit prices and interest rates, will affect future cash flows or the fair value of financial instruments.

(i) Foreign currency risk

Foreign currency risk arises when transactions or assets and liabilities are denominated in a currency other than the entity's functional currency.

The Group operates internationally and is predominately exposed to foreign currency risk arising from exposure to the US dollar.

Group Treasury is responsible for managing, to the extent possible, foreign currency risk and primarily uses US denominated debt, cross currency interest rate swap contracts, spot, par and forward contracts to manage this risk.

The Group's risk policy is to cover 90% to 100% of anticipated foreign exchange exposures, 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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The Group's exposure to foreign currency risk at balance date is set out below.

These exposures represent USD denominated cash, borrowings and derivatives held by AUD functional currency entities.

	Centro Properties Limited and its Controlled Entities	
	30.06.10 USD \$'000	30.06.09 USD \$'000
Financial assets		
Cash	3,965	726
Forward foreign exchange contracts ⁽ⁱ⁾	22,083	28,228
Financial liabilities		
Borrowings	(1,802,065)	(1,614,443)
Forward foreign exchange contracts ⁽ⁱ⁾	(1,211,679)	(1,874,927)
Cross currency interest rate swap contracts ⁽ⁱ⁾	(246,320)	(491,466)
Interest rate swap contracts	(103,511)	(47,700)
Net exposure to foreign currency risk	(3,337,527)	(3,999,582)

⁽ⁱ⁾ These balances represent only the non-Australian dollar legs as these give rise 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 date will have on the Group's post-tax profit or loss for the year and/or equity (excluding retained profits). A decrease in the Australian Dollar (AUD) against the US Dollar (USD) is represented by -15% and an increase by +10% (2009: -15%, +10%).

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

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.

	Foreign currency risk			
	-15%	Equity	10%	Equity
	Post-tax profit or (loss)		Post-tax profit or (loss)	
30 June 2010	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash	832	-	(429)	-
Derivative financial instruments	1,559	-	(803)	-
Financial liabilities				
Derivative financial instruments	(305,380)	-	157,278	-
Borrowings	(378,225)	-	194,843	-
Total increase / (decrease)	(681,214)	-	350,889	-

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

	Foreign currency risk			
	-15%		+10%	
	Post-tax profit or (loss)	Equity	Post-tax profit or (loss)	Equity
	\$'000	\$'000	\$'000	\$'000
30 June 2009				
Financial assets				
Cash	159	-	(82)	-
Derivative financial instruments	(13,635)	-	7,025	-
Financial liabilities				
Derivative financial instruments	(453,040)	-	233,379	-
Borrowings	(359,255)	-	179,928	-
Total increase / (decrease)	(825,771)	-	420,250	-

(ii) Price risk

The Group is exposed to price risk arising from investments held by the Group in managed funds and classified on the Balance Sheet as financial assets carried at fair value through profit or loss.

The Group's exposure to price risk at balance date was as follows:

	Notes	Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
Financial assets carried at fair value through profit or loss	12(c)	297,141	333,381

The tables below summarise the impact of increases/decreases in the unit prices of its investments on post-tax profit or loss 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% (2009: -10%, +5%).

Management considers these sensitivities are reasonable having regard to historic movements in the unit price of its investments. The sensitivities have been reassessed by management during the financial year in light of the current economic environment.

Centro Properties Limited and its Controlled Entities sensitivity

	Impact on post-tax profit or (loss)			
	30.06.10		30.06.09	
	-10%	+5%	-10%	+5%
	\$'000	\$'000	\$'000	\$'000
Financial assets carried at fair value through profit or loss	(29,714)	14,857	(33,338)	16,669

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(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 and borrowings issued at fixed rates that are measured at fair value expose the Group to fair value interest rate risk. Group policy is to manage cash flow interest rate risk by fixing rates on variable rate debt.

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

Where available, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under the terms of interest rate swaps, the Group agrees 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.

The Group had the following variable rate instruments outstanding:

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Variable rate borrowings	9,418,304	9,808,743
Interest rate swap contracts ⁽ⁱ⁾	(1,642,640)	(2,441,653)
Net exposure to cash flow interest rate risk ⁽ⁱⁱ⁾	7,775,664	7,367,090

⁽ⁱ⁾ Excluded from this notional balance are forward starting interest rate swap contracts with a notional balance of \$1,762 m (2009: \$5,077 m).

⁽ⁱⁱ⁾ Net exposure represents the difference between the outstanding variable rate borrowings and the notional amount for interest rate swap contracts.

As at the balance date, the Group had the following fixed rate instruments outstanding that are exposed to fair value interest rate risk as they are measured at fair value through profit or loss:

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Fixed rate borrowings measured at fair value	454,999	434,121

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Centro Properties Limited and its Controlled Entities Sensitivity

While interest rates can move up or down, having regard to the forward interest rate curve for both BBSW and LIBOR at 30 June 2010, the tables below disclose the impact that a 40 basis point (bps) (i.e. 0.4%) (2009: 130bps) shift upwards in interest rates would have on the Group's post-tax profits and equity (excluding retained profits). The sensitivities have been reassessed by management during the financial year in light of the current interest rate curve. This should not be considered a projection.

	Interest rate risk			
	30.06.10		30.06.09	
	+40 bps		+130 bps	
	Post-tax profit or (loss) \$'000	Equity \$'000	Post-tax profit or (loss) \$'000	Equity \$'000
Financial assets				
Derivative financial instruments	(3,881)	-	(4,032)	-
Financial liabilities				
Derivative financial instruments	33,595	-	147,182	-
Borrowings	(37,673)	-	(59,066)	-
Total increase / (decrease)	(7,959)	-	84,084	-

(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.

Procedures have been established to ensure that the Group deals only with approved counterparties and the risk of loss is mitigated.

Tenant risk assessment is performed taking into consideration the financial background of the tenant and the amount of any guarantee provided under the lease. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

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. The maximum exposure to credit risk at the balance date is the carrying amount of the Group's financial assets. Refer to Note 11(a) for details of financial assets that have been impaired.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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, Centro's access to debt and equity markets has been restricted. Capital risk management practices since that time have therefore been conducted within these restricted conditions and the information within this note needs to be considered on that basis.

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 undrawn at 30 June 2010.

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 until December 2011.
- 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, until December 2010, which has since been extended to 31 December 2011. Refer to Note 33.
- A \$1.05 billion Hybrid Security with interest capitalised to improve cash flow servicing, created through the conversion of debt into this facility.
- 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.
- Agreement for the extension of debt facilities for many of the Group's managed funds.
- Loan to Value Ratio (LVR) covenants have been increased to 65% for a number of the Group's managed funds.

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.

On 29 July 2010, the Group completed the refinance and extension of some of the Group's facilities maturing in December 2010. Refer to Note 33 for more information.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the balance date:

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Floating rate		
Expiring within one year (borrowings)	-	17,161
Expiring beyond one year (borrowings)	51,500	154,976
	51,500	172,137

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(ii) Maturities of financial liabilities

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

Centro Properties Limited and its Controlled Entities							
	< 6 months	6 – 12 months	1 – 2 years	2 – 5 years	5+ years	Total contractual cash flows ^(v)	Carrying amount
30 June 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative financial liabilities							
Interest rate swap contracts and other derivatives ^{(i), (iii)}	22,495	22,566	164,278	72,543	6,034	287,916	280,194
Cross currency interest rate swaps ^{(ii), (iii)}	-	-	74,577	193,826	61,845	330,248	39,576
Forward foreign exchange contracts ^{(ii), (iii)}	130	130	397,575	953,454	304,224	1,655,513	197,140
	22,625	22,696	636,430	1,219,823	372,103	2,273,677	516,910
Non-derivative financial liabilities							
Trade and other payables	343,956	117,055	37,009	-	-	498,020	498,020
Borrowings – variable rate	4,548,317 ^(iv)	125,780	4,895,988	326,620	5,173	9,901,878	9,418,304
Borrowings – fixed rate	328,400	596,601	1,052,952	2,840,110	4,391,896	9,209,959	7,017,605
Investor loan notes held by puttable interest holders – fixed rate	306	305	611	1,835	9,386	12,443	8,611
Finance leases – fixed rate	5,806	5,806	10,317	30,952	194,437	247,318	116,842
Puttable interests in consolidated finite life trusts	-	-	34,047	168,618	170,726	373,391	183,938
	5,226,785	845,547	6,030,924	3,368,135	4,771,618	20,243,009	17,243,320

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

⁽ⁱⁱ⁾ Cross currency interest rate swap contracts 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.

^(iv) Maturities have changed in light of refinancing which took place subsequent to year end. Of this balance, \$3.4 billion has been either refinanced or extended beyond 1 year. Refer to Note 33 for further information.

^(v) For interest rate swap contracts and variable debt the cash flows have been estimated using forward interest rates and spot foreign exchange rates applicable at the balance date.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(ii) Maturities of financial liabilities (continued)

Centro Properties Limited and its Controlled Entities

	< 6 months	6 – 12 months	1 – 2 years	2 – 5 years	5+ years	Total contractual cash flows ^(iv)	Carrying amount
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative financial liabilities							
Interest rate swap contracts and other derivatives ^{(i), (iii)}	22,816	26,600	33,689	170,809	13,592	267,506	240,404
Cross currency interest rate swap contracts ^{(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-derivative financial liabilities							
Trade and other payables	408,030	120,237	37,266	-	-	565,533	565,533
Non-interest bearing liabilities	55	-	-	-	-	55	55
Borrowings – variable rate	1,423,235	203,524	4,222,183	4,693,603	-	10,542,545	9,808,741
Borrowings – 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
Finance 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	606,676	5,205,816	7,975,409	5,785,556	21,804,076	18,177,399

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

⁽ⁱⁱ⁾ Cross currency interest rate swap contracts 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.

^(iv) For interest rate swap contracts and variable debt the cash flows have been estimated using forward interest rates and spot foreign exchange rates applicable at the balance date.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Derivative financial instruments

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

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Current assets		
Interest rate swap contracts	3,563	13,115
Cross currency interest rate swap contracts	-	564
Forward foreign exchange contracts	-	923
Total current derivative financial instrument assets	3,563	14,602
Non-current assets		
Interest rate swap contracts	21,957	29,752
Cross currency interest rate swap contracts	-	1,159
Forward foreign exchange contracts	-	2,335
Total non-current derivative financial instrument assets	21,957	33,246
Total derivative financial instrument assets	25,520	47,848
Current liabilities		
Interest rate swap contracts	13,558	6,215
Forward foreign exchange contracts	254	809
Other derivatives	57	56
Total current derivative financial instrument liabilities	13,869	7,080
Non-current liabilities		
Interest rate swap contracts	128,623	100,695
Cross currency interest rate swap contracts	39,576	79,599
Forward foreign exchange contracts	196,886	292,985
Other derivatives	137,956	133,398
Total non-current derivative financial instrument liabilities	503,041	606,677
Total derivative financial instrument liabilities	516,910	613,757
Net derivative financial instrument liabilities	491,390	565,909

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Derivative financial instruments (continued)

(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. Each contract is settled on a net basis and the fair value of each contract is disclosed in the Balance Sheet as either an asset or liability.

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.

(ii) *Cross currency interest rate swap contracts*

During the year the consolidated entities within the Group held cross currency interest rate swap contracts as an economic hedge of their net investments denominated in a foreign currency. Each contract is settled on a gross basis and the fair value is disclosed in the Balance Sheet as either an asset or liability.

Under the terms of a cross currency interest rate swap contract 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, on an agreed future date.

(iii) *Forward foreign exchange contracts*

During the year the Group held US investments. In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts to sell US dollars and buy Australian 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 both have been entered into with counterparties of the debt stabilisation agreement.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value

The net fair value of financial assets and financial liabilities of the Group approximate their carrying value, except as disclosed in Note 17(a).

AASB 7 introduces the concept of a fair value hierarchy which requires entities to classify fair value measurements of its financial assets and liabilities based on how observable the inputs to the fair value measurement are.

The Group uses various methods in estimating the fair value of a financial instrument. The methods used comprise the following inputs:

- Level 1 – quoted prices in active markets;
- Level 2 – inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; or
- Level 3 – inputs are not based on observable market data (unobservable inputs).

The classification of the Group's financial assets and liabilities are summarised below.

Centro Properties Limited and its Controlled Entities			
	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
30 June 2010			
Financial assets			
Financial assets carried at fair value through profit or loss (FVTPL)	-		297,141
Derivative financial instruments			
Interest rate swap contracts	-	25,520	-
	-	25,520	297,141
Financial liabilities			
Borrowings measured at fair value	-		454,999
Derivative financial instruments			
Interest rate swap contracts	-	142,181	-
Cross currency interest rate swap contracts	-	39,576	-
Forward foreign exchange contracts	-	197,140	-
Other derivatives	-	-	138,013
	-	378,897	593,012

The Group's derivative financial instruments are not traded in active markets, hence they are considered to include Level 2 inputs. Fair values are estimated using valuation techniques, including use of recent arm's length market transactions, reference to current fair value of another instrument that is substantially the same or discounted cash flow techniques.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial year.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value (continued)

Reconciliation of Level 3 fair value movements

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 as shown above:

	Centro Properties Limited and its Controlled Entities		
	Financial assets at FVTPL	Other derivatives	Borrowings measured at fair value
30 June 2010	\$'000	\$'000	\$'000
Opening balance at 1 July 2009	333,381	(133,454)	(434,121)
Gains/(losses) recognised in profit or loss	(22,820) ⁽ⁱ⁾	(4,559)	(37,368)
Additions	5,233	-	-
Disposals	(634)	-	-
Foreign currency translation movements	(591)	-	16,490
Other ⁽ⁱⁱ⁾	(17,428)	-	-
Closing balance at 30 June 2010	297,141	(138,013)	(454,999)

⁽ⁱ⁾ Total loss stated in the table above for assets held at the end of the period: \$22.7m.

⁽ⁱⁱ⁾ Obtained control during the year and now consolidated. Refer to Note 26 for further information.

The following table shows the sensitivity of the fair value of Level 3 financial instruments to changes in key assumptions:

	Centro Properties Limited and its Controlled Entities		
	Effect of reasonably possible alternative assumptions		
	Carrying amount	+	-
30 June 2010	\$'000	\$'000	\$'000
Financial assets			
Financial assets carried at FVTPL ⁽ⁱ⁾	297,141	(15,987)	17,026
Financial liabilities			
Borrowings measured at fair value ⁽ⁱⁱ⁾	454,999	7,920	(8,102)
Other derivatives			
Put options ⁽ⁱ⁾	123,569	(9,533)	10,198
Income swaps ⁽ⁱⁱ⁾	14,444	(1,739)	1,607

⁽ⁱ⁾ The sensitivity has been calculated by changing the capitalisation rates of the underlying property investments by 25bps, assuming a 50% gearing in the underlying investment.

⁽ⁱⁱ⁾ The sensitivity has been calculated by changing the underlying interest rate on the income swaps by 40bps.

6. SEGMENT INFORMATION

The Group adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' to identifying and presenting segment information, that is, segment information is presented on the same basis as that used for internal reporting purposes. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (CEO) (the "chief operating decision maker") in assessing performance and in determining the allocation of resources.

Operating segments

Operating segments have been identified under the banners of the Groups' investment activities and services business activities as follows:

Property investment activities

Centro has investments in listed and unlisted funds as well as direct ownership of properties in Australia and the US.

Services business activities

The Group's services business generates revenues in the form of fees from two main areas: 1) property management, leasing and development; and 2) funds management, in Australia and the US. The Group provides personnel, systems and facilities to deliver these services to shopping centres and managed funds.

Operating segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions such as overhead costs incurred and interest income and expense are not allocated to individual segments but are included in order to facilitate reconciliation to the Group's net profit/(loss).

Accounting policies

The accounting policies used by the Group in reporting segment information are the same as those detailed in Note 1 except as detailed below:

Segment income

For the preparation of financial statements, results are consolidated and certain income streams eliminated where the Group has control of an entity. However, operating results used for internal reporting represent equity accounted or 'ownership share' results. Information relating to property investment income represents Centro's ownership share of the underlying profits from its investments and services business income represents revenue generated from services provided, prior to eliminating certain income streams as discussed above. This format of reporting is regularly used by the CEO to make operational decisions about allocating resources to operating segments.

6. SEGMENT INFORMATION (CONTINUED)

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Segment income		
<i>Property investment income</i>		
Managed funds	215,356	269,686
Australian direct property	3,657	3,962
US direct property	33,579	22,065
	252,592	295,713
<i>Services business income</i>		
Australian funds management	74,718	100,361
Australian property, leasing and development	36,045	37,632
US funds management	29,552	52,685
US property, leasing and development	81,952	109,122
	222,267	299,800
Total segment income	474,859	595,513
Overhead expenses	(139,046)	(172,947)
Earnings before interest and tax expenses	335,813	422,566
Interest income	28,096	32,366
Interest expense	(190,116)	(231,351)
Reversal of distribution on preference units	-	5,600
Underlying profit	173,793	229,181
Non-distributable adjustments attributable to members:		
Investment property revaluations	(487,892)	(2,737,185)
Foreign exchange gains and losses	49,844	(994,636)
Mark-to-market movements on derivatives	(27,920)	41,379
Restructure costs and bank extension fees	(12,219)	(74,419)
Impairment of intangible assets	(331,168)	-
Other net adjustments	(17,138)	(8,301)
Net loss attributable to members of Centro Properties Group	(652,700)	(3,543,981)
Net profit/(loss) attributable to external non-controlling interests	129,522	(1,456,315)
Net loss after tax	(523,178)	(5,000,296)
Reconciliation of total segment income to total revenue:		
Total segment income	474,859	595,513
Less: elimination of segment income from consolidated investments	(375,946)	(483,909)
Add: revenue from consolidated investments	1,707,709	2,062,629
Total revenue	1,806,622	2,174,233

6. SEGMENT INFORMATION (CONTINUED)

Revenue from external customers by geographic locations (on a consolidated basis) is detailed below. Revenue is attributed to geographic locations based on the location of the customer.

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
Australia		531,405	583,457
United States		1,275,217	1,590,776
Total revenue		1,806,622	2,174,233

The geographic location of non-current assets other than financial instruments (on a consolidated basis) is as follows:

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
Australia		4,799,167	4,845,369
United States		10,743,050	12,147,408
Total non-current assets other than financial instruments		15,542,217	16,992,777

7. PROFIT/(LOSS) FROM OPERATIONS

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
	Notes		
Other expenses included in net profit:			
Depreciation – plant and equipment	13	(6,226)	(12,320)
Amortisation – tenant allowances	12(d)	(7,818)	(4,844)
Amortisation – lease incentives		-	(1,559)
Amortisation – lease commissions		-	(9,263)
Amortisation – other intangible assets	14	(3,000)	(750)
Total depreciation and amortisation		(17,044)	(28,736)
Financing costs:			
- Interest expense		(779,486)	(1,050,827)
- Amount capitalised		1,392	15,004
- Distributions provided for puttable interests in consolidated finite life trusts		(39,571)	(43,548)
		(817,665)	(1,079,371)
Employee benefits expense:			
- Wages and salaries		(130,146)	(156,145)
- Defined contribution superannuation expense		(4,090)	(3,979)
- Share-based payments expense	24(d)	(11,102)	(7,532)
		(145,338)	(167,656)

8. INCOME TAX

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
	Notes		
(a) Income tax (expense)/benefit			
Current income tax (expense)/benefit		(4,779)	1,166
Deferred income tax (expense)/benefit	8(e)	(8,473)	90,960
		(13,252)	92,126
(b) Numerical reconciliation of income tax 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:			
Loss from continuing operations before income tax expense		(509,926)	(5,092,422)
Income tax benefit calculated at 30% (2009: 30%)		152,978	1,527,727
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
Effect of trust loss not subject to income tax		(144,478)	(1,438,464)
		8,500	89,263
Other		(21,752)	2,863
Income tax (expense)/benefit applicable to operating profit		(13,252)	92,126
(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) Deferred tax assets and liabilities not recognised⁽ⁱ⁾			
The potential future income tax benefit at 30 June not recognised from losses is as follows:			
Tax losses		45,656	23,904
Deferred tax asset on unrealised tax losses		64,412	-
The potential future income tax benefit at 30 June in respect of temporary differences not recognised is:			
Deferred tax asset – temporary differences		23,563	34,232
Deferred tax liability – temporary differences		(11,301)	(8,867)
Net deferred tax assets – temporary differences		12,262	25,365

⁽ⁱ⁾ Note that the Trust side of the Group, of which Centro Property Trust is the head, is a flow through for tax purposes and accordingly is not taken into account in the above numbers.

This benefit for tax losses will only be obtained if:

- (i) 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; and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the losses.

8. INCOME TAX (CONTINUED)

(e) Summary of deferred income tax (expense)/benefit

The following is a summary of deferred income tax recognised:

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
Deferred tax assets		4,056	-
Deferred tax liabilities	18	(12,529)	90,960
		(8,473)	90,960

The Group has utilised previously unrecognised tax losses of \$4.1m (2009: nil) to offset current income tax expense.

(f) 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.

9. DISTRIBUTIONS

The Directors have declared a nil distribution on ordinary securities for the year ended 30 June 2010 (2009: nil).

10. CASH ASSETS AND CASH EQUIVALENTS

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
Cash at bank and on hand		465,106	266,064

11. TRADE AND OTHER RECEIVABLES

		Centro Properties Limited and its Controlled Entities	
		30.06.10	30.06.09
	Notes	\$'000	\$'000
Current			
Trade receivables		101,623	153,045
Less: impairment of receivables		(23,728)	(17,011)
		77,895	136,034
Other receivables		96,301	21,660
Prepayments		33,805	48,599
GST receivable		897	2,847
Short-term loans to and receivable from related parties	29(e)	132,264	121,027
Less: Provision for receivable from related parties ⁽ⁱ⁾		(15,913)	-
Total current trade and other receivables		325,249	330,167
Non-current			
Other receivables		18,174	66,703
Total non-current trade and other receivables		18,174	66,703
Total trade and other receivables		343,423	396,870

⁽ⁱ⁾ Comparative amount of \$15,912,914 is included in other liabilities Note 15.

(a) Impaired trade receivables

The Group has recognised a loss of \$29.3 million (2009: \$33.3 million) in respect of impaired trade receivables during the year ended 30 June 2010. 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	
		30.06.10	30.06.09
	Notes	\$'000	\$'000
Opening balance at 1 July		17,011	3,119
Provision for impairment recognised during the year	21	29,304	33,344
Receivables written off during the year as uncollectible		(21,848)	(19,452)
Foreign currency translation movements		(739)	-
Closing balance at 30 June		23,728	17,011

11. TRADE AND OTHER RECEIVABLES (CONTINUED)**(b) Past due but not impaired**

As at 30 June 2010, trade receivables of the Group of \$55.3 million (2009: \$93.5 million) were past due but not impaired. These related to a number of individual customers for whom there is no recent history of default.

The ageing analysis of trade receivables is as follows:

	Centro Properties Limited and its Controlled Entities	
	30.06.10	30.06.09
	\$'000	\$'000
Less than 30 days (not past due)	22,606	42,563
Between 31 days and 90 days (past due)	15,584	18,772
Greater than 91 days (past due)	39,705	74,699
	77,895	136,034

The ageing analysis of short-term loans to and receivables from related parties is as follows:

	Centro Properties Limited and its Controlled Entities	
	30.06.10	30.06.09
	\$'000	\$'000
Less than 30 days (not past due)	14,808	9,372
Between 31 days and 90 days (past due)	421	-
Greater than 91 days (past due)	117,035	111,655
	132,264	121,027

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.

12. INVESTMENTS

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
Included in the Balance Sheet as:			
Non-current assets classified as held for sale – current (a)		69,232	114,304
Investments accounted for using the equity method – non-current (b)		703,007	723,934
Financial assets carried at fair value through profit or loss – non-current (c)		297,141	333,381
Investment property – non-current (d)		14,452,250	15,527,339
		15,521,630	16,698,958
(a) Non-current assets classified as held for sale – current			
Movements:			
Opening balance at 1 July		114,304	768,751
Transfer to investment property		-	(768,751)
Transfer from investment property		69,232	114,304
Disposal		(114,304)	-
Closing balance at 30 June		69,232	114,304
(b) Investments accounted for using the equity method – non-current			
Movements:			
Opening balance at 1 July		723,934	988,402
Share of net profit/(loss)		32,125	(208,171)
Distribution of net income		(57,347)	(58,570)
Transfer to investment property		-	(48,199)
Additional investment during the year		7,142	8,065
Share of (decrement)/increment in foreign currency translation reserve of associates		(2,847)	42,407
Closing balance at 30 June		703,007	723,934

12. INVESTMENTS (CONTINUED)

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
(c) Financial assets carried at fair value through profit or loss – non-current			
Movements:			
Opening balance at 1 July		333,381	606,209
Fair value losses	21(b)	(22,820)	(181,035)
Additions/(disposals)		4,599	(23,390)
Transfer to puttable interests in consolidated finite life trusts		-	(68,403)
Foreign currency translation movements		(591)	-
Obtained control during year and now consolidated		(17,428)	-
Closing balance at 30 June		297,141	333,381
(d) Investment property – non-current			
Movements:			
Opening balance at 1 July		15,527,339	16,324,967
Capitalised subsequent expenditure		79,089	287,458
Transfer from non-current assets classified as held for sale		-	768,751
Transfer to non-current assets classified as held for sale		(69,232)	(114,304)
Transfer from equity accounted investment		-	48,199
Disposal		(147,638)	(651,135)
Net loss from fair value adjustment	21(b)	(645,508)	(3,846,917)
Foreign currency translation movements		(426,415)	2,694,434
Straight-lining of rent adjustment	21(b)	7,583	20,730
Tenant allowance amortisation	7	(7,818)	(4,844)
Obtained control during year and now consolidated		134,850	-
Closing balance at 30 June		14,452,250	15,527,339

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 2010, 54% of Centro's Australian consolidated properties and 33% 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 subjected to Director valuations 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 7.49% to 7.71% and comparable US properties moved from 8.23% to 8.55%.

12. INVESTMENTS (CONTINUED)

(i) *Uncertainty around property valuations*

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

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. A "willing seller" is not a forced seller prepared to sell at any price. 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 availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However, the volume of sales of property assets, particularly premium assets, remains lower than experienced historically and sales of lesser quality assets remain more difficult to achieve. There is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains 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 longer than normal.

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.

An increase in the adopted property capitalisation rates of 25 bps (2009: 5% movement in property values) across the entire Australian and US property portfolio would adversely impact net assets by approximately \$412.8 million (2009: \$837 million) and impact net tangible assets attributable to members of Centro Properties Group by 25 cents per unit (2009: 59 cents per unit).

13. PLANT AND EQUIPMENT

		Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
	Notes		
Plant and equipment at cost		69,194	69,197
Less: accumulated depreciation		(46,832)	(40,897)
		22,362	28,300
Movements:			
Opening balance at 1 July		28,300	36,131
Additions		1,767	26
Acquisition of subsidiaries		107	-
Disposals		(364)	(1,461)
Foreign currency translation movements		(1,222)	5,924
Depreciation expense	7	(6,226)	(12,320)
Closing balance at 30 June		22,362	28,300

14. INTANGIBLE ASSETS

		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.10 \$'000	30.06.09 \$'000
Goodwill		878,346	892,784
Accumulated impairment		(524,998)	(193,830)
		353,348	698,954
Other intangible assets		15,000	15,000
Accumulated amortisation		(3,750)	(750)
		11,250	14,250
Total intangible assets		364,598	713,204
Movements:			
Opening balance at 1 July		713,204	668,774
Additions		-	15,000
Amortisation of other intangible assets	7	(3,000)	(750)
Impairment	14(a)	(331,168)	-
Foreign currency translation movements		(14,438)	30,180
Closing balance at 30 June		364,598	713,204

(a) Impairment tests for intangible assets

Goodwill and other intangible assets, and impairment losses recognised on intangible assets, are allocated to the Group's cash-generating units (CGU's).

Centro Properties Limited and its Controlled Entities			
	30.06.10 \$'000	30.06.09 \$'000	01.07.08 \$'000
Australia			
Funds management	97,470	97,470	92,498
Accumulated amortisation and impairment loss	(1,243)	(249)	-
	96,227	97,221	92,498
Property, leasing and development	196,593	196,593	186,565
Accumulated amortisation and impairment loss	(55,222)	(501)	-
	141,371	196,092	186,565
United States			
Funds management	376,126	385,186	366,246
Accumulated impairment loss	(314,232)	(121,653)	(121,653)
	61,894	263,533	244,593
Property, leasing and development	223,157	228,535	217,295
Accumulated impairment loss	(158,051)	(72,177)	(72,177)
	65,106	156,358	145,118
TOTAL	364,598	713,204	668,774

14. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for intangible assets (continued)

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.

Following the completion of a comprehensive strategic review of each of our businesses in the second half of FY10 the Directors have adopted a 'limited capital available' scenario, characterised by continuing constraints on the Group's sources of capital, for the purpose of assessing the recoverable amount of each CGU. The 'limited capital available' scenario has resulted in higher risk premiums applied to cash flows, lower transaction and fund-rollover fees and development related fees.

The adoption of these assumptions at 30 June 2010 has resulted in an impairment loss of \$331.2 million (2009: nil) being recognised as the carrying amount of the CGU's were determined to be higher than their value in use.

Value in use was determined by discounting the best estimate of future cash flows generated from the continuing use of the CGU's. Where goodwill and other intangible assets arise in the same CGU, impairment testing was performed on the combined intangible asset.

The calculations of value in use as at 30 June 2010 were based on the following key assumptions:

- Cash flows were projected based on detailed FY11 budgets, forecasts to FY13 and an extrapolation to FY20 with terminal growth rates of 3% for Australian CGU's and 2% for US CGU's (consistent with 2009). A cash flow projection of ten years is considered suitable, to appropriately factor into the forecast horizon changes in the risk profile of cash flows associated with some of the Group's consolidated funds, and to reflect the limited capital available scenario within which the Group is currently operating.
- Cash flows were discounted using pre-tax discount rates of between 11.9% and 36.3% (2009: 10.1% and 13.8%) with riskier cash flows attracting higher discount rates. The discount rates applied reflect a base WACC of 11.9% adjusted for both activity risk and funds under management ("FUM") retention risk as described below:
 - Activity risk reflects the risks associated with the nature of the service provided (e.g. property management, leasing, development or funds management); and
 - FUM retention risk reflects the risk profile (high, medium or low) adopted for the managed funds that comprise the Group's FUM from which services income is derived. The ranking of high, medium and low, which has been applied to the cashflows derived from each managed fund, reflects the risk that the FUM will not be retained post its existing fixed term or debt maturity.

The financial report of the Group has been prepared on a going concern basis for the reasons detailed in Note 1(b). Central to the going concern assumption is the reasonable expectation of the Directors that a restructure and recapitalisation of the Group will take place. AASB 136 *Impairment of Assets* does not permit the inclusion of any benefits that are expected to arise from future restructuring to which the Group is not yet committed, in a value in use valuation. Accordingly, certain of the assumptions, including discount rates, which have been applied in this valuation are more conservative than what would likely be applied in a restructure scenario.

While the valuation included in the financial report is based on what Directors have described as a 'limited capital available' scenario, the Group could face very different scenarios in future periods. Should the Group be unable to extend, re-finance or renegotiate certain loan facilities beyond existing expiry dates or the Group's circumstances change adversely, the recoverable amount of intangible assets is likely to be significantly lower than the current carrying amount. On the other hand, if the economic conditions in Australia and the US improve, the Group is able to successfully implement a restructure and recapitalisation in the coming 12-18 months through which capital is made available to reinvest in the business, the value attributed to the Services Business could increase considerably. It should be noted that Accounting Standards do not permit the reversal of past impairment charges on goodwill.

14. INTANGIBLE ASSETS (CONTINUED)

(b) Impact of possible changes in key assumptions

Sensitivity analysis:

The key sensitivities for all CGU's subject to impairment testing have are set out below. The table shows the impact of the effect of changes in key assumptions and the incremental impact on the impairment losses recognised.

CGU	Adjustment ⁽ⁱ⁾	Incremental increase to impairment loss \$'000
Australia		
Funds Management	Reduction in terminal growth rate of 1%	-
	Increase in discount rate of 1%	-
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM ⁽ⁱⁱ⁾	-
Property, leasing and development	Reduction in terminal growth rate of 1%	9,123
	Increase in discount rate of 1%	16,132
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM ⁽ⁱⁱ⁾	26,769
US		
Funds Management	Reduction in terminal growth rate of 1%	1,985
	Increase in discount rate of 1%	4,607
	Increase in property capitalisation rates of 25 basis points	6,569
	Material loss of FUM ⁽ⁱⁱ⁾	23,865
Property, leasing and development	Reduction in terminal growth rate of 1%	2,344
	Increase in discount rate of 1%	4,985
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM ⁽ⁱⁱ⁾	34,165
TOTAL	Reduction in terminal growth rate of 1%	13,452
	Increase in discount rate of 1%	25,724
	Increase in property capitalisation rates of 25 basis points	6,569
	Material loss of FUM ⁽ⁱⁱ⁾	84,799

⁽ⁱ⁾ Incremental impairment charge is calculated on the basis of the effect of the particular adjustment in the discount rates or cash flows or both.

⁽ⁱⁱ⁾ The recoverable amount of the Group's CGU's are sensitive to assumptions around retention of funds under management (FUM). The table above demonstrates the impact of no value being attributed to cash flows from \$2.1 billion of Australian FUM and \$7.3 billion of US FUM that has been determined as medium or high risk in respect to retention.

15. TRADE AND OTHER PAYABLES

		Centro Properties Limited and its Controlled Entities	
		30.06.10	30.06.09
		\$'000	\$'000
Current			
Trade payables		16,516	22,320
Accrued interest		107,883	110,032
Other payables – payable to related parties		221	3,533
Other payables		73,495	78,545
Other liabilities		262,896	313,837
Total current trade and other payables		461,011	528,267
Non-current			
Other		37,009	37,266
Total non-current trade and other payables		37,009	37,266
Total trade and other payables		498,020	565,533

16. PROVISIONS

		Centro Properties Limited and its Controlled Entities	
		30.06.10	30.06.09
		\$'000	\$'000
Current			
Distributions (a)		4,502	5,508
Employee benefits		6,341	3,867
Total current provisions		10,843	9,375
Non-current			
Employee benefits		3,573	3,264
Services business deferred revenue (b)		1,350	23,528
Total non-current provision		4,923	26,792
Total provisions		15,766	36,167

(a) Provision for distributions to non-controlling and puttable interests of subsidiaries

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.

16. PROVISIONS (CONTINUED)**(c) Movements in provisions**

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

Current	Provision for distribution
	\$'000
Opening balance at 1 July 2009	5,508
Total distributions provided for non-controlling and puttable interests of subsidiaries	41,124
Total cash distributions paid during the year to non-controlling and puttable interests of subsidiaries	(42,130)
Closing balance at 30 June 2010	4,502
Non-current	Services business deferred revenue
	\$'000
Opening balance at 1 July 2009	23,528
Amortisation of deferred revenue	(22,178)
Closing balance at 30 June 2010	1,350

(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 and its Controlled Entities	
	30.06.10	30.06.09
	\$'000	\$'000
Long service leave obligation expected to be settled after 12 months	3,510	2,732

17. INTEREST BEARING LIABILITIES

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Current		
Secured borrowings	4,716,036	1,792,003
Unsecured borrowings	206,363	35,375
Finance leases	3,168	2,238
Total current interest bearing liabilities	4,925,567	1,829,616
Non-current		
Secured borrowings ^{(i), (ii)}	10,896,455	14,452,707
Unsecured borrowings ⁽ⁱⁱ⁾	617,055	846,486
Investor loan notes held by puttable interest holders	8,611	70,499
Finance leases	113,674	120,394
Total non-current interest bearing liabilities	11,635,795	15,490,086
Total interest bearing liabilities	16,561,362	17,319,702
Financing arrangements		
The Group has access to the following lines of credit:		
Borrowings	16,612,862	17,491,839
Total facilities available	16,612,862	17,491,839
Facilities utilised at 30 June:		
Borrowings	16,561,362	17,319,702
Total facilities utilised at 30 June	16,561,362	17,319,702
Facilities not utilised at 30 June:		
Borrowings	51,500	172,137
Total facilities not utilised at 30 June	51,500	172,137

⁽ⁱ⁾ Includes the Hybrid Securities of \$1.0 billion (2009: \$987.1 million) issued as part of the refinancing and debt stabilisation agreement.

⁽ⁱⁱ⁾ The non-current classification of debt considers the Group's compliance with covenants measured at the reporting date. In the event that covenants are breached in subsequent periods or future covenant waivers are not obtained, non-current debt may become current and payable.

The debt profile of the Group has changed subsequent to balance date, due to the extension and refinance of \$3.4 billion of its current secured borrowing facilities. Refer Note 33 for further information.

17. INTEREST BEARING LIABILITIES (CONTINUED)

(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 and its Controlled Entities	
		Carrying amount	Fair value
		\$'000	\$'000
30 June 2010			
Secured borrowings		15,612,491	12,991,019
Unsecured borrowings		823,418	839,206
Finance leases		116,842	117,380
Investor loan notes held by puttable interest holders		8,611	8,611
		16,561,362	13,956,216

Management does not consider that the fair value detailed above reflects the amount at which the Group could reasonably settle its interest bearing liabilities with its lenders.

		Centro Properties Limited and its Controlled Entities	
		Carrying amount	Fair value
		\$'000	\$'000
30 June 2009			
Secured borrowings		16,244,710	13,287,899
Unsecured borrowings		881,861	851,264
Finance leases		122,632	122,632
Investor loan notes held by puttable interest holders		70,499	70,499
		17,319,702	14,332,294

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

		Centro Properties Limited and its Controlled Entities			
		2010		2009	
		Carrying amount	Principal amount	Carrying amount	Principal amount
		\$'000	\$'000	\$'000	\$'000
Secured borrowings		454,999	454,301	434,121	473,681

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 secured interest bearing liability facilities comprise commercial mortgage backed securities (CMBS) and other secured borrowings which are secured by mortgages over a number of selected investment properties.

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

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

(c) Defaults on debt obligations

At 30 June 2010, the Group had no defaults on debt obligations (30 June 2009: no defaults).

17. INTEREST BEARING LIABILITIES (CONTINUED)

(d) Breaches of lending covenants

2010

CMCS 24, a consolidated entity of the Group, has bank debt of \$63.7 million which is in breach of its loan to value ratio at 30 June 2010. The lender has been informed of the breach and reserved their rights under the facility.

Sale contracts to sell the investment properties owned by CMCS 24 were executed during the financial year and the repayment of senior debt occurred on 30 July 2010 in full settlement of CMCS 24's obligations.

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 2010. The breach does not cause an event of default or allow accelerated repayment of the loan. The debt was classified as current at 30 June 2010.

2009

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

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

18. DEFERRED TAX LIABILITIES

	Notes	Centro Properties Limited and its Controlled Entities	
		30.06.10 \$'000	30.06.09 \$'000
The deferred tax liability balance comprises temporary differences attributable to:			
US investment property		33,060	21,468
		33,060	21,468
Movements:			
Opening balance at 1 July		21,468	104,002
Debited/(credited) to the Income Statement	8(e)	12,529	(90,960)
Foreign currency translation movements		(937)	8,426
Closing balance at 30 June		33,060	21,468

19. PUTTABLE INTERESTS IN CONSOLIDATED FINITE LIFE TRUSTS

	Centro Properties Limited and its Controlled Entities	
	30.06.10	30.06.09
	\$'000	\$'000
Puttable interests in consolidated finite life trusts	183,938	292,109

Puttable interests in consolidated finite life trusts represent the non-controlling 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.

20. CONTRIBUTED EQUITY

	Centro Properties Limited and its Controlled Entities	
	30.06.10	30.06.09
	Number '000	Number '000
Number of securities issued:		
– Ordinary ⁽ⁱ⁾	972,415	971,867
– Preference units	45,559	45,970
	1,017,974	1,017,837
	\$'000	\$'000
Paid up capital:		
– Ordinary	1,773,892	1,768,553
– Preference units	497,949	502,776
	2,271,841	2,271,329

⁽ⁱ⁾ Adjusted for securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment* to reflect the number of securities listed on the Australian Stock Exchange.

(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.

The increase in ordinary paid up capital of \$5.3 million during the year ended 30 June 2010 (2009: \$2.3 million) comprises: the issue of 547,256 new ordinary stapled securities to preference unit holders in exchange for the repurchase of 410,442 preference units for a total value of \$4.8 million; and \$0.5 million from employee loan repayments through the sale of existing ordinary securities under the ESP.

(b) Preference units

The Group has US\$444 million (2009: US\$448 million) of Convertible Bonds (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.

The preference units matured on 30 June 2010. Under the terms and conditions of the preference units, Centro elected not to redeem the units. The effect of this is that the Convertible Bonds which indirectly were held by investors through a special purpose vehicle are now held directly by investors. There is no impact on the Group from this change and the units retain their previous ranking and entitlements. Any future settlement of the units remains at Centro's discretion.

20. CONTRIBUTED EQUITY (CONTINUED)

(b) Preference units (continued)

Centro continues to be prohibited from paying income or capital distributions to ordinary securityholders due to not making payment of the 3.5% coupon at 30 June 2008, 31 December 2008, 30 June 2009, 31 December 2009 and 30 June 2010 and more recently, due to its election not to redeem its Convertible Bonds (Preference units).

During the year ended 30 June 2010, 410,442 preference units with an historical value of \$4.8 million were exchanged for 547,256 new ordinary stapled securities.

(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 24.

(d) Capital risk management

When managing capital, the Group's objective is to ensure it continues as a going concern as well as, wherever possible, 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 restricted. As part of the long term refinancing and debt 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 already 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 5(c) for further information on the Group's refinancing and debt stabilisation agreement.

Centro is restricted from issuing further capital, paying distributions and paying the coupon on the Convertible Bonds (Preference units) 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 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 securityholders and the broader economic conditions to which the Group is exposed.

21. CASH FLOW INFORMATION

		Centro Properties Limited and its Controlled Entities	
		30.06.10	30.06.09
		\$'000	\$'000
Notes			
(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		465,106	266,064
(b) Reconciliation of loss after tax to net cash inflow from operating activities			
Net loss after tax		(523,178)	(5,000,296)
Exclude non-cash items:			
Net loss on disposal of investment property, equity accounted investments and held for sale investments		1,552	58,174
Depreciation and amortisation		17,044	28,736
Provision for bad and doubtful debts		11(a) 29,304	33,344
Property revaluation decrement for directly owned properties		12(d) 645,508	3,846,917
Fair value adjustment on financial assets at fair value through profit or loss		12(c) 22,820	181,035
Share of net losses of associates, net of distributions received		25,222	266,741
Discount on acquisition		(4,384)	-
Impairment of intangible assets		331,168	-
Movement in net assets attributable to puttable interests in consolidated finite life trusts		(24,011)	(464,845)
Straight lining of rents		12(d) (7,583)	(20,730)
Net tax benefit		8(a) 13,252	(92,126)
Net movements on mark to market of derivatives and unrealised foreign exchange transactions		(88,795)	1,501,569
Share-based payment expense		7 11,102	7,532
Restructuring costs		15,417	93,115
Capitalised interest on Hybrid Securities		57,414	-
Other non cash items		8,232	10,087
Change in operating assets and liabilities, net of the effects of purchase and disposal of controlled entities:			
Decrease in trade and other receivables		24,143	1,285
Decrease in provisions		(19,394)	(7,774)
Decrease in trade and other payables		(67,513)	(72,854)
Net cash inflow from operating activities		467,320	369,910

22. EARNINGS PER SECURITY

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Centro Properties Limited		
(a) Basic loss per share - cents	(33.81)	(18.14)
(b) Diluted loss per share - cents	(33.81)	(18.14)
(c) Reconciliation of loss used in calculating loss per security (basic and diluted)		
Net loss after tax	(523,178)	(5,000,296)
Net profit/(loss) attributable to external non-controlling interests	129,522	(1,456,315)
Net loss attributable to members of Centro Property Trust	(328,018)	(3,383,318)
Net loss attributable to members of Centro Properties Limited	(324,682)	(160,663)
	Number '000	Number '000
(d) Weighted average number of securities		
Basic weighted average number of securities on issue for the period	960,439	885,824
Diluted weighted average number of securities on issue for the period	960,439	885,824
Centro Properties Group		
(e) Basic loss per stapled security - cents	(67.96)	(398.36)
(f) Diluted loss per stapled security - cents	(67.96)	(398.36)
(g) Reconciliation of loss used in calculating loss per security (basic and diluted)		
Net loss after tax	(523,178)	(5,000,296)
Net (profit)/loss attributable to external non-controlling interests	(129,522)	1,456,315
Net loss attributable to members of Centro Properties Group	(652,700)	(3,543,981)
Less: distributions to preference units	-	15,181
	(652,700)	(3,528,800)

23. NET TANGIBLE ASSET BACKING

	Centro Properties Limited and its Controlled Entities	
	30.06.10	30.06.09
(a) Basic net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(2,506,151)	(2,269,781)
Preference units (\$'000) ⁽ⁱ⁾	(528,069)	(555,556)
Adjusted net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(3,034,220)	(2,825,337)
Number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security ('000) ⁽ⁱⁱ⁾	972,415	971,867
Net tangible liability backing per security - basic	(\$3.12)	(\$2.91)
(b) Adjusted net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(2,506,151)	(2,269,781)
Number of securities outstanding at the end of the year used in the calculation of net tangible liability backing per security ('000) ^{(ii), (iii)}	1,017,974	1,017,837
Net tangible liability backing per security - adjusted	(\$2.46)	(\$2.23)

⁽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⁾ Adjusted to add back securities issued under the Employee Securities Plan and Loan Scheme (ESP) that are deemed to be options under AASB 2 *Share-based Payment*.

⁽ⁱⁱⁱ⁾ Includes Convertible Notes based on potential entitlement to ordinary securities, excluding the potential impact of the conversion of the Hybrid securities.

24. SHARE-BASED PAYMENTS

The following provides a summary of the share-based Long Term Incentive (LTI) Plans previously used by the Group 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.

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

Share-based remuneration was previously provided under the terms of the Employee Security Plan and Loan Scheme (ESP) approved by Centro unitholders in 1991 and subsequently approved by securityholders at the time of the merger of Centro Properties Group with Prime Retail Group.

The securities issued to eligible employees were financed by an interest free loan from Centro. 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.

The loans provided to employees under the ESP are treated as options under AASB 2 *Share-based Payment*. The expense included within each employees remuneration is based on the expense calculated in accordance with the requirements of AASB 2.

The securities vest based on achievement of continuous service as well as in some instances market based performance criteria. Continuous service is three years from date of grant, while market based performance criteria are satisfied based on Total Shareholder Return (TSR).

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.

There were no options issued under the ESP during the current or previous financial year.

The following reconciles the outstanding options granted under the ESP at the beginning and end of the financial year.

Centro Properties Limited and its Controlled Entities				
	2010	2010	2009	2009
	Number	Weighted average exercise price	Number	Weighted average exercise price
Employee Securities Plan and Loan Scheme				
Opening balance at 1 July	14,438,943	\$5.86	23,501,045	\$6.75
Repaid / forfeited during the year	(2,445,166)	\$6.46	(9,062,102)	\$8.16
Closing balance at 30 June	11,993,777	\$5.74	14,438,943	\$5.86
Exercisable at 30 June	7,201,516		6,486,116	
Weighted average remaining contractual life	5.33 years		6.36 years	

(b) Executive Option Plan

US executives were granted options under the terms of the Executive Option Plan (EOP) which was approved by Centro unitholders 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. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on TSR.

There were no options issued under the EOP during the current or previous financial year.

24. SHARE-BASED PAYMENTS (CONTINUED)

(b) Executive Option Plan (continued)

The following reconciles the outstanding options granted under the EOP at the beginning and end of the financial year:

Centro Properties Limited and its Controlled Entities				
Executive Option Plan	2010	2010	2009	2009
	Number	Weighted average exercise price	Number	Weighted average exercise price
Opening balance at 1 July	4,498,400	\$6.63	4,985,266	\$6.71
Forfeited during the year	(2,742,700)	\$5.63	(486,866)	\$8.05
Closing balance at 30 June	1,755,700	\$8.20	4,498,400	\$6.63
Exercisable at 30 June	338,000		1,000,000	
Weighted average remaining contractual life	6.89 years		8.00 years	

(c) Restricted Stock Units

During prior reporting periods the Group granted Restricted Stock Units (RSU) to select US employees. An RSU provides the employee with an ordinary security in Centro Properties Group for nil consideration upon satisfying vesting conditions. These RSU's are treated as options under AASB 2 *Share-based Payment*.

The RSU's vest based on achievement of continuous service as well as market based performance criteria. The continuous employment criteria are 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 are satisfied based on TSR.

There were no RSU's issued during the current or previous financial year.

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	2010	2009
	Number	Number
Opening balance at 1 July	332,800	339,800
Forfeited during the year	(136,000)	(7,000)
Closing balance at 30 June	196,800	332,800
Exercisable at 30 June	-	-
Weighted average remaining contractual life	7.00 years	8.00 years

(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		
	2010	2009
	\$'000	\$'000
Employee Security Plan and Loan Scheme (ESP)	6,651	5,741
Executive Option Plan (EOP)	3,994	1,334
Restricted Stock Units (RSU)	457	457
Total share-based payment expense	11,102	7,532

25. AUDITORS REMUNERATION

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$	30.06.09 \$
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>	3,132,187	2,029,410
Related practices of Ernst & Young Australian firm	4,455,563	2,846,643
PricewaterhouseCoopers Australian firm: ⁽ⁱⁱ⁾		
– Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	n/a ⁽ⁱⁱ⁾	2,864,651
Related practices of PricewaterhouseCoopers Australian firm	n/a ⁽ⁱⁱ⁾	1,660,114
Moore Stephens Australian firm:		
– Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	372,586	232,000
Total remuneration for audit services	7,960,336	9,632,818
(b) Other assurance services		
PricewaterhouseCoopers Australian firm:		
– Change of auditor transition service	n/a ⁽ⁱⁱ⁾	350,000
Total remuneration for other assurance services	-	350,000
Total remuneration for assurance services	7,960,336	9,982,818
(c) Taxation services		
Ernst & Young Australian firm: ⁽ⁱ⁾		
– Taxation compliance services, including review of company income tax returns	289,409	-
PricewaterhouseCoopers Australian firm: ⁽ⁱⁱ⁾		
– Taxation compliance services, including review of company income tax returns and due diligence services	n/a ⁽ⁱⁱ⁾	218,784
Related practices of PricewaterhouseCoopers Australian firm	n/a ⁽ⁱⁱ⁾	9,036,483
Total remuneration for taxation services	289,409	9,255,267

⁽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.

⁽ⁱⁱ⁾ The fees disclosed in relation to services provided by PricewaterhouseCoopers in the comparative period only reflect those incurred during the period of their appointment as auditor of the Group (up to June 2009).

26. BUSINESS COMBINATIONS

2010

Centro MCS 37

(a) Summary of acquisition

On 26 October 2009 certain investors in Centro MCS 37 (CMCS 37) took advantage of a limited exit opportunity that was provided to investors under the CMCS 37 product disclosure statement ("PDS"). The PDS allows for a limited number of units annually from 30 June 2009 to be put by investors and acquired by Centro at CMCS 37's net asset backing price upon application by investors. On 26 October 2009 Centro acquired 1 million units in CMCS 37, increasing Centro's voting interest in CMCS 37 from 49.7% at 30 June 2009 to 51.2%, giving Centro control over CMCS 37.

Prior to the acquisition, Centro accounted for its interest in CMCS 37 at fair value through profit or loss. CMCS 37 contributed revenues of \$10.1 million and net loss of \$1.5 million to Centro for the period from 26 October 2009 to 30 June 2010. If the business combination had taken place at the beginning of the year, consolidated revenue for the year would have been \$15.0 million and net profit would have been \$0.1 million.

Details of the fair value of assets and liabilities acquired as at 26 October 2009 are as follows:

	\$'000
Cash paid	594
Fair value through profit or loss balance given up	14,926
Total purchase consideration	15,520
Fair value of net identifiable assets acquired attributable to securityholders of Centro (refer (c) below)	19,904
Discount on acquisition	4,384
(b) Purchase consideration	
The cash inflow on acquisition is as follows:	
Cash consideration paid	(594)
Cash balance acquired	956
Net cash inflow	362

26. BUSINESS COMBINATIONS (CONTINUED)**(c) Assets and liabilities acquired**

The assets and liabilities arising from the acquisition are as follows:

	Fair value on acquisition \$'000	Carrying value \$'000
Current assets		
Cash and cash equivalents	956	956
Receivables	6,125	6,125
Other current assets	467	467
Total current assets	7,548	7,548
Non-current assets		
Investment property	134,925	134,925
Total non-current assets	134,925	134,925
Total assets	142,473	142,473
Current liabilities		
Payables	645	645
Provisions	114	114
Total current liabilities	759	759
Non-current liabilities		
Interest bearing liabilities	90,059	98,900
Provisions	2,224	2,224
Total non-current liabilities	92,283	101,124
Total liabilities	93,042	101,883
Net assets	49,431	40,590
Less fair value of net assets attributable to external non-controlling interests acquired:	29,527	
Net assets related to members of Centro Properties Group acquired:	19,904	

2009

There were no business combinations during the previous financial year.

27. CONTINGENT LIABILITIES

The following disclosures are relevant in relation to contingent liabilities of the Group as at 30 June 2010:

(a) Litigation – Centro

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 at which time it was contemplated that further mediation would occur in November 2009. The parties did not reconvene the mediation. At a directions hearing conducted by the Court in March 2010, the claimants sought leave from the Court to also bring direct claims against our former auditor, PricewaterhouseCoopers. The Court has reserved its decision on that application. It is anticipated that orders for the further conduct of the proceedings will be made following the delivery of this decision.

(b) ASIC proceeding

In November 2009, ASIC commenced a civil proceeding in the Federal Court of Australia against persons who were directors and officers of Centro Properties Limited at the time that the financial statements for the year ended 30 June 2007 were published. The company had entered into deeds of indemnity with certain of its directors and officers as at this time, as is common practice for publicly listed companies. Several of these directors and officers who are respondents to the ASIC proceeding have made requests for indemnity in relation to the ASIC proceeding and the company has agreed, to the extent that it is lawfully permitted, to provide those indemnities. Initially, the company's obligation will be to advance funds in respect of defence costs. The company may recover these monies through insurance.

(c) 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.

(d) Other contingent liabilities

The Victorian, South Australian and New South Wales State Revenue Offices are investigating entities within Centro Properties Group in relation to their acquisition of property interests in their respective states and the establishment of certain funds. Centro has considered these investigations and has lodged written objections where assessments have been raised.

The Group is exposed under certain circumstances to tax indemnities associated with the acquisition of interests in particular US properties. In the event that certain specified transactions or events occur and a tax liability is incurred by a partner entitled to such indemnification, the partner has the right to call on these tax indemnities. Based on current information, the Group's total exposure to these tax indemnities is estimated at approximately \$US170 million.

27. CONTINGENT LIABILITIES (CONTINUED)

(e) 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 in respect of this guarantee is the difference between net asset backing and the fair value less costs to sell of CRIT. As the net asset backing and fair value less costs to sell of CRIT are equal as at 30 June 2010, there is no exposure to Centro at balance date, and no liability has been recognised.
- 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 holds direct interests greater than 50%.
- Centro's more recent CMCS syndicates and wholesale fund include limited liquidity mechanisms for investors. Funds to which this mechanism applies in the near term 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 2010 values, the gross commitment 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 2010 values, the gross commitment to Centro would be approximately \$12.8 million per annum.

- CMCS syndicates managed by Centro have fixed investment periods. The constitutions of certain syndicates provide investors in those syndicates with a Flexible Exit Mechanism ("FEM"). Towards the end of the investment period, the constitutions provide that the FEM must be triggered or the Responsible Entity may choose to terminate the syndicate if in the best interest of investors. This FEM entitles investors to put their units in the syndicate to Centro at the then net asset value. In the 12 months ending 30 June 2011, Centro may be obligated to acquire up to \$357.7 million of units in syndicates (based on 30 June 2010 values). As noted above, if the Responsible Entity of the syndicate deems that it is in the best interests of investors to sell the assets of the syndicate, the assets can be sold and the syndicate wound-up. This would eliminate the obligation for Centro to acquire any units in such syndicates. This right to terminate applies to some and not all syndicates.

(f) Redemptions

There is 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 is US\$85 million however this is contingent on unitholders exercising their right for redemption. The total outstanding as at the date of this report is approximately US\$22 million. This has been recorded as a liability on the Group's Balance Sheet.

(g) Other

In the ordinary course of business, the Group is exposed to various other legal and administrative proceedings, the ultimate resolution of which, in the opinion of the Directors, should not have a material effect on the Group's financial position, results of operations or cash flows.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management Personnel

The following persons were Directors of the Centro Properties Group during the financial year:

(i) Non-executive Directors

P. Cooper (Chairman)

A. Buduls (appointed 1 October 2009)

J. Hall

S. Oliver (appointed 1 October 2009)

R. Wylie

G. Goldie (retired 1 October 2009)

S. Kavourakis (retired 1 October 2009)

P. Wilkinson (retired 1 October 2009)

(ii) Executive Directors

R. Tsenin (appointed 1 October 2009 to the Board and appointed Group Chief Executive Officer and Managing Director from 1 March 2010)

(iii) 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
R. Tsenin	Group Chief Executive Officer and Managing Director (from 1 March 2010); Group Chief Executive Officer – Designate (5 February 2010 until 28 February 2010); non-executive Director (1 October 2009 until 4 February 2010)
M. Carroll	Chief Executive Officer - US
C. Nunn	Group Chief Financial Officer (from 1 September 2009)
M. Wilson	General Manager - Property Operations Australia (commenced as KMP from 1 March 2010)
D. Kiriacoulacos	Group General Counsel (commenced as KMP from 1 March 2010)
G. Condon	General Manager - Syndicate Funds Management (commenced as KMP from 1 March 2010)
M. Benett	General Manager - Institutional Funds Management (commenced as KMP from 1 March 2010)
G. Rufrano	(former) Group Chief Executive Officer (until 28 February 2010)
A. Clarke	(former) Chief Executive Officer Australia (until 28 February 2010)

(b) Key Management Personnel compensation

	Centro Properties Limited and its Controlled Entities	
	30.06.10 ⁽¹⁾	30.06.09 ⁽¹⁾
	\$	\$
Short-term employee benefits	9,726,117	11,165,959
Post-employment benefits	277,747	214,730
Other long-term employee benefits	1,604,927	-
Termination benefits	222,068	4,517,035
Share-based payments	(515,311)	(413,024)
	11,315,548	15,484,700

⁽¹⁾ Excludes compensation payable to Mr Siegel who is included in section 4.2.1 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.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Security holdings of Key Management Personnel

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 2010				
Name	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year ⁽ⁱ⁾	Balance at the end of the year
Directors of the Group				
Ordinary securities				
P. Cooper	-	-	-	-
A. Buduls	-	-	-	-
J. W. Hall	11,833	-	-	11,833
S. Oliver	-	-	-	-
R. Tsenin	-	-	450 ⁽ⁱⁱⁱ⁾	450
R. Wylie	-	-	-	-
P. G. Goldie	34,971	-	-	n/a ^(iv)
S. Kavourakis	33,117	-	-	n/a ^(iv)
L. P. Wilkinson	10,000	-	-	n/a ^(iv)
Other Key Management Personnel of the Group				
Ordinary Securities				
M. Carroll	53,100	-	-	53,100
C. Nunn	-	-	-	-
M. Wilson	810,000	-	(360,000)	450,000
D. Kiriacoulacos	-	-	-	-
G. Condon	261,000	-	(160,000)	101,000
M. Benett	222,841	-	(175,000)	47,841
G. Rufrano ⁽ⁱⁱ⁾	132,600	-	(132,600)	-
A. Clarke	-	-	-	-

⁽ⁱ⁾ For executive Directors and other Key Management Personnel, this primarily represents issues/disposals under Centro Properties Employee Security Plan.

⁽ⁱⁱ⁾ Movements for the year reflect the securities forfeited following the conclusion of their contracts in February 2010.

⁽ⁱⁱⁱ⁾ Securities were acquired prior to becoming a KMP of the Group and remain on hand at 30 June 2010.

^(iv) Information is not disclosed as no longer a Director at 30 June 2010.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)**(c) Security holdings of Key Management Personnel (continued)**

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⁽ⁱ⁾	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) ⁽ⁱⁱ⁾	-
J. Hutchinson	925,000	-	(925,000) ⁽ⁱⁱ⁾	-
P. Kelly	750,000	-	(750,000) ⁽ⁱⁱ⁾	-

⁽ⁱ⁾ For executive Directors and other Key Management Personnel, this primarily represents issues/disposals under Centro Properties Employee Security Plan.

⁽ⁱⁱ⁾ Movements for the year reflect the securities forfeited following the termination of the executives effective 6 March 2009.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)**(d) 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. These loans are provided under the Employee Securities Plan and Loan Scheme as set out in Note 24.

Year Ended 30 June 2010	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
	\$	\$	\$	\$	\$
Other Key Management Personnel of the Group					
M. Wilson	4,448,645	-	230,436	1,536,718	4,448,645
G. Condon	1,557,291	-	119,911	236,734	1,557,291
M. Benett	1,713,464	-	131,937	236,261	1,713,464
	7,719,400	-	482,284	2,009,713	7,719,400

Year Ended 30 June 2009	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
	\$	\$	\$	\$	\$
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 resignation of respective employee during year) under the terms of the loan grants and the Employee Security Plan rules.

(e) 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.

29. 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) Domicile

The Company is domiciled and incorporated in Australia.

(c) Subsidiaries and associated entities

Interests in subsidiaries and associated entities are set out in the following sections of this note:

- Section (f) - Ownership interests in significant controlled entities;
- Section (g) - Ownership interests in significant associates accounted for using the equity method of accounting; and
- Section (h) - Ownership interests in significant associates designated as financial assets carried at fair value through profit or loss.

(d) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 28.

(e) Information on related party transactions and balances

(i) *Related party borrowings*

The Trust is the principal borrower for the Group and members of the Group have entered into cross guarantees to support its obligations.

(ii) *Related party receivables*

Loans and trade receivables from related parties are disclosed in the table following in section (iii).

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.

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.

(iii) *Related party revenue*

The Group has earned fees from related parties as set out in the table below.

29. RELATED PARTY DISCLOSURES (CONTINUED)**(e) Information on related party transactions and balances (continued)***(iii) Related party revenue (continued)*

	Property management \$	Development and leasing \$	Funds management \$	Total \$	Amount included in receivables \$
30 June 2010					
Centro MCS Syndicate No. 2	-	-	12,889	12,889	-
Centro MCS Syndicate No. 3 ⁽ⁱ⁾	414,024	100,957	815,725	1,330,706	-
Centro MCS Syndicate No. 4	352,883	190,651	915,847	1,459,381	30,077,024
Centro MCS Syndicate No. 5	484,606	79,687	981,063	1,545,356	2,516,214
Centro MCS Syndicate No. 6	461,185	129,460	884,592	1,475,237	2,333,446
Centro MCS Syndicate No. 8	599,273	375,198	1,191,260	2,165,731	2,110,823
Centro MCS Syndicate No. 9	909,477	725,845	1,303,528	2,938,850	24,207,494
Centro MCS Syndicate No. 10	345,472	78,710	712,877	1,137,059	(19,702)
Centro MCS Syndicate No. 11	699,922	577,663	1,387,687	2,665,272	2,250,664
Centro MCS Syndicate No. 12	419,871	167,850	676,868	1,264,589	8,663,775
Centro MCS Syndicate No. 14	282,693	76,384	487,834	846,911	1,134,974
Centro MCS Syndicate No. 15	135,450	31,547	298,582	465,579	151,188
Centro MCS Syndicate No. 16	290,981	2,070	622,663	915,714	15,834,715
Centro MCS Syndicate No. 17	465,170	70,547	907,006	1,442,723	5,368,870
Centro MCS Syndicate No. 18	237,727	67,011	455,923	760,661	1,203,851
Centro MCS Syndicate DPI No. 19	974,073	642,079	1,212,502	2,828,654	2,197,286
Centro MCS Syndicate No. 20	44,103	-	380,056	424,159	90,715
Centro MCS Syndicate No. 21 Property Trust	1,414,089	-	1,619,514	3,033,603	3,371,362
Centro MCS Syndicate No. 22 Property Trust	50,217	-	381,886	432,103	347,331
Centro MCS No. 23 Property Syndicate	170,758	19,300	338,517	528,575	179,128
Centro MCS Syndicate No. 24 ⁽ⁱ⁾	303,118	75,600	29,688	408,406	-
Centro MCS Syndicate No. 25 ⁽ⁱ⁾	1,073,367	-	911,663	1,985,030	-
Centro MCS Syndicate No. 26 ⁽ⁱ⁾	950,165	-	762,921	1,713,086	-
Centro MCS Syndicate No. 27 ⁽ⁱ⁾	461,099	-	618,040	1,079,139	-
Centro City MCS Syndicate No. 28	91,541	-	1,803,826	1,895,367	525,659
Centro City MCS Syndicate No. 29	-	-	-	-	-
Centro MCS Syndicate No. 30 ⁽ⁱ⁾	70,426	24,317	153,627	248,370	-
Centro MCS Syndicate No. 32 ⁽ⁱ⁾	-	-	1,173,429	1,173,429	-
Centro MCS Syndicate No. 33	1,734,800	36,927	1,372,712	3,144,439	454,672
Centro MCS Syndicate No. 34	722,076	-	857,380	1,579,456	9,972,219
Centro MCS Syndicate No. 35	-	-	263,407	263,407	77,441
Centro MCS Syndicate No. 36 ⁽ⁱ⁾	1,545,617	810,139	1,918,781	4,274,537	-
Centro MCS Syndicate No. 37 ⁽ⁱ⁾	562,548	113,096	894,932	1,570,576	-
Centro MCS Syndicate No. 38 ⁽ⁱ⁾	3,048,728	358,344	1,470,107	4,877,179	-
Centro MCS Syndicate No. 39 ⁽ⁱ⁾	4,394,548	2,035,289	4,545,583	10,975,420	-
Centro MCS Syndicate No. 40 ⁽ⁱ⁾	4,667,647	1,466,946	1,962,614	8,097,207	-

29. RELATED PARTY DISCLOSURES (CONTINUED)**(e) Information on related party transactions and balances (continued)***(iii) Related party revenue (continued)*

	Property management \$	Development and leasing \$	Funds management \$	Total \$	Amount included in receivables \$
30 June 2010					
Centro America REIT 1, Inc ⁽ⁱ⁾	2,611,411	2,244,144	2,480,208	7,335,763	-
Centro America REIT 2, Inc	-	-	-	-	23,708
Centro America REIT 10, Inc. ⁽ⁱ⁾	634,387	5,315	173,160	812,862	-
Centro GA America LLC ⁽ⁱ⁾	6,431,430	-	2,552,990	8,984,420	-
Centro Direct Property Fund No. 1 ⁽ⁱ⁾	(62,740)	-	5,773,808	5,711,068	-
Centro DPF International ⁽ⁱ⁾	711	-	1,692,770	1,693,481	-
Centro Super LLC ⁽ⁱ⁾	23,336,272	12,448,521	8,781,456	44,566,249	-
Centro Retail Trust ⁽ⁱ⁾	7,582,611	1,133,684	21,497,199	30,213,494	-
Centro Australia Wholesale Fund ⁽ⁱ⁾	9,493,448	155,493	9,914,859	19,563,800	-
Centro America Fund ⁽ⁱ⁾	3,911,557	1,036,529	4,067,045	9,015,131	-
Centro Premium Fund No. 1	-	-	-	-	2,611,912
Lutwyche Holding Trust	-	-	-	-	(242,181)
Centro Arndale Properties Trust	-	-	-	-	-
Bankstown Partnership	2,079,831	-	-	2,079,831	1,642,051
Centro Karingal Holding Trust	-	-	-	-	-
Tuggeranong Town Centre Trust	-	-	-	-	-
Centro City Perth Property Trust	254,415	-	-	254,415	633,894
Emerald Village	-	-	-	-	200,059
Centro Karratha	-	-	-	-	-
Centro Shopping Centre Securities Ltd	-	-	-	-	3,580,812
Other related parties	-	-	-	-	10,764,953
	84,650,987	25,279,303	91,259,024	201,189,314	132,264,357

⁽ⁱ⁾ No amount has been included in receivables as the entity is a controlled entity and balances have been eliminated on consolidation.

29. RELATED PARTY DISCLOSURES (CONTINUED)**(e) Information on related party transactions and balances (continued)***(iii) Related party revenue (continued)*

	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 ⁽ⁱ⁾	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 ⁽ⁱ⁾	287,624	53,014	710,516	1,051,154	-
Centro MCS Syndicate No. 25 ⁽ⁱ⁾	989,618	-	932,125	1,921,743	-
Centro MCS Syndicate No. 26 ⁽ⁱ⁾	886,511	-	832,440	1,718,951	-
Centro MCS Syndicate No. 27 ⁽ⁱ⁾	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 ⁽ⁱ⁾	67,604	4,478	154,572	226,654	-
Centro MCS Syndicate No. 32 ⁽ⁱ⁾	-	-	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 ⁽ⁱ⁾	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 ⁽ⁱ⁾	3,682,736	861,725	3,011,656	7,556,117	-
Centro MCS Syndicate No. 39 ⁽ⁱ⁾	5,397,573	1,811,658	4,400,127	11,609,358	-
Centro MCS Syndicate No. 40 ⁽ⁱ⁾	5,515,606	2,629,569	4,151,244	12,296,419	-

29. RELATED PARTY DISCLOSURES (CONTINUED)**(e) Information on related party transactions and balances (continued)***(iii) Related party revenue (continued)*

	Property management \$	Development and leasing \$	Funds management \$	Total \$	Amount included in receivables \$
30 June 2009					
Centro America REIT 1, Inc. ⁽ⁱ⁾	3,333,824	940,791	3,761,224	8,035,839	-
Centro America REIT 10, Inc. ⁽ⁱ⁾	899,688	1,929	251,494	1,153,111	-
Centro GA America LLC ⁽ⁱ⁾	9,604,603	5,277,100	4,701,313	19,583,016	-
Centro Direct Property Fund No. 1 ⁽ⁱ⁾	-	-	7,642,489	7,642,489	-
Centro DPF International ⁽ⁱ⁾	637	-	5,008,358	5,008,995	-
Centro Super LLC ⁽ⁱ⁾	46,894,561	19,595,479	15,945,765	82,435,805	-
Centro Retail Trust ⁽ⁱ⁾	6,864,057	(63,375)	32,877,204	39,677,886	-
Centro Australia Wholesale Fund ⁽ⁱ⁾	9,484,655	234,659	10,912,672	20,631,986	-
Centro America Fund ⁽ⁱ⁾	-	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

⁽ⁱ⁾ No amount has been included in receivables as the entity is a controlled entity and balances have been eliminated on consolidation.

(iv) Related party derivatives

The Group acts as counterparty to derivatives held by a number of its related parties as detailed below. These transactions are undertaken on an arm's length basis.

	Fair value of derivatives	
	30.06.10 \$	30.06.09 \$
Centro MCS Syndicate No. 9	6,126,776	8,163,786
Centro MCS Syndicate No. 10	1,583,485	2,014,738
Centro MCS Syndicate No. 17	2,069,642	2,737,140
Centro MCS Syndicate No. 18	486,058	1,008,959
Centro MCS Syndicate No. 21 Property Trust	1,155,971	2,401,075
Centro MCS Syndicate No. 22 Property Trust	346,086	421,822
Centro MCS No. 23 Property Syndicate	374,498	866,480
Centro MCS Syndicate No. 34	1,499,750	3,019,852
Centro MCS Syndicate No. 35	-	184,317
Centro MCS Syndicate No. 37	-	1,011,365
Centro America REIT 2, Inc.	(3,528,115)	(1,092,568)

29. RELATED PARTY DISCLOSURES (CONTINUED)**(f) Ownership interests in significant controlled entities**

	Group entity interest	
	30.06.10 %	30.06.09 %
Centro Properties Limited	100.0	100.0
Centro Property Trust	100.0	100.0
Centro Australia Wholesale Fund	100.0	100.0
Centro America Fund	94.9	94.9
Centro Retail Trust	50.6	50.6
Direct Property Fund	53.6	53.6
Direct Property Fund International	93.6	93.6
Super LLC	100.0	100.0
Centro (CPL) Ltd	100.0	100.0
Centro Asset Management Pty Ltd	100.0	100.0
Centro Corporate Services Pty Ltd	100.0	100.0
Centro Development Management Pty Ltd	100.0	100.0
Centro Development Trust	100.0	100.0
Centro Funds Management Ltd	100.0	100.0
Centro Management Services Trust	100.0	100.0
Centro MCS Manager Limited	100.0	100.0
Centro MCS Property Funds Limited	100.0	100.0
Centro New Plan Inc.	100.0	100.0
CPM (ACT) Pty Ltd	100.0	100.0
CPM (NSW) Pty Ltd	100.0	100.0
CPM (QLD) Pty Ltd	100.0	100.0
CPM (SA) Pty Ltd	100.0	100.0
CPM (WA) Pty Ltd	100.0	100.0
Centro CNP Exchangeable Sub Trust	100.0	100.0
Centro Syndication Finance Pty Ltd	100.0	100.0
Centro WCJV, LP Inc.	100.0	100.0
Centro WCJV, GP Inc.	100.0	100.0
CPT Custodian Pty Limited	100.0	100.0
CPT Manager Limited	100.0	100.0
Centro (CPT) Trust	100.0	100.0
Centro Heritage Residual Sub Trust	100.0	100.0
Centro Heritage Residual Sub Trust No. 2	100.0	100.0
Centro MCS Syndicate Investment Fund	82.4	82.4
Centro Retail Holding Trust	100.0	100.0
Centro Super Holding Trust No. 2	100.0	100.0
Centro Super Holding Trust No. 4	100.0	100.0

29. RELATED PARTY DISCLOSURES (CONTINUED)**(f) Ownership interests in significant controlled entities (continued)**

	Group entity interest	
	30.06.10 %	30.06.09 %
Centro MCS Syndicate No. 3	100.0	100.0
Centro MCS 24 Investment Trust	52.1	52.1
Centro MCS 24 Property Trust	61.2	61.2
Centro MCS Syndicate No. 25	68.6	68.6
Centro MCS Syndicate No. 26	86.3	86.3
Centro MCS 27 Investment Trust	60.0	60.0
Centro MCS 27 Property Trust	79.7	79.7
Centro MCS Syndicate No. 30	53.3	53.3
Centro MCS Syndicate No. 32	53.1	53.1
Centro MCS Syndicate No. 36	52.7	52.7
Centro MCS Syndicate No. 37	51.2	49.7
Centro MCS Syndicate No. 38	82.7	82.7
Centro MCS Syndicate No. 39	100.0	100.0
Centro MCS Syndicate No. 40	100.0	100.0
Centro America REIT 1, Inc	100.0	100.0
Centro America REIT 5 Inc	100.0	100.0
Centro America REIT 10, Inc	100.0	100.0
Centro GA America LLC	100.0	100.0

(g) Ownership interests in significant associates accounted for using the equity method of accounting

	Group entity interest		Carrying amount		Share of net profit	
	30.06.10 %	30.06.09 %	30.06.10 \$'000	30.06.09 \$'000	30.06.10 \$'000	30.06.09 \$'000
Bankstown Partnership	50.0	50.0	260,000	257,500	18,071	(39,139)
Roselands Investment Trust	50.0	50.0	152,935	150,435	12,068	(13,249)
Centro Arndale Property Trust	50.0	50.0	48,000	52,500	291	(7,906)
Tuggeranong Town Centre Trust	50.0	50.0	27,613	30,679	2,655	(41,293)
Hervey Bay Holding Trust	50.0	50.0	28,750	34,950	(4,208)	(4,550)
Victoria Gardens Retail Trust No. 1	50.0	50.0	47,500	47,100	4,707	(4,410)
Centro Lutwyche Sub Trust	50.0	50.0	30,000	32,000	210	(4,221)
Centro City Perth Property Trust	50.0	50.0	27,100	30,000	(651)	(8,785)
Emerald Village	50.0	50.0	17,599	20,500	85	1,432
Centro Super LLC Joint Ventures	50.0	50.0	54,604	62,880	(4,207)	(41,232)
Heritage Joint Ventures	50.0	50.0	8,906	5,390	3,104	(43,833)
Other	-	-	-	-	-	(985)
			703,007	723,934	32,125	(208,171)

29. RELATED PARTY DISCLOSURES (CONTINUED)**(h) 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	
	30.06.10 %	30.06.09 %	30.06.10 \$'000	30.06.09 \$'000	30.06.10 \$'000	30.06.09 \$'000
Centro MCS Syndicate No. 2	28.8	28.8	-	229	(104)	(1,281)
Centro MCS Syndicate No. 4	36.2	36.2	11,981	12,266	(285)	(12,901)
Centro MCS Syndicate No. 5	24.1	24.1	14,562	13,783	779	(4,460)
Centro MCS Syndicate No. 6	16.4	16.4	9,252	9,036	217	(4,002)
Centro MCS Syndicate No. 8	8.8	8.8	6,910	6,153	757	(1,750)
Centro MCS Syndicate No. 9	9.0	9.0	5,965	5,614	352	(3,791)
Centro MCS Syndicate Unit Trust No. 9	6.4	6.4	1,189	1,119	70	(761)
Centro MCS Syndicate No. 10	15.3	15.3	4,220	4,804	(584)	(2,689)
Centro MCS Syndicate Unit Trust No. 10	31.5	31.5	2,824	3,215	(391)	(1,775)
Centro MCS Syndicate No. 11	4.8	4.8	5,341	6,115	(774)	(992)
Centro MCS Syndicate Unit Trust No. 11	8.4	8.4	1,963	2,247	(284)	(365)
Centro MCS Syndicate No. 12	11.3	11.3	4,316	3,778	538	(1,704)
Centro MCS Syndicate Unit Trust No. 12	5.2	5.2	578	506	72	(227)
Centro MCS Syndicate No. 14	24.8	24.8	8,419	8,513	323	(5,049)
Centro MCS Syndicate Unit Trust No. 14	28.0	28.0	2,612	2,689	100	(1,559)
Centro MCS Syndicate No. 15	18.3	18.3	5,188	5,063	120	(1,958)
Centro MCS Syndicate Unit Trust No. 15	25.8	25.8	1,977	1,929	46	(740)
Centro MCS Syndicate No. 16	26.8	26.8	3,003	2,944	58	(2,384)
Centro MCS Syndicate Unit Trust No. 16	52.7	52.7	331	325	6	(264)
Centro MCS Syndicate No. 17	6.1	6.1	4,034	3,707	327	(1,046)
Centro MCS Syndicate Unit Trust No. 17	14.2	14.2	2,679	2,462	217	(695)
Centro MCS Syndicate No. 18	17.5	17.5	5,837	5,632	205	(989)
Centro MCS Syndicate Unit Trust No. 18	29.2	29.2	2,371	2,119	77	(373)
Centro MCS Syndicate Unit Trust No. 19	13.1	13.1	8,208	7,919	289	(1,091)
Centro MCS Syndicate DPI No. 19	34.9	34.9	4,098	4,008	90	(1,226)
Centro MCS Syndicate No. 20	16.2	16.2	3,266	3,075	191	(749)
Centro MCS Syndicate No. 21 Holding Trust	22.7	22.7	5,786	5,320	468	(1,787)
Centro MCS Syndicate No. 21 Property Trust	50.0	50.0	34,799	31,845	2,961	(10,737)
Centro MCS Syndicate No. 22 Investment Trust	22.3	22.3	3,434	3,319	115	(213)
Centro MCS Syndicate No. 22 Property Trust	20.2	20.2	4,812	4,651	162	(302)
Centro MCS 23 Investment Syndicate	40.6	40.6	2,368	2,479	(111)	(752)
Centro MCS 23 Property Syndicate	24.9	24.9	3,687	3,860	(172)	(1,157)
Centro MCS Syndicate No. 28	30.4	30.4	37,756	48,893	(11,780)	(40,583)
Centro MCS Syndicate No. 33	40.4	40.4	27,878	36,577	(8,260)	(16,003)
Centro MCS Syndicate No. 34	42.0	42.0	14,107	15,280	(1,241)	(11,524)
Centro MCS Syndicate No. 35	49.6	49.6	7,080	10,017	(2,937)	(19,427)
Centro MCS Syndicate No. 37 ⁽ⁱ⁾	N/A	49.7	N/A	17,428	N/A	(18,787)
Other	N/A	N/A	34,310	34,462	(4,437)	(4,942)
			297,141	333,381	(22,820)	(181,035)

⁽ⁱ⁾ Accounted for as a subsidiary after the business combination on 26 October 2009 as set out in Note 26.

29. RELATED PARTY DISCLOSURES (CONTINUED)

(i) Summarised financial information of associates

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Share of associates' contingent liabilities	-	-
Share of associates' expenditure commitments	714	-
Summary of the performance and financial position of associates accounted for using equity accounting method		
Aggregate revenue	257,614	284,494
Aggregate net (losses)/profits after income tax	(14,745)	(415,545)
Assets	2,565,948	2,738,226
Liabilities	900,247	945,743
Summary of the performance and financial position of associates accounted for as financial assets carried at Fair Value Through Profit or Loss		
Aggregate revenue	224,693	255,393
Aggregate net (losses)/profits after income tax	46,702	(589,516)
Assets	2,659,947	3,068,925
Liabilities	1,440,000	1,643,620

30. COMMITMENTS

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
Capital expenditure:		
Capital expenditure projects ⁽ⁱ⁾	77,873	71,518
Payable:		
- Within one year	72,977	66,382
- Later than one year but not later than five years	4,896	5,136
- 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.

31. OPERATING LEASES

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'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	1,306,909	1,356,838
- Later than one year but not later than five years	3,472,006	3,708,731
- Later than five years	2,266,181	2,545,197
	7,045,096	7,610,766

These amounts do not include percentage rentals which depend upon retail sales performance, and recovery of outgoings.

32. FINANCE LEASES

	Centro Properties Limited and its Controlled Entities	
	30.06.10 \$'000	30.06.09 \$'000
The Group leased the land under certain investment properties at balance date.		
Future minimum lease payments at balance date are as follows:		
Payable:		
- Within one year	10,784	11,129
- Later than one year but not later than five years	41,269	43,268
- Later than five years	194,437	210,178
Total minimum lease payments	246,490	264,575
Less amounts representing finance changes	(129,648)	(141,943)
Present value of minimum lease payments	116,842	122,632

33. EVENTS OCCURRING AFTER REPORTING DATE

(a) Centro financing and restructure update

On 29 July 2010, Centro announced a number of financing achievements across its US business and continues to progress its assessment of restructure options.

(i) US financing update

Centro has completed financing arrangements for approximately US\$2.7 billion of the US\$3.2 billion of debt within Super LLC (a joint venture of Centro, Centro Retail Trust (CER) and Centro MCS 40), which was due to expire on or before 31 December 2010. The US\$2.7 billion financing arrangements include an extension of approximately US\$2.3 billion (from 31 December 2010 to 31 December 2011) and a refinancing of over US\$469.3 million.

In addition to the extension of the facilities within Super LLC, Centro, CER, Centro MCS 32 and Centro MCS 39 have also extended two additional US debt facilities outside of Super LLC, including a US\$104.2 million secured term loan (US\$3.1 million Centro, US\$101.1 million Centro MCS 39) and a US\$20.5 million outstanding secured revolving credit facility (US\$0.62 million Centro, US\$9.94 million CER, US\$9.94 million Centro MCS 32). There is no change in credit margins as a result of these extensions.

Centro NP (a subsidiary of Super LLC) has entered into new term loans of US\$659.0 million which mature in ten years and carry a fixed interest rate of 6.75 percent. These loans are secured by 76 properties that are owned by Centro NP. Proceeds from these loans will be used to repay approximately US\$469.3 million of Centro NP debt scheduled to mature on 31 December 2010, included within the US\$2.7 billion previously noted.

Following the completion of the refinancing arrangement, the maturity profile of the Group's interest bearing liabilities as at 30 June 2010 would be reclassified as follows:

	Centro Properties Limited and its Controlled Entities	
	30.06.10	Reclassified
	\$'000	30.06.10
		\$'000
Current		
Secured borrowings	4,716,036	1,276,871
Unsecured borrowings	206,363	206,363
Finance leases	3,168	3,168
Total current interest bearing liabilities	4,925,567	1,486,402
Non-current		
Secured borrowings	10,896,455	14,335,620
Unsecured borrowings	617,055	617,055
Investor loan notes held by puttable interest holders	8,611	8,611
Finance leases	113,674	113,674
Total non-current interest bearing liabilities	11,635,795	15,074,960
Total interest bearing liabilities	16,561,362	16,561,362

(ii) Restructure update

An assessment of restructure alternatives for the Group commenced in early 2010 with the objective of identifying the means by which the enterprise value of the Group could be maximised, including recapitalisation options, and to consider and analyse execution risks.

A restructure of the Centro Group could be accomplished in a number of ways and agreement on any definitive approach would likely take some time to reach an appropriate conclusion.

This assessment by Centro management and its advisers has involved identifying multiple financial and operational restructuring alternatives for the Group, including Centro Retail Trust, its various managed funds and syndicates business.

Centro has commenced discussions with its lenders on potential restructuring options Centro has under consideration.

33. EVENTS OCCURRING AFTER THE REPORTING DATE (CONTINUED)

(a) Centro financing and restructure update (continued)

The assessment has confirmed that any restructure will be complex, with numerous structural, financing and stakeholder considerations to manage and no decisions have been made at this stage. To complete a restructure and recapitalisation of the Group, approvals and consents will be required at many levels.

Subject to market conditions, it is expected that any restructure could take through to the end of 2011 to implement. Centro will report to the market its overall restructuring and recapitalisation plan upon reaching consensus with stakeholders.

(iii) *Syndicate funds management business update*

Independently of its restructuring considerations, Centro announced it is seeking to strengthen and grow its syndicate business and has commenced a process that will evaluate interest from strategic parties to participate alongside it in the growth of its syndicate funds management business.

Centro's syndicate property funds management platform is the largest in Australia, and is an attractive platform for a party seeking to gain immediate scale, presence and diversity via a significant portfolio of quality retail assets under management, 16,000 retail investors and a network of over 1,000 financial planners.

Centro is looking for a strategic partner with complementary skills to its own to work with to grow the unlisted funds management business. Centro believes this is an exciting opportunity to grow the syndicates business, provide a superior service to investors, and create value for Centro. The exact nature, terms and outcome of this process will be determined in due course.

(iv) *Other refinancing*

On 6 August 2010, Centro America REIT 5 Inc. completed the refinancing of \$US 13.5m of debt relating to the Village West shopping centre with a five year term.

(b) Executive appointment

On 29 July 2010 Centro announced the appointment of Sue Smith as Group General Manager, Human Resources and as a member of Centro's executive committee.

(c) Asset sales

Since 30 June 2010, the Group has sold the following interests in its investment property assets:

- Two Australian assets held by Centro MCS 24 at their combined book value of \$66.0 million; and
- One US asset held by Centro America REIT 6, Inc. for gross proceeds of US\$3.8 million. The 30 June 2010 book value was US\$3.6 million.

Other than disclosed above, since 30 June 2010 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 64 to 143 and remuneration disclosures on pages 37 to 61 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 2010 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
- (c) The financial statements and notes also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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, 31 August 2010

Independent auditor's report to the members of Centro Properties Limited

Report on the Financial Report

We have audited the accompanying financial report of the Centro Properties Group (the 'Group'), which comprises the balance sheet as at 30 June 2010, and the income statement, statement of comprehensive income, statement 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 of the consolidated entity comprising Centro Properties Limited (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 Centro Properties Limited 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

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.

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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of the Centro Properties Group is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its 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.

Inherent Uncertainty Regarding Continuation as a Going Concern

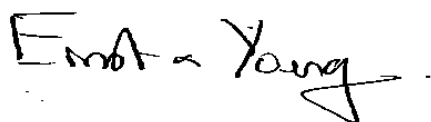
Without qualifying the opinion expressed above, we draw attention to Note 1(b) in the financial report which indicates that there is significant uncertainty as to whether the Group will continue as a going concern as the Group is in a net liability position, remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates and the provision of certain loan covenant waivers, and relies on the continuation of distributions from its investment portfolio and, therefore, whether the company and its controlled entities (including the Centro Property 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 37 to 61 of the directors' report for the year ended 30 June 2010. The directors of Centro Properties Limited 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.

Auditor's Opinion

In our opinion the Remuneration Report of Centro Properties Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature of 'B R Meehan' in black ink.

B R Meehan
Partner
Melbourne
31 August 2010

Summary of Securityholders as at 19 July 2010

Summary of Securityholders

Range	Fully paid Ordinary Securities	
	Number of Securityholders	% of Issued securities
1 to 1,000	4,869	0.29%
1,001 to 5,000	11,282	3.31%
5,001 to 10,000	5,445	4.49%
10,001 to 50,000	6,482	16.02%
50,001 to 100,000	1,204	9.47%
100,001 and over	1,029	66.42%
Number of Securityholders	30,311	100.00%
Holdings less than a marketable parcel	12,470	

Substantial Securityholders

	Fully paid Ordinary Securities	
	Number held	% of Issued securities
HSBC Custody Nominees (Australia) Limited	83,194,511	8.56%
JP Morgan Nominees Australia Limited	50,587,144	5.20%

20 Largest Securityholders

	Fully paid Ordinary Securities	
	Number held	% of Issued securities
HSBC Custody Nominees (Australia) Limited	83,194,511	8.56%
JP Morgan Nominees Australia Limited	50,587,144	5.20%
JP Morgan Chase Bank NA	28,945,667	2.98%
Vistal Group Limited	26,591,042	2.73%
The Royal Bank of Scotland PLC	25,583,632	2.63%
BNP Paribas	18,882,655	1.94%
Australia and New Zealand Banking Group Limited	17,050,939	1.75%
ANZ Nominees Limited <Cash income A/C>	14,321,591	1.47%
Citicorp Nominees Pty Limited	11,928,290	1.23%
BSF (BVI) Limited	8,000,000	0.82%
Mr. Yet Kwong Chiang & Mrs. Ho Yuk Lin Chiang	7,510,000	0.77%
Lumar Investments Pty Ltd <The Lou Family A/C>	6,190,000	0.64%
Centro MCS Manager Limited <Centro Direct Prop Fund A/C>	5,307,283	0.55%
Smartec Capital Pty Ltd	4,720,000	0.49%
National Australia Bank	4,601,970	0.47%
HSBC Custody Nominees (Australia) Limited <A/C 2>	4,536,373	0.47%
Mr. Kendy Kwan & Mrs. Xiong Hui Kwan	4,005,774	0.41%
Mr. Him Sen Chan	4,000,000	0.41%
Mr. Lawrence Lou & Mrs. Margaret Lou <Smartec Super Fund A/C>	3,778,000	0.39%
National Nominees Limited	3,655,575	0.38%
Total 20 largest Securityholders	333,390,446	34.29%
Total Capital	972,414,514	100.00%

Control gained over entities having material effect

Name of entity (or group of entities)

Centro MCS 37

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired

(\$1,464,805)

Date from which such profit has been calculated

26 October 2009

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

(\$18,787,040)

Loss of control of entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

Date to which the profit (loss) has been calculated

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

N/A

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

N/A

Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:			
Current year			
Distribution from Trust	-¢	-¢	-¢
Dividend from Company	-¢	-¢	-¢
Total distribution	-¢	-¢	-¢
Previous year			
Distribution from Trust	-¢	-¢	-¢
Dividend from Company	-¢	-¢	-¢
Total distribution	-¢	-¢	-¢

Interim dividend:

Current year

Distribution from Trust	-¢	-¢	-¢
Dividend from Company	-¢	-¢	-¢
Total distribution	-¢	-¢	-¢

Previous year

Distribution from Trust	-¢	-¢	-¢
Dividend from Company	-¢	-¢	-¢
Total distribution	-¢	-¢	-¢

Total dividend (distribution) per security (interim plus final)

	Current year	Previous year
Ordinary securities	-¢	-¢
Preference securities	-¢	-¢

There are no dividend or distribution plans currently in operation.

Details of aggregate share of profits (losses) of associates and joint venture entities

	Current year \$A'000	Previous year \$A'000
Group's share of associates' and joint venture entities':		
Profit (loss) from ordinary activities before tax	32,125	(208,171)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	32,125	(208,171)
Extraordinary items net of tax	-	-
Net profit (loss)	32,125	(208,171)
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	32,125	(208,171)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(Where the interest was acquired or disposed of during either the current or previous year, the date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy") is shown below.)*

a) Ownership Interests in Significant Associates accounted for using the equity method of accounting

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	%	%	\$A'000	\$A'000
Bankstown Partnership	50.0	50.0	18,071	(39,139)
Roselands Investment Trust	50.0	50.0	12,068	(13,249)
Centro Arndale Property Trust	50.0	50.0	291	(7,906)
Tuggeranong Town Centre Trust	50.0	50.0	2,655	(41,293)
Hervey Bay Holding Trust	50.0	50.0	(4,208)	(4,550)
Victoria Gardens Retail Trust No.1	50.0	50.0	4,707	(4,410)
Centro Lutwyche Sub Trust	50.0	50.0	210	(4,221)
Centro Perth City Property Trust	50.0	50.0	(651)	(8,785)
Emerald Village	50.0	50.0	85	1,432
Centro Super LLC Joint Ventures	50.0	50.0	(4,207)	(41,232)
Heritage Joint Ventures	50.0	50.0	3,104	(43,833)
Other	Nil	Nil	-	(985)
Total			32,125	(208,171)

Material interests in entities which are not controlled entities (continued)**b) Ownership Interests in Significant Associates accounted for at fair value through profit or loss**

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	%	%	\$A'000	\$A'000
Centro MCS Syndicate No. 2	28.8	28.8	(104)	(1,281)
Centro MCS Syndicate No. 4	36.2	36.2	(285)	(12,901)
Centro MCS Syndicate No. 5	24.1	24.1	779	(4,460)
Centro MCS Syndicate No. 6	16.4	16.4	217	(4,002)
Centro MCS Syndicate No. 8	8.8	8.8	757	(1,750)
(Centro MCS Syndicate No. 9	9.0	9.0	352	(3,791)
Centro MCS Syndicate Unit Trust No. 9	6.4	6.4	70	(761)
Centro MCS Syndicate No. 10	15.3	15.3	(584)	(2,689)
Centro MCS Syndicate Unit Trust No. 10	31.5	31.5	(391)	(1,775)
Centro MCS Syndicate No. 11	4.8	4.8	(774)	(992)
Centro MCS Syndicate Unit Trust No. 11	8.4	8.4	(284)	(365)
Centro MCS Syndicate No. 12	11.3	11.3	538	(1,704)
Centro MCS Syndicate Unit Trust No. 12	5.2	5.2	72	(227)
Centro MCS Syndicate No. 14	24.8	24.8	323	(5,049)
Centro MCS Syndicate Unit Trust No. 14	28.0	28.0	100	(1,559)
Centro MCS Syndicate No. 15	18.3	18.3	120	(1,958)
Centro MCS Syndicate Unit Trust No. 15	25.8	25.8	46	(740)
Centro MCS Syndicate No. 16	26.8	26.8	58	(2,384)
Centro MCS Syndicate Unit Trust No. 16	52.7	52.7	6	(264)
Centro MCS Syndicate No. 17	6.1	6.1	327	(1,046)
Centro MCS Syndicate Unit Trust No. 17	14.2	14.2	217	(695)
Centro MCS Syndicate No. 18	17.5	17.5	205	(989)
Centro MCS Syndicate Unit Trust No. 18	29.2	29.2	77	(373)
Centro MCS Syndicate Unit Trust No. 19	13.1	13.1	289	(1,091)
Centro MCS Syndicate DPI No. 19	34.9	34.9	90	(1,226)
Centro MCS Syndicate No. 20	16.2	16.2	191	(749)

Material interests in entities which are not controlled entities (continued)**b) Ownership Interests in Significant Associates accounted for at fair value through profit or loss (continued)**

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	%	%	\$A'000	\$A'000
Centro MCS Syndicate No. 21 Holding Trust	22.7	22.7	468	(1,787)
Centro MCS Syndicate No. 21 Property Trust	50.0	50.0	2,961	(10,737)
Centro MCS Syndicate No. 22 Investment Trust	22.3	22.3	115	(213)
Centro MCS Syndicate No. 22 Property Trust	20.2	20.2	162	(302)
Centro MCS 23 Investment Syndicate	40.6	40.6	(111)	(752)
Centro MCS 23 Property Syndicate	24.9	24.9	(172)	(1,157)
Centro MCS Syndicate No. 28	30.4	30.4	(11,780)	(40,583)
Centro MCS Syndicate No. 33	40.4	40.4	(8,260)	(16,003)
Centro MCS Syndicate No. 34	42.0	42.0	(1,241)	(11,524)
Centro MCS Syndicate No. 35	49.6	49.6	(2,937)	(19,427)
Centro MCS Syndicate No. 37 ⁽ⁱ⁾	N/A	49.7	N/A	(18,787)
Other	N/A	N/A	(4,437)	(4,942)
Total			(22,820)	(181,035)

⁽ⁱ⁾ Accounted for as a subsidiary after the business combination on 26 October 2009 as set out in Note 26.

Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)

- | | |
|---|--|
| <input checked="" type="checkbox"/> The accounts have been audited. | <input type="checkbox"/> The accounts have been subject to review |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have <i>not</i> yet been audited or reviewed |

Sign here:

Date: 31 August 2010

A handwritten signature in black ink, appearing to read 'Paul Cooper', is written over a light gray rectangular background.

Print name: Paul Cooper (Chairman)

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.

Comprehensive Income – Comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Australian Accounting Standards.

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.

Glossary

FinSIA – Financial Services Institute of Australia.

Foreign Exchange (FX) – System of trading in and converting the currency of one country into that of another.

FVTPL – Fair value through profit or loss.

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.

Glossary

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.

Unit holder – 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.

Directory

Responsible Entity

CPT Manager Limited
ABN 37 054 494 307

Board of Directors

Paul Cooper (Chairman)
Robert Tsenin (Managing Director)
Anna Buduls
Susan Oliver
Jim Hall
Rob Wylie

Company Secretary

Elizabeth Hourigan
Dimitri Kiriakoulacos

Registered Office

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Toll Free (NZ) 0800 449 605
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Website centro.com.au

Corporate Solicitors

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101 Collins Street
Melbourne Victoria 3000

Auditor

Ernst & Young
Ernst & Young Building
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Melbourne Victoria 3000

Security Registrar

Link Market Services Limited
Level 1
333 Collins Street
Melbourne Victoria 3000