Centro Properties Group

Annual Report 2008

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Chairman's Report

The 2008 financial year has been difficult for Centro Properties Group. As you are no doubt aware, Centro announced in mid-December 2007 that it was unable to refinance maturing debt facilities on a long term basis. Centro completed the 2008 financial year with a loss of $2.055 billion.

My colleagues and I are deeply concerned about the decline in the price of Centro's securities over the course of the financial year, and any disadvantage and hardship that has been suffered by our many stakeholders.

The 2008 financial year loss has arisen notwithstanding that the operating performance of our properties and services business has held up well throughout the past year, delivering underlying earnings of $242 million. The operating performance was overshadowed by the requirement to recognise downward asset revaluations of $1,195 million, impairments to goodwill of $772 million and other non-cash charges of $181 million.

The Annual Report sets out the financial results in detail, and I would commend that you read it in full.

The Path Ahead

As you may be aware, Australian and international property markets are experiencing the biggest cyclical downturn in decades. The characteristics of this new environment include high interest rates, low liquidity in debt markets and declining property values.

Uncertainty is affecting all markets, not just property. Looking forward, we believe that these conditions will persist at least in the medium term. The implication of this for Centro is that there is no quick fix solution for our situation.

Your Board and management team remain focused on securing the best outcome for all stakeholders. To this end, and in recognition of the uncertain and volatile market conditions, it makes sense that we focus on moving forward with incremental, considered steps that can preserve and restore the value of the business for the longer term.

Challenges

Centro continues to face many challenges. The immediate imperatives are to secure a longer term extension of our banking facilities beyond 30 September and 15 December 2008, to stabilise our financial position, and then to progressively:

- Reduce debt levels and improve free cash flows;
- Simplify our Group structure and reduce interdependencies throughout the Group;
- Implement new governance structures and processes that enable all of our stakeholders to have greater confidence that actual or perceived conflicts of interests are being recognised and are being avoided or managed appropriately and transparently; and
- Defend the class action litigation Centro faces.

Board Renewal and Separation

We recognise that change is needed at Centro to address the many challenges that the Group faces in order to survive and restore some value to our securityholders. Many changes are underway and are being ably implemented by our very capable Chief Executive Officer, Mr Glenn Rufrano and his management team.

The Board has experienced only limited changes since Centro's difficulties arose in mid-December 2007; namely the departure of Mr Andrew Scott as Chief Executive Officer on 14 January 2008; my appointment as Chairman on 1 July 2008 upon the retirement of our previous Chairman, Mr Brian Healey; and Mr Jim Hall taking up the role as Chairman of the Audit and Risk Committee of the Board on 1 July 2008.

Further change is required at the Board level. Centro has appointed the leading international director and executive recruitment firm, Egon Zehnder International Pty Ltd, to assist in identifying objectively qualified candidates. I hope to be able to provide further information to you at or before the forthcoming Annual General Meeting.

Strong Management Team

Centro has benefited from having a strong and effective management team led by Mr Glenn Rufrano.

Glenn and his team have been tested on a daily basis in crisis conditions and have remained remarkably resilient, focused and effective. Throughout these difficulties they have won the respect of many of our stakeholders including retailers, financiers, investors and our staff, without which it is unlikely that Centro would have been able to survive.

Debt Extensions

As this Annual Report goes to press, the Board and Management of Centro are working hard to achieve a further extension of financing arrangements which expire 30 September. It is likely that by the time you receive this document, we will have announced the outcome of these efforts.

Annual General Meeting

The Annual General Meeting for Centro Properties Group is scheduled for Friday, 28 November 2008 at the Melbourne Exhibition Centre. Detailed information will be contained in the Notice of Meeting which will be mailed to you in October.

Paul Cooper
Chairman

CEO's Report

Since becoming CEO of Centro in January, I have focused on:

- Maintaining and maximising business value; and
- Corporate recapitalisation.

These concepts are interrelated. As we accomplish the first, we encourage our lenders that the second can be achieved.

Maintaining and Maximising Business Value

Our business has strategically matured over 15 years by developing our property operating platforms and providing the necessary funds management services to our investors. Decision making centres on protecting the long-term franchise value of Centro and bolstering organisational strength, productivity and efficiency.

Employees in Australia and the US are the backbone of our organisation. We have taken important steps to improve retention and strengthen our infrastructure through new compensation incentives and better communication methods. Key components of Centro's infrastructure include:

- An established Executive Committee in Australia and a Management Committee in the US which govern the respective head offices. A combination of these two committees meets weekly to coordinate communication between the geographies;
- Recent appointments to the Executive Committee in Australia including Gerard Condon, who oversees the Centro MCS syndicate business, and Ross Johnston, who is responsible for the implementation of strategic planning. Tony Clarke, our new Chief Financial Officer, joined in March this year; and
- Steve Splain, Chief Accounting Officer was added to the US Management Committee.

Leadership Groups were also instituted for both Australia and the US. These are each comprised of approximately 35 managers and facilitate communication throughout the organisation.

We have a renewed focus on financial process and analysis including:

- An emphasis on improved transparency and simplification. For example, Supplemental reports are now available and provide detailed information on our real estate businesses. Also, we announced on 30 June 2008 that the equity notes in the Direct Property Fund and Direct Property Fund International have been converted to common units—a step to better organising our business; and
- Detailed analysis and sensitivity models that inform the financial decisions related to asset dispositions and distribution policies. These decisions take into consideration not only our corporate recapitalisation, but also market and property positions relative to our listed and unlisted investor base.

Status of Recapitalisation

The primary issue in Centro's long-term viability is high leverage combined with short term debt maturities. The goal of our recapitalisation effort is to reduce debt levels and extend remaining maturities through asset sales and new equity investment.

In the US, we generated proceeds from asset sales of US$195 million during the 2008 fiscal year. In addition, we have closed US$51 million of sales since 30 June 2008. In Australia, we recently announced the sale of two shopping centres and unconditional contracts for the sale of two others for a total of AUD$157.5 million.

It is important to recognise that proceeds from the sale of properties owned by our managed funds do not necessarily flow directly to Centro. Sales of large portions of the managed portfolio would result in lower fees and value erosion of the services business. Neither we nor our stakeholders feel that this is a good outcome.

Our asset sale program will provide company liquidity and reduce debt, but alone is not considered a long-term solution to our high debt level. The evaluation of asset sales includes the state of economic life of a property, market and retailer fundamentals and investor sentiment. With our banks' continued support, we are not a forced seller of assets. We will proceed with sales which meet our criteria, including an acceptable price.

We have also been soliciting proposals for new equity as a means of debt reduction and have received a number of offers. However, the Company, in consultation with its lenders, has not felt that any of the proposals were in the best interests of our stakeholders. Although we continue to actively search for new equity solutions, it appears unlikely that such a transaction can be executed by year end, especially given current capital market conditions.

Our goal is to better position ourselves with longer-term debt restructuring from our lender group:

- The first step involves an extension from 30 September to 15 December 2008. As mentioned in the Chairman's Report, we are working hard to achieve this extension as this Annual Report goes to press.
- Our objective will then turn to a longer-term debt extension beyond 15 December 2008 to enable us to operate in a more stable environment for employees and investors. This will also facilitate our ability to find and negotiate an appropriate equity transaction as market conditions improve.
- As part of a longer-term extension, there may be a conversion of an amount of debt into some form of hybrid security which could impact the value of existing ordinary equity. Preliminary discussions in this regard are underway with specific proposals being formulated.

These are challenging times, both for Centro and the broader markets. I will continue to focus on the future and achieving the best possible outcome for all stakeholders.

Glenn Rufrano
Chief Executive Officer

Review of Operations

Property Portfolio and Performance

	30.6.08	30.6.07
Property Portfolio Value[(1)]	A$22.6bn	A$23.6bn
US Property Portfolio Value	US$12.8bn	US$13.9bn
Aust Property Portfolio Value	A$9.3bn	A$9.2bn
Number of Properties	794	810
Number of US Properties	665	682
Number of Aust Properties	129	128

(1) The calculation of property funds under management is now based on 30-Jun-08 spot rate of A$1=US$0.9626, while previously this figure was based on the hedged rates in place.

Centro is a multi-national retail property specialist that manages a portfolio of more than 790 shopping centres. Of the $22.6 billion of assets under management, 41 percent (by value) are in Australia and New Zealand and 59 percent 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.

In both the US and Australia Centro operates across national platforms with regional or state operating systems. This structure leverages the benefits of scale, including diversification and relationships with retailers, with important local knowledge and expertise.

- In Australia we are the largest provider of floorspace to Woolworths and Coles; in the United States, we are the largest landlord to TJX and Kroger.
- In addition to centre based management, we operate five state offices in Australia. In the United States, we have a network of eight regional offices and multiple local offices which have responsibility for an average of 13 million square feet of retail space.
- Our local presence provides us with comprehensive market intelligence and places us in constant interaction with our retailers, an approach critical in today's economic environment.

US Property Performance

At June 30 2008, Centro's stabilised US portfolio was approximately 92 percent leased. Same property Net Operating Income (NOI) growth averaged between two and three percent for the year, fairly consistent with the past few years.

Every asset in the US portfolio was revalued as at 30 June 2008. Over the year, we have experienced a decrease in property values of 7.3%, due to softening cap rates and lower expectations of income growth. Transactions for retail properties were down 75% since January. This lack of market data not only makes current valuations difficult to assess, but clouds future valuation movements. Although capital markets remain difficult, we see real estate fundamentals, such as consumer and retailer trends, as the primary impact on value going forward.

The sound credit profile and diversification of our top retailers is a product of ongoing portfolio management. Our top ten retailers account for only 16 % of our total Annual Base Rental (ABR), with four of the ten represented by Kroger, Ahold, Safeway and A&P, which are highly productive and market leading grocers. These grocers continue to report extremely strong comparable store sales. Importantly, the portfolio is dominated by necessity-oriented retailers such as supermarkets, pharmacies and discount apparel retailers. The appeal in today's environment of off-price / value retailers by financially squeezed shoppers demonstrates the importance of this approach and accounts for the higher sales growth of our top retailers.

Centro's diversification by retailer, geography and retail format plays a critical role in the long-term stability of our portfolio.

Australasian Property Performance

The Australasian portfolio has been largely stable for the year and has seen good NOI growth. This growth has been underpinned by strong leasing demand and near full occupancy, with less than one vacancy per centre on average. Our NOI growth was solid for the year and in line with expectations.

Centro's Australian portfolio sales are now over $10.6 billion with sales growth of 6.9% for the 12 months ended 30 June 2008. The sales growth is a combination of factors, including food inflation, the high quality and convenience orientation of our assets and localised marketing efforts. Overall sales are underpinned by supermarkets and specialty retailers which comprise 73% of total sales for the Australian portfolio.

Every centre in the Australian portfolio was revalued as at 30 June 2008, evenly split between independent and Director's valuations. These valuations were conducted during a period with very little transactional evidence, with retail property transactions down around 40% in the first six months of 2008.

Over the year we have experienced a slight increase in property values in Australia. Although values are marginally higher than twelve months ago, values have decreased since December 2007. This decline has been a result of higher interest rates, a lack of credit availability and market uncertainty. Our broad spread of assets across multiple states helps minimise the impact of any area-specific economic issues.

Our top ten retail companies account for one third of our rental income. The combination of Woolworths and Wesfarmers as our two largest retailers provides security of income to our portfolio through their management of many of Australia's best known brands. These top ten retailer groups operate over 45 store concepts and their predominance in the Centro portfolio demonstrates our strong relationships with many of Australia's top national retailers.

Services Business

Centro continues to manage its portfolio of 794 shopping centres and derives income from the property management, leasing and development of these centres.

Centro's property management, leasing and development management businesses all performed well during FY08. Centro's property management teams in both Australia and the US provide the skills and experience to ensure that the quality and performance of the underlying property portfolio remains solid. As the core of Centro's business, strong leasing and constant re-improvement of our shopping centres drive our performance. Almost 40% of Centro's gross services business income for FY08 was derived from the management, leasing and development of the properties

Centro's funds management income comes from two different sources:

1. Recurring fees such as trust management fees, amortisation of upfront establishment fees and legal/accounting/custodian recoveries; and
2. One-off type fees which generally relate to performance.

It should be noted that recurring fees were almost 90% of all funds management revenue for FY08 with performance based fees only contributing 10% of income.

Managed Funds

All of Centro's managed funds have recently undergone a strategic review and business planning process for the 2009 financial year. This process took into account the external market, as well as the need to balance short term returns and longer term value for our investors. The funds have updated distribution policies which more directly relate distributions to available cash flow from each fund. Generally, distributions will be made on the basis of the underlying cashflow. Debt or equity financing of distributions will no longer occur.

The Direct Property Fund (DPF) and Direct Property Fund International (DPFI) remain suspended, and we do not foresee opening these funds in the near future. While the DPF and DPFI have continued to pay quarterly distributions, these have been scaled back due to reduced or no distributions flowing from some underlying investments. A core focus within the funds is to increase liquidity for investors and to return a portion of investor capital over coming months, principally as a result of asset sales at both the syndicate and wholesale fund levels.

Financial Results and Basis of Presentation of Statutory Accounts

Investors should note that the basis of preparation of Centro's statutory accounts is quite different from FY08. As a result of moving to more than 50% ownership of DPF and DPFI, Centro is now consolidating (rather than equity accounting) a large number of its investments. This results in limited comparability of this year's financials with those from FY07.

Centro's net AIFRS loss attributable to ordinary securityholders for FY08 was $2.055 billion. This includes significant adjustments of $2.3 billion which were mainly non-cash items including property revaluations and goodwill write-downs. Centro's underlying operating performance remained solid with investment and services income continuing to generate revenues for the Group.

There are issues currently impacting Centro's liquidity. Centro's headstock cashflow was negative for the six months from January 2008 to June 2008. The negative cashflow was funded by the Group's liquidity facility, and resolving this issue is a key component to resolving Centro's situation.

Executive Committee

Glenn Rufrano

(Chief Executive Officer)

Mr Glenn Rufrano was appointed Chief Executive Officer of Centro in January 2008. Glenn joined Centro in April 2007 as Chief Executive Officer of Centro's US operations following the acquisition by Centro of New Plan Excel Realty Trust (New Plan), where he was Chief Executive Officer and a member of the Board of Directors. Prior to joining New Plan in February 2000, Glenn served 17 years as a partner at the O'Connor Group, most recently as President and Chief Operating Officer. He currently serves on a number of boards at New York University's Real Estate Institute, where he is an adjunct professor, and is a trustee, member of the Executive Committee and Treasurer and Secretary of the International Council of Shopping Centres. He also sits on the Board of Directors of New Alternatives for Children, a not-for-profit health and social services agency.

Tony Clarke

(Chief Financial Officer)

Mr Tony Clarke joined Centro in March 2008. Tony oversees the finance, treasury, tax and financial and management accounting functions of Centro and its managed funds. He also manages the internal audit, IT, information management and commercial and business analysis parts of the Centro business. Tony has over 29 years of finance and treasury experience, most recently serving as Finance Director for Melbourne based Pacifica Limited. In his 24 years with various divisions of Amcor Limited, Tony served in a range of financial and accounting positions, most notably as Group General Manager of Finance, Chief Financial Officer of Amcor Europe and Chief Financial Officer of Amcor Paper.

Ross Johnston

(Head of Strategy Implementation)

Mr Ross Johnston joined Centro in June 2008 after more than 30 years of experience in senior management roles across various industries, most recently as Chief Executive Officer of Spotless Australian Services. Prior to this, Ross held various roles at Lend Lease Corporation as a senior executive for over 15 years. As Head of Strategy Implementation, Ross is responsible for coordinating the implementation of Centro's strategic plan.

Graham Terry

(Chief Operating Officer)

Mr Graham Terry's responsibilities include all operational aspects of Centro, with particular emphasis on development, leasing, marketing and centre management. Graham has been with Centro since 1998 and was previously at Coles Myer for 20 years where he held various national development, leasing and property positions. Graham has been involved in the shopping centre industry for over 26 years and has participated in over 200 shopping centre developments.

John Hutchinson

(General Counsel)

Mr John Hutchinson is responsible for the legal and compliance areas. John commenced with Centro in 2002, and was formerly a partner of law firm Freehills for a period of eight years, during which time he focused primarily on corporate transactions within the property trust and funds management areas.

Philippa Kelly

(General Manager - Institutional Funds Management)

Ms Philippa Kelly is responsible for the Listed, Wholesale and Direct Property Funds, as well as corporate marketing and communications. In this role, Philippa 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. Philippa has worked in the listed property trust industry for the past ten years and joined Centro in 2002. Philippa's previous experience includes five years within investment banking at Goldman Sachs JBWere.

Mark Wilson

(Chief Investment Officer)

Mr Mark Wilson relocated to Melbourne, Australia in March 2007 from Philadelphia, United States to take the role of Chief Investment Officer. Mark's responsibilities have a strong asset management focus and include acquisitions, dispositions and valuations. Mark joined Centro in 1997 and his previous role was as Chief Operating Officer for Centro's US operations. Mark has over 25 years experience in the retail and property industry, and was previously employed by Coles Myer Ltd.

Gerard Condon

(General Manager - Syndicate Funds Management)

Mr Gerard Condon oversees the syndicate, retail distribution and investor services teams. Gerard was previously manager of the syndicate funds management team and commenced with Centro in 2003 following five years with MCS property. Prior to this, Gerard spent nine years working as a valuer in Victoria.

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 five directors, all of whom (including the Chair) are independent non-executive directors. The directors currently in office and who were in office for the 2008 financial year are Messrs Paul Cooper, Graham Goldie, Sam Kavourakis, Peter Wilkinson and Jim Hall. Mr Brian Healey retired as a director and Chairman on 30 June 2008 and Mr Cooper was appointed Chairman in his place. Mr Andrew Scott resigned as Chief Executive Officer and as a member of the Board on 14 January 2008. Since the resignation of Mr Scott, there have been no executive members on the Board.

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

Paul Cooper

(Chairman)

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

Mr Cooper has experience in finance and corporate law, strategic corporate finance advice, capital raising, acquisitions and divestments, funds management and negotiation and establishment of joint ventures gained during a career spanning Freehills, Chronworth Advisory Pty Ltd, Investec Wentworth Pty Ltd and most recently as founder and Managing Director of Gane Corp Pty Ltd, a specialist corporate advisory firm.

Mr Cooper has been a Director of AXA Asia Pacific Holdings Limited (formerly National Mutual Holdings Limited) since 1995, and chairs the AXA APH Board Investment Committee and the AXA Managed Investments Compliance Committee.

Graham Goldie

An independent non-executive Director of Centro Properties Group since 1994 and a Director of Centro Retail Limited since 2005, and the Chairman of the Group Compliance Committee.

Mr Goldie has a background in retail store management with over 15 years experience at a senior executive level for Target and Myer stores. Since 1991, Mr Goldie has operated his own consultancy service, consulting to a wide range of diverse interests. Until January 2008, Mr Goldie was Chairman of the Advisory Board at The Australian Centre for Retail Studies (ACRS), a specialist centre within the Department of Marketing at Monash University.

Within the past three years, Mr Goldie has not held any additional directorships of ASX listed entities.

Sam Kavourakis

An independent non-executive director of Centro Properties Group since November 2003, a Director of Centro Retail Limited since 2005. Mr Kavourakis was the Chairman of the Audit and Risk Management Committee until rotating from the position on 1 July 2008.

Mr Kavourakis has extensive investment and fund management experience in Australia, including within the property sector. He was the Managing Director of National Mutual Funds Management for eight years, during which time he was responsible for all asset management functions within the National Mutual Group, both in Australia and offshore, and managing an investment team of more than 400 people. Mr Kavourakis is currently a Director of a number of companies and associations including Lachlan Partners Advisory Board (formerly Collins House Financial Services) and Traffic Technologies Limited. Mr Kavourakis has been a director of Ticor Limited within the past three years.

Peter Wilkinson

An independent non-executive director of Centro Properties Group since March 2004 and a Director of Centro Retail Limited since 2005, and a member of the Group's Compliance Committee.

Mr Wilkinson has extensive retail management and property experience within Australia, including almost six years as Chief Executive and Managing Director of David Jones Limited, since 2005 and a member of the Group's Compliance Committee. During this time he was responsible for managing the strategic development and value generation of 35 stores, and clearly positioned David Jones as Australia's premier department store. He had previously spent 18 years with Myer and Coles Myer Ltd, including positions as Managing Director of Target, Managing Director of Myer Grace Bros and Chief Operating Officer of the Coles Myer Group. Mr Wilkinson has held numerous positions within the retail sector, including President of the Australian Retailers Association. Mr Wilkinson is also Managing Director of Australian Discount Retail (Trading) Pty Ltd.

Board of Directors (continued)

Jim Hall

An independent non-executive Director of Centro Properties Group since September 2005, and a Director of Centro Retail Limited since 2005.

Mr Hall is an experienced company director and is currently a director of Alesco Corporation Limited (since July 2005), the ConnectEast Group (since June 2005) and a member of JP Morgan Advisory Council (Australia) since May 2005. He was also a former executive director finance of Orica Limited (February 2002 to April 2005) and a former director of Symbion Health Limited (from June 2005 to February 2008). Since 1 July 2008, Mr Hall has chaired the Audit and Risk Committee and is also a member of the Compliance Committee.

Secretaries

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

Ms Philippa Kelly, LLB, ASIA, whilst now occupying the position of General Manager – Institutional Funds Management, acts as Company Secretary as required.

Corporate Governance

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

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

This statement outlines the main Corporate Governance practices in place throughout the financial year and sets out compliance with the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations 2003.

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 managed by a board of directors who are accountable to the investors 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 the 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 the management of the consolidated entity, including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Primary Duties and Obligations

The primary duties and obligations of the Group include:

- Exercising all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of securityholders, and in performing its functions and exercising its powers under the Trust constitution in the best interests of all securityholders;
- Keeping or causing to be kept proper books of account, ensuring the financial report is audited annually by an independent registered auditor and sending a financial report and a copy of the auditor's 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

Group policy stipulates that (except in limited circumstances) the board of directors of all subsidiaries will be the same as that of the parent entity, Centro Properties Limited. Accordingly, all directors of the Company are also directors of the Responsible Entity.

Board composition and the independence of directors is determined using the principles adopted in the Board Charter and having regard to the ASX Corporate Governance Council's Best Practice Recommendations. All members of the Boards are independent non-executive directors, including the chair of the Boards. The Chief Executive Officer is not a member of the Boards.

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

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

Board Role and Responsibilities

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

The Boards have delegated responsibility for the day to day operation and administration of the Group to the Executive Committee, but maintain responsibility for strategic direction and control of the Group. The Boards monitor the performance of the Group, Executive Committee and senior management and conduct a formal executive resources review each year to assess such performance.

☑ *ASX CGC's Best Practice Recommendation 1.1*

Board Committees

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

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

Attendance of committee members at meetings is set out on page 15 of this Annual Report.

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

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of three of the non-executive directors of the Board, being Messrs Sam Kavourakis, Jim Hall, Paul Cooper (until the time of his appointment as Chairman of the Board) and Mr Graham Goldie (from the time of the appointment of Mr Cooper as Chairman of the Board). The Committee was chaired by Mr Sam Kavourakis during the reporting period. As of 1 July 2008 Mr Kavourakis rotated from the position of Chairman of the Committee and Mr Hall assumed Chairmanship. The Chief Executive Officer, Chief Financial Officer, Group Financial Accounting Manager, Compliance Officer, internal auditor and external auditor also attend committee meetings by invitation. The committee regularly reports to the Boards in respect of matters within its responsibilities.

The Boards have adopted an Audit and Risk Management Committee Charter which sets out the objectives, responsibilities and functions of the committee in relation to audit matters and identifying and managing commercial risks. The Charter also sets out the procedures for the selection and appointment of the external auditor and for the rotation of the external audit managing partner.

In line with the ASX Corporate Governance Council best practice financial reporting processes, the Chief Executive Officer and Chief Financial Officer have provided sign-off to the Boards of Centro Properties Group that the financial reports present a true and fair view of the Group's financial condition and are in accordance with relevant accounting standards. This statement is founded on a system of risk management and internal compliance control.

In addition, the Chief Executive Officer and Chief Financial Officer have reported to the Board that, except in relation to the Group's current financial reporting systems and processes, the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The Chief Executive Officer and Chief Financial Officer concluded that the Group's financial reporting systems and processes need enhancement to more fully manage the complexity of financial reporting of the Group, so that they operate efficiently and effectively in all material respects in future periods. These enhancements will be undertaken during the current financial year.

☒ *ASX CGC's Best Practice Recommendations 4.1, 4.2, 4.3, 4.4, 4.5, 7.1, 7.2 and 7.3 In accordance with Recommendation 4.5, details of the members of the Audit and Risk Management Committee are set out in the Board of Directors section at page 7. Attendance of Committee members is set out at page 15 of this report.*

Compliance Committee

The Group has adopted a compliance plan, lodged with the Australian Securities and Investments Commission, that 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 that is monitored by both a specially constituted Compliance Committee and the compliance plan auditor.

The Compliance Committee is responsible for ensuring the Group's compliance with the compliance plan. During the reporting period, the Committee consisted of three of the Group's directors, being Messrs Graham Goldie, Peter Wilkinson and Jim Hall, and was chaired by Mr Graham Goldie.

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

The Compliance Committee meets quarterly to monitor compliance and review the adequacy of the compliance plan. In addition, the Group's Compliance Officer is required to confirm monthly to the Chair of the Compliance Committee that no material breaches have occurred that could cause financial disadvantage to any investor.

☑ *ASX CGC's Best Practice Recommendations 7.2 and 7.3 In accordance with Recommendation 4.5, details of the members of the Compliance Committee are set out in the Board of Directors section at page 7. Attendance of Committee members is set out at page 15 of this report.*

Nomination Committee

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

☑ *ASX CGC's Best Practice Recommendations 2.4, 8.1 In accordance with Recommendation 2.6, information on each director including their term of office is disclosed in the Board of Directors section on page 7. Attendance of Committee members is set out at page 15 of this report.*

Remuneration Committee

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

The Remuneration Committee includes the non-executive members of the Boards and during the reporting period, was chaired by Mr Brian Healey, as Chairman of the Board. The Committee meets biannually (or more often as required) to review and approve the remuneration arrangements for senior executives including the Chief Executive Officer. In doing so, the Committee has recourse to independent consultants and market surveys.

The Remuneration Committee also makes recommendations to the Board for the remuneration of non-executive directors as recommended by the Chief Executive Officer. The Chief Executive Officer's recommendation takes into account advice received from independent consultants and market surveys and is always within the level of the aggregate fees limit approved by shareholders in general meeting.

The Group's remuneration policy is set out within the Remuneration Report section of the Directors' Report on page 15.

☑ *ASX CGC's Best Practice Recommendations 9.1, 9.2, 9.3, 9.4, 9.5*

Internal Control Framework

The Boards are responsible for the overall internal control framework of the Group, but recognise that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Group's Boards have instigated an internal control framework that can be described as follows.

- **Compliance Plan** – The compliance plan provides for the necessary actions to be taken to address compliance risk, operational risk, control environment risk and investment dealing risk. 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 web site.

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

- **Financial Reporting** – There is a comprehensive budgeting system with an annual budget approved by the directors of the Group. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Group reports to securityholders six-monthly.
- **Personnel Quality and Integrity** – The Group's policies are detailed in a Policies and Procedures Manual. Formal appraisals are conducted at least annually for all employees. In addition, the Group has in a place a Code of Conduct which sets out the standards of behaviour expected from all employees.

☑ *ASX CGC's Best Practice Recommendations 3.1, 10.1*

- **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 are being acquired or divested.

Conflicts of Interest

In accordance with the Act and the Company and Trust constitutions, 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.

Internal Audit

The function of Internal Audit is to provide an independent objective assurance and consulting activity to improve the Group's operations. The internal auditors assist the Group to ensure compliance with internal controls. The Audit and Risk Management Committee is responsible for approving the scope of the work to be performed by the internal auditors each financial year and to ensure appropriate action has been taken to mitigate identified risks. The internal audit function may be provided by either an internal or external party.

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.

Investor Communications

The Group has adopted an Investor Communication Policy designed to ensure 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 auditor, PricewaterhouseCoopers, also attends the Annual General Meeting to answer any questions about the conduct of the audit and the content and preparation of the audit report.

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

Dealings In Securities

The Company and Trust constitutions permit directors of the Group to acquire securities. Group policy prohibits directors and employees from dealing in securities whilst in possession of price sensitive information and all trading must be in accordance with the procedures set out in the Employee Trading in Securities Policy. In accordance with the provisions of the Act and the ASX Listing Rules, directors advise the ASX of any transactions conducted by them in the Group's securities.

☑ *ASX CGC's Best Practice Recommendation 3.2*

Independent Professional Advice

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

☑ *ASX CGC's Best Practice Recommendation 2.5*

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.

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 undertakes the task of monitoring compliance with the Group's Complaints Handling Policy.

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 2008.

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 includes 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 during the whole of the financial year and up to the date of this report (unless otherwise stated):

- Brian Healey (retired 30 June 2008)
- Andrew Thomas Scott (resigned 14 January 2008)
- Peter Graham Goldie
- Sam Kavourakis
- Louis Peter Wilkinson
- Jim Hall
- Paul Cooper (appointed Chairman 1 July 2008)

Secretary: Elizabeth Hourigan continues in office at the date of this report.

Principal Activities

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

Significant Changes in the State of Affairs

On 17 December 2007, the Group announced that it was continuing to negotiate the refinancing of US$1.3 billion of maturing facilities associated with the Group's US joint venture with Centro Retail Trust (CER) and A$2.3 billion of maturing facilities with its Australian lenders and had obtained an interim extension until 15 February 2008 of all facilities maturing prior to that date. A series of subsequent extensions have been granted resulting in the US joint venture facilities maturing on 30 September 2008 and the Australian facilities maturing on 15 December 2008.

The comparability of the two periods presented in this financial report is limited due to the increase in voting interest held by the Group in a number of its managed funds, including CER, during the financial year. The increased voting interest has resulted in a change in control and required the Group to consolidate rather than equity account its interest in these funds.

Review of Operations

The review of operations of Centro Properties Group is included in the report to investors on pages 4 to 5 of this report.

Distributions

Distributions paid to ordinary security holders during the financial year were as follows:

	30.6.08 $'000	30.6.07 $'000
Final distribution from the Trust for the year ended 30 June 2007 of 20.5 cents per stapled security paid on 30 August 2007	173,249	155,725
Interim distribution from the Trust of 19.3 cents per stapled security paid on 27 February 2007	-	158,184
	173,249	313,909

No distribution was declared or paid in relation to the 2008 financial year.

Likely Developments and Expected Results of Operations

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

Environmental Regulations

As a property owner, the Group is subject to the normal environmental regulations of landowners within Australia, the US and New Zealand. These include regulation against air pollution, liquid discharge and soil contamination. The proper care and maintenance of asbestos, which is present in a number of properties, is also carefully monitored. The Group has in place monitoring procedures to ensure proper compliance and there are no matters requiring specific disclosure.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between 30 June 2008 and the date of this report 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;

except as otherwise referred to in the financial statements or this Directors' Report.

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 7 and 8 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
P. Cooper		-
P.G. Goldie	(held indirectly)	34,971
S. Kavourakis	(held in name of Kavourakis Superannuation Fund and Kavourakis Family Trust)	33,117
L.P. Wilkinson	(held in name of PEVE Pty Ltd)	10,000
J. Hall	(held in the name of Hall Family Superannuation Fund)	11,833

Information on Company Secretary

Particulars of the qualifications, experience and special responsibilities of the secretary, as at the date of this report, are set out on page 8 of the Annual Report.

Indemnification and Insurance of Directors, Officers and Auditors

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 liquidity does not arise out of conduct including lack of good faith.

During the financial year the Company insured its Directors, Secretary and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of Centro Properties Limited and CPT Manager Limited. 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.

The Officers of the Company and the Responsible Entity covered by the insurance policy include the Directors: B. Healey, A.T. Scott, P.G. Goldie, P. Cooper, J. Hall, S. Kavourakis and L. P. Wilkinson and the Secretary: E. Hourigan.

The auditor is indemnified by the Group against claims from third parties arising from the provision of audit services except where prohibited by *Corporations Act 2001*, or due to negligence, fraudulent conduct, dishonesty, or breach of trust by the auditor.

Loans to Directors

The non-executive Directors do not have any loans payable to Centro Properties Group.

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	Issue Price of Shares	Number Under Option
1 May 2006	1 May 2016	$6.45	314,000
8 Dec 2006	8 Dec 2016	$8.41	613,500
23 Mar 2007	23 Mar 2017	$9.05	990,000

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

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 2008 and the number of meetings attended by each Director.

	Board Meetings	Board Audit & Risk Management Committee Meetings	Compliance Committee Meetings	Remuneration Committee Meetings	Board Sub-Committee Meetings	Nomination Committee Meetings
Centro Properties Limited						
Number of meetings held	48	11	n/a	6	3	1
Number of meetings attended/ eligible to attend by:						
B. Healey	48	#	n/a	6	3	1
A.T. Scott	17/17	#	n/a	4/4	2/2	1/1
P. G. Goldie	48	#	n/a	6	1/1	1
S. Kavourakis	48	11	n/a	6	#	1
L. P. Wilkinson	39	#	n/a	5	#	1
J. Hall	44	10	n/a	6	#	1
P. Cooper	46	11	n/a	5	#	1
CPT Manager Limited						
Number of meetings held	48	11	4	-	1	-
B. Healey	48	#	#	#	1	#
A.T. Scott	17/17	#	#	#	1	#
P. G. Goldie	48	#	4	#	#	#
S. Kavourakis	48	11	#	#	#	#
L. P. Wilkinson	39	#	4	#	#	#
J. Hall	44	10	4	#	#	#
P. Cooper	46	11	#	#	#	#

Not a member of the Committee

Remuneration Report

Section 1 – Background and Context

The objective of the Remuneration Report is to provide securityholders with information as to the philosophy, methodology, components and actual remuneration of the Chief Executive Officer and the Executives with the greatest authority for strategic direction and management of the Group during the financial year. The dramatic changes to the Group's situation in mid December 2007 combined with the statutory reporting requirements create a Remuneration Report that may not clearly illustrate the Group's current approach to remuneration. Therefore, additional commentary and explanation is included in this year's report.

When reading the Remuneration Report, Investors should keep in mind the following facts:

1. Centro's remuneration philosophy has historically been based on the following two components:
    a. Fixed (or base) Remuneration – essentially salary, superannuation and other benefits; and
    b. Performance Based Remuneration – this has typically had two components:

   i. Short Term Incentive (STI) – cash paid to employees for achievement of financial results; and
   ii. Long Term Incentive (LTI) – equity (share) awards linked to the achievement of sustainable and profitable business growth.
2. Centro's Fixed Remuneration component was "below market"; however, when combined with the Performance Based Remuneration created an overall remuneration program that was attractive to employees and competitive in the marketplace.
3. Centro's announcements of 17 December 2007 and the ensuing effects had a severe impact on employee morale, job security and overall earning capacity for Centro staff under this philosophy; and
4. Centro's performance to 30 June 2008 meant that employees would not receive any STI award and that the relevant securities under the ESP would not vest.

Section 2 – Contents of the Remuneration Report

This Remuneration Report seeks to provide the following:
- Information on the remuneration principles in use for the first part of the financial year through until the months following announcements made in mid-December 2007;
- An explanation of the actions taken by the Board's Remuneration Committee to reconsider the remuneration framework in order to address the circumstances; and
- Information on developments and changes to that framework implemented to the date of this report.

As required by statute, the tables included in this report give an aggregated picture of the total remuneration provided to Key Management Personnel during the financial year. These tables include information on remuneration provided in the first half of the financial year under the principles in operation at that time together with remuneration provided in the second half of the financial year (described below).

Detailed notes have been added to provide context and additional explanation where possible.

Centro and the Employment Market Context

In responding to the events that have occurred within Centro Properties Group during the financial year to 30 June 2008, actions taken by the Board have taken account of the following:
- Recognition that the remuneration framework in place at the time of the announcements placed a strong emphasis on participation in employee share schemes and, along with securityholders at that time, many employees suffered substantial loss of equity as well as reduced remuneration relative to the market; and
- Recognition of the importance of retaining employees to maintain the assets and allow the Group to address its challenges. Remuneration is only one of the reasons employees join, and remain with, an employer. However, the loss of any opportunity for most employees to receive a total salary package equivalent to those on offer outside the Company combined with the uncertainty about Centro's situation created an environment where employment opportunities outside of Centro were attractive to many staff.

Section 3 – General Remuneration Structure and Policies

Review of Remuneration Principles – Post December 2007

Following the events which have occurred during the year, the Board requested that management review the remuneration principles and restructure the remuneration elements in a way which would recognise the contribution of employees to the survival of the Group and to provide a remuneration framework competitive in the marketplace.

The existing principles (as set out above) will continue to underpin the remuneration framework and the various elements of salary packages in the future. However the framework itself has been reviewed together with several key objectives.

In the short term, the focus will be to structure salary packages that remunerate executives and employees fairly and in a way which supports the Company's intention to retain employees who are seen as critical to meet the Group's challenges. The outcomes of this objective are:
- Recognition that fixed salaries must more strongly compete in the market to provide some stability for employees' earnings expectations;
- A need to provide appropriate financial incentives to support executives in addressing the challenges faced by the Group;
- Recognition that a shorter time frame must be considered, rather than the three year period normally adopted for market practice, for long term incentive programs; and
- A recognition that cash incentives are more appropriate than the use of a share based plan.

In the longer term, the objective will be to implement remuneration programs, including share based long-term incentives, which are consistent with market practice, align employee interests with securityholders and reflect the overall status and objectives of the Group. This, however, cannot be addressed until such a time as Centro is more stable.

Remuneration Developments Since December 2007

The developments of mid December resulted in the adoption of immediate and medium term remuneration strategies.

First, in January 2008, a small number (40) of key executives deemed as essential to the management of the Group were advised of a Retention Plan involving the payment of a sum of money subject to their remaining as employees of the Group and continuing their high level of contribution and commitment until the end of March 2008. These payments were made in April 2008. The purpose of this plan was to ensure that key talent remained within the Group during the immediate aftermath of the difficulties that arose in mid-December 2007 and that appropriate motivation and rewards were in place.

Second, in March 2008, the Board determined that a further Retention Payment should be implemented for all permanent staff payable in two installments in May and July 2008. Payments were set at a fixed amount for those who did not participate in the STI plan and based on the figure which would have been payable if target DPS performance under the STI had been achieved. Retention Payments were capped for Senior Executives.

Third, in response to employee feedback and the loss of over 90 Australian staff from mid-December to 30 April 2008, a review of Australian Centro fixed salary levels relative to the market place occurred and the Board determined to bring the annual review of fixed salaries forward to 1 May 2008 for Australian employees. The result of this review was a realignment of the Fixed Remuneration element for Australian employees to ensure this salary element was consistent with the remuneration principle and more competitive within the marketplace.

Fourth, for the Financial Year ending 30 June 2009, the Board determined that changes need to be made to the STI Plan. STI bonuses will now be awarded based on the achievement of certain financial measures and of individual objectives. Further, the Board has determined that a cash based Restructure Incentive payment should be offered to certain Key Management Personnel and other eligible executives payable in two instalments in January 2009 and August 2009. This payment will be made subject to participants remaining as employees of the Group through 31 December 2008 and 30 June 2009 respectively.

No arrangements for new LTIs have been determined by the Board.

These actions were prudent in the short term and addressed the uncompetitive total remuneration packages paid to employees. The actions had a positive influence and stemmed a very high level of turnover.

Furthermore, these changes demonstrated to employees that Centro values its staff and that Centro intended to maintain a remuneration framework under which employees feel fairly remunerated and appropriately rewarded for their efforts.

Previous Remuneration Principles in place at July 2007

Again, securityholders are reminded that significant changes occurred at Centro in mid December 2007. The following should be read keeping in mind that this portion of the Remuneration Report deals with principles in effect prior to that time.

Remuneration principles which provided the basis for Chief Executive Officer, other senior executives and employee salary packages at the start of FY08 were the same as prior years. They were:

- To ensure that the level and composition of remuneration enabled the recruitment, retention and motivation of all staff, in order to maximise the likelihood of achieving the Group's short, medium and long term business objectives;
- To position remuneration packages which were consistent with remuneration market practices and benchmarks of the staff member's country of employment; and
- To provide an element of incentive based remuneration for the Chief Executive Officer and executive management team that would ensure an appropriate emphasis on long term growth and financial performance whilst continuing to deliver short term goals.

Consistent with these principles, the total package for the then Chief Executive Officer, executive management team and other senior executives included elements of fixed and incentive ("at risk") remuneration, with incentive remuneration designed to ensure an appropriate emphasis on long term growth and financial performance, whilst continuing to deliver short term goals.

The components and guidelines for structuring remuneration were as follows:

1. Fixed Remuneration (Base Package)

This included salary and superannuation with other benefits such as motor vehicles available through salary sacrifice. The aim of this component was to provide a competitive level of regular remuneration, compared with similar roles within the listed property trust sector or the financial industry sector (for the funds management part of the Group), and roles of similar responsibility in other industries. Payments were normally targeted at around the median of this comparator group, and have varied based on assessed individual competence and performance.

2. Performance Based Remuneration (Short Term Incentive (STI))

This was in the form of cash based remuneration, linked to delivery of distributions per security (DPS) targets. Targets set by the Board are based on actual distributions paid. For the US executives, STI remuneration was based on both the DPS target and a NOI target determined by the CEO (the US Measure). The Board had determined that these were appropriate conditions as they ensured a definite link to Group results. Payouts were targeted within the range of the

50th to 75th percentiles of the comparator group, provided stretch targets were achieved. At the time STI levels were set, the comparator group consisted of approximately 20 corporations listed on the Australian Stock Exchange with a market capitalisation immediately higher and lower than that of Centro Properties Group. This information was then compared against A-REIT entities listed in the ASX200.

3. Equity Based Remuneration (Long Term Incentive (LTI))

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

Plans which have been used were:

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

The Employee Security Plan and Loan Scheme (ESP) was approved by Centro security holders at the 1991 AGM. Employees were granted loans from the Company to acquire securities under the rules of the ESP. These securities issued are treated as options under AIFRS and as such, no loans are recorded on the Group's Balance Sheet. The loan was interest free with repayments made out of distributions (after subtracting an amount delivered to participant to meet income tax liabilities) until such time as the loan represented 75% or less of the market value, at which point, participants could elect to receive distributions. Repayment of the outstanding principle was due at the maturity of the loan (ten years) or termination of employment. 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.

With Centro's agreement, a number of employees, including all Australian members of the Key Management Personnel, had refinanced certain loans from Centro into Third Party provided margin loans. This refinancing was only permitted where there were no forfeiture conditions on the underlying securities and meant that these personnel became responsible to a third party for their respective loan balance.

(b) Employee Securities Plan and Loan Scheme for Executives - Conditional Vesting Securities

The grant of loans to acquire securities under the ESP for the former Chief Executive Officer, the Australian executive Key Management Personnel and other Australian senior executives was in the form of conditional vesting securities which are subject to hurdles linked to Group performance. Until the performance test was undertaken (see below), loan repayments were made out of distributions (after subtracting an amount delivered to participant to meet income tax liabilities). From the performance test date, loan terms were the same as those set out above.

Under the ESP, senior US executives were granted securities at no cost but subject to the same performance hurdles.

The performance hurdles involved a comparison of the Total Shareholder Return (TSR) on Centro's securities and that of other Listed Property Trust (LPT) securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital movement and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee as follows:

- If Centro's TSR is equal to or exceeds the TSR of 80% of the LPTs ranked, 100% of the securities will be retained;
- If Centro's TSR exceeds the TSR of 50% of the LPTs ranked but does not equal or exceed the TSR of 80% of the LPTs ranked, the percentage of securities that will be retained will be calculated as follows:
    - o % = 40 + [2 x (P-50)]
    - o P = the percentage of the LPTs ranked that Centro's TSR is equal to or exceeds (expressed as a whole number, rounding up any fraction); and
- If Centro's TSR is equal to or below the TSR of 50% of the LPTs ranked, none of the securities will be retained and the securities will be sold subject to the non-recourse condition.

The Board had continued to adopt TSR as the performance hurdle in accordance with standard market practice and because it formed the most appropriate comparator base.

The Board's policy was 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.

The Board does not intend to make any further loans or grants under the ESP in its current form. Current holdings will continue to be administered under the terms of the original offer.

(c) Executive Option Plan for Australian Executives

The Executive Option Plan (EOP) was approved by Centro securityholders at the 2001 AGM. Options were granted to a number of executives including Key Management Personnel under the terms of the EOP on 15 February 2002 and no further issues of Options have taken place to date. As at 30 June 2008, there are no Options that have been granted to Key Management Personnel that have not yet been exercised or have not yet vested.

(d) Executive Option Plan for US Executives

A revised version of the EOP was approved by the Board in February 2006 for the initial purpose of granting Options to US Executives. Options were granted to a number of US executives. With the exception of the Chief Executive Officer, none of the recipients is a member of the Key Management Personnel. Some of these Options were granted with a three year time vesting condition whilst others were granted subject to hurdles linked to Group performance. These hurdles replicate the terms of the conditional vesting securities granted to Australian executives (refer above). During the year ended 30 June 2008 Options were granted to a number of senior US executives including the current Chief Executive Officer. The Chief Executive Officer was also granted a further tranche of Options as a part of his remuneration package on appointment to that role.

The Board determined that the retention of most Key Management Personnel as well as general staff was paramount to resolving the Group's issues. As a result, the Board adopted new remuneration principles (as highlighted above) to achieve the desired result.

Section 4 – Group Performance

Centro's total return (comprising distributions and security price growth) was -97.1% for the year ended 30 June 2008.

For the STI Plan

The performance of the Group warranted no award of a bonus payable for the 2008 financial year under the Australian STI and no award to US executives for that part of their STI participation based on the DPS measure. However, as noted above, a Retention payment, based on STI percentages, was paid during the year. For Key Management Personnel, this payment was capped below the target STI percentage.

The US Measure in respect of property performance was achieved and resulted in a bonus award of 100% of the maximum available for that component.

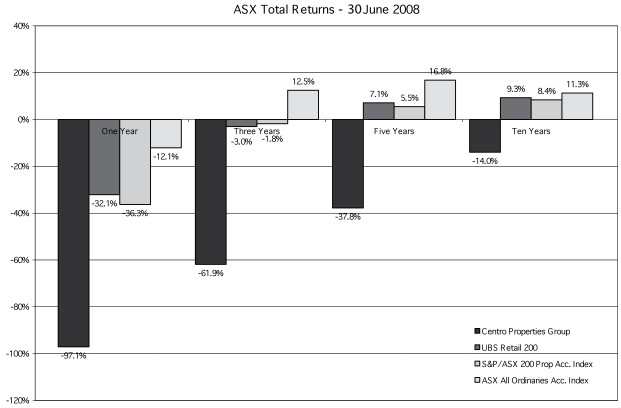
For the financial years from 2002 to 2007, Centro's performance as measured by DPS exceeded the forecast at the start of each year to the extent that the Board awarded 100% of the maximum bonus to STI participants. Use of the DPS measure ensured alignment with the value generated for securityholders.

For the LTI Plan (refer Section 3 above)

The return for the three years to June 2008 resulted in participants forfeiting all securities due to vest during the reporting year.

Centro's total return, relative to the comparator group for the three financial periods ending 2005-2007, resulted in participants retaining Conditional Vesting Securities acquired under the Plan.

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



The table above reflects compound annual results. The cumulative returns for all periods reflect the impact of the last 12 months.

Section 5 – Remuneration of Executive Directors and Key Management Personnel

Amounts of Remuneration

Details of the remuneration of Executive Directors and Key Management Personnel (as defined in AASB 124 Related Party Disclosures) of Centro Properties Limited and the Centro Properties Limited Group are set out in the following tables.

The Key Management Personnel at Centro Properties Limited include the Directors as per page 89 and the following executive officers:

- G. Rufrano – Chief Executive Officer
- G. Terry – Chief Operating Officer
- A. Clarke – Chief Financial Officer
- J. Hutchinson – General Counsel
- P. Kelly – General Manager Institutional Funds Management
- M. Wilson – Chief Investment Officer

The executive Key Management Personnel of the Group are the same as the executive Key Management Personnel of Centro Properties Limited.

During the year, the following Key Management Personnel resigned from Centro Properties Limited:

- A. T. Scott – Chief Executive Officer and Director - resigned 14 January 2008
- R. Nenna – Chief Financial Officer - resigned 31 March 2008
- T. Torney – Chief Operating Officer Centro Watt Joint Venture - Annual leave and leave without pay from 1 July 2007, resigned 7 January 2008

The following tables set out the remuneration details for the executives with the greatest authority for strategic direction and management of the Group during the financial year. The same executives also comprise the Group's most highly remunerated executives.

Again, securityholders are encouraged to read the entire Remuneration Report which elucidates the differences in remuneration philosophies before and after December 2007.

2008	Short Term Employee Benefits				Termination		Post Employment	Equity	
Name	Salary $	Special Bonus/ Retention Payments $	Short Term Incentive $	Non-Monetary Benefits(1) $	Statutory Entitle-ments (2) $	Termination Payment(3) $	Super-annuation $	Long Term Incentive(4) $	Total $
G. Rufrano(5) Chief Executive Officer	1,016,706	1,782,240	298,980(6)	32,191		-	-	432,525	3,562,642
A.T. Scott(7) Chief Executive Officer (former)	809,008	-	-	25,893	596,179	3,000,000	7,659	(1,514,845)(8)	2,923,894
G. Terry Chief Operating Officer	609,167	315,000	-	9,816		-	100,000	495,670	1,529,653
A. Clarke(9) Chief Financial Officer	266,061	-	-	-		-	3,939	-	270,000
R. Nenna(10) Chief Financial Officer (former)	484,958	-	-	44,020	160,286	864,000	25,599	(724,446)(8)	854,417
J. Hutchinson General Counsel	493,865	236,250	-	1,199		-	37,599	363,407	1,132,320
M. Wilson Chief Investment Officer	421,226	189,000	-	-		-	18,739	290,661	919,626
P. Kelly General Manager Inst'l Funds Management	292,616	195,000(11)	-	-		-	22,046	353,836	863,498
TOTAL	4,393,607	2,717,490	298,980	113,119	756,465	3,864,000	215,581	(303,192)	12,056,050

(1) Includes motor vehicle and other non cash fringe benefits.
(2) Includes payments for accrued annual leave and long service leave.
(3) In both cases, the reported amount represents a negotiated settlement which were substantially less than the contractual entitlements
(4) This column provides a notional value for Long-term Incentive holdings rather than the realisable value of those holdings. The calculation meets Accounting standards (AASB 2 Share Based Payment) and uses a recognised valuation methodology to establish the value of each security (acquired under the ESP within three years from the start of the year) with exception of the calculations for Mr Rufrano's long term incentive holdings, the calculation treats each security as an Option and then spreads the resulting value over three years. The amounts shown here generally reflect 1/3 of the value of the ESP awards from each of the three prior years. The calculation for Mr Rufrano's long term incentive holdings values the options granted to him using a recognised valuation methodology and values the restricted stock granted to him based on the market value of the securities on the day the restricted stock was granted. For both the options and the restricted stock, the values are to be spread over three years consistent with the terms of the grants. Other than for the CEO on appointment, there were no LTI awards after September 2007.
(5) Mr Rufrano was appointed to the position of Chief Executive Officer on 15 January 2008. Amounts under all relevant headings include Mr Rufrano's remuneration for the period 1 July 2007 – 14 January 2008 during which he held the position of Chief Executive Officer Centro US.
(6) Mr Rufrano's Short Term Incentive was based on Centro US performance measures and relate to his employment as CEO Centro US until 14 January 2008.
(7) Mr Scott resigned from the Company with effect from 14 January 2008.
(8) Remuneration expensed as options (refer Note 4 above) includes negative amounts for securities forfeited during the year (following resignation) resulting in a reversal of the options value expensed since issue.
(9) Mr Clarke was appointed to the position of Chief Financial Officer on 12 March 2008.
(10) Mr Nenna resigned from the Company with effect from 31 March 2008.
(11) Ms Kelly received a Special Bonus in July 2007 in addition to Retention Payments as described above.

2007	Short Term Employee Benefits			Post Employment	Equity	
Name	Salary $	Short Term Incentive[1] $	Non Monetary Benefits[2] $	Super-annuation $	Long Term Incentive[3] $	Total $
A.T. Scott Chief Executive Officer	1,230,802	1,500,000	112,490	19,199	724,363	3,586,854
G. Terry Chief Operating Officer	494,887	480,000	39,286	105,113	409,541	1,528,827
R. Nenna Chief Financial Officer	425,313	345,000	128,809	105,089	311,453	1,315,664
J. Hutchinson General Counsel	448,422	283,671	5,637	42,385	358,070	1,138,185
T. Torney[4] Chief Operating Officer Centro Watt JV	569,137	402,430	48,527	7,645	326,103	1,353,842
M. Wilson[5] Chief Investment Officer	523,799	381,642	87,739	5,000	172,164	1,170,344
P. Kelly General Manager Institutional Funds Management	229,626	151,921	6,251	22,563	180,786	591,147
G Rufrano[6] CEO Centro US	160,073	318,188	1,292	-	-	479,553
S. Schilling[7] National Development Manager and HR Manager	69,860	-	2,699	10,140	56,765	139,464
TOTAL	4,151,919	3,862,852	432,730	317,134	2,539,245	11,303,880

(1) Short-term incentive accrued for period Jul 2006 – Jun 2007 paid in June or July 2007.

(2) Includes motor vehicle and other non cash fringe benefits and in the cases of Messrs. Torney and Wilson, the value of expatriate terms and conditions.

(3) The amounts are based on AASB 2 Share Based Payment. The standard requires Centro to treat securities allocated to employees as options and expense the value of the options over the vesting period.

(4) Until 5 February 2007 Mr Torney held the position of General Manager Unlisted Funds and Shared Services. From this date, Mr Torney held the position of Chief Operating Officer Centro Watt JV, based in the US. In this role. Mr Torney received a US based salary and appropriate expatriate benefits including housing.

(5) Until 2 April 2007, Mr Wilson held the position of Chief Operating Officer Centro Watt JV, based in the US. In this role, Mr Wilson received a US based salary and appropriate expatriate benefits including housing.

(6) Mr Rufrano joined the Group on 20 April 2007.

(7) Ms Schilling resigned from the Group with effect from 29 September 2006.

Relative Proportions of Remuneration Related to Performance

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

	Fixed Remuneration	Short Term Incentive	Long Term Incentive
G. Rufrano Chief Executive Officer	43%	43%	14%
A.T. Scott Chief Executive Officer (former)	43%	32%	25%
G. Terry Chief Operating Officer	46%	23%	31%
A. Clarke Chief Financial Officer	100%	0%	0%
R. Nenna Chief Financial Officer (former)	51%	19%	30%
J. Hutchinson General Counsel	49%	19%	32%
M. Wilson Chief Investment Officer	52%	20%	28%
P. Kelly General Manager Institutional Funds Management	44%	17%	39%

Additional Information on Short Term Incentives

For each STI included in the table on pages 20-21, the percentage of the available STI that was earned in the financial year, and the percentage that was not achieved because the executive Key Management Personnel did not meet the service or the Group did not meet the performance criteria is set out below. No part of the STI is payable in future years.

For all Key Management Personnel with the exception of Mr Rufrano, STI constituted a cash bonus linked to delivery of distributions per security targets as described on page 17.

For Mr Rufrano, until 14 January 2008, STI constituted a cash bonus linked to both delivery of distributions per security targets as described on page 17 and delivery of Centro US Net Operating Income each weighted to 50%. Since his appointment as CEO of the Group, Mr Rufrano's STI constitutes a cash bonus linked to the delivery of targets associated with the restructure of the Group.

The following table sets out the percentage of the STI that was paid and the percentage that was forfeited for the 2008 financial year. As shown in the 2008 Remuneration Table on page 20, a Retention payment, based on STI percentages, was paid during the year.

	STI Paid %	STI Forfeited %	Value $
G. Rufrano Chief Executive Officer	50%	50%	298,980
A. T. Scott Chief Executive Officer (former)	0%	100%	-
G. Terry Chief Operating Officer	0%	100%	-
A. Clarke Chief Financial Officer	n/a	n/a	-
R. Nenna Chief Financial Officer (former)	0%	100%	-
J. Hutchinson General Counsel	0%	100%	-
M. Wilson Chief Investment Officer	0%	100%	-
P. Kelly General Manager Institutional Funds Management	0%	100%	-

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

G. Rufrano

Type of Equity Grant	Number of Securities/ Options Held as at 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Expiry Date
Options over Centro Properties Group Securities issued pursuant to EOP with three year time & performance vesting terms	439,100[(1)]	31 Jul 2007	-	-	-	2010	31 Jul 2017
Options over Centro Properties Group Securities issued pursuant to EOP with three year time vesting terms	439,100[(1)]	31 Jul 2007	-	-	-	2010	31 Jul 2017
Ordinary securities issued pursuant to ESP with conditional vesting terms	132,600[(1)]	31 Jul 2007	-	-	-	2010	-
Options over Centro Properties Group Securities issued pursuant to EOP with a one year time vesting term	1,000,000[(1)]	15 Jan 2008	-	-	-	2009	15 Mar 2010
TOTAL	2,010,800						

(1) Reflects closing balance at 30 June 2008.

A. T. Scott

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	1,000,000	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	800,000	Oct 2006	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	825,000	Oct 2007	-	-	100%	-	-
TOTAL	-	2,625,000						

G. Terry

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	600,000(1)	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	500,000		Oct 2006	-	-	-	2009	Yes
Ordinary securities issued pursuant to ESP with conditional vesting terms	440,000		Oct 2007	-	-	-	2010	No
TOTAL	940,000	600,000						

(1) Includes 14,820 units which Mr Terry must deliver to the Company or provide funds to an equivalent value. Subsequent to 30 June 2008, Mr Terry has complied with this provision.

J. Hutchinson

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	300,000		Oct 2004	100%	30 Jun 2007	0%	-	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	400,000	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	350,000		Oct 2006	-	-	-	2009	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	275,000		Oct 2007	-	-	-	2010	No
TOTAL	925,000	400,000						

R. Nenna

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	500,000	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	350,000	Oct 2006	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	385,000	Oct 2007	-	-	100%	-	-
TOTAL	-	1,235,000						

M. Wilson

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP	100,000		Nov 2003	-	-	-	-	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	100,000		Nov 2003	100%	30 Jun 2006	0%	-	No
Options issued pursuant to Executive Option Plan	250,000		Feb 2002	100%	28 Sep 2004	0%	-	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	100,000	Feb 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	400,000		Oct 2006	-	-	-	2009	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	250,000		Jul 2007	-	-	-	2010	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	110,000		Oct 2007	-	-	-	2010	No
TOTAL	1,210,000	100,000						

T. Torney

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	100,000	Oct 2004	100%	30 Jun 2007	0%	-	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	300,000	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	150,000	May 2006	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	350,000	Oct 2006	-	-	100%	-	-
TOTAL	-	900,000						

P. Kelly

Type of Equity Grant	Number of Securities Held as at 30 June 2008	Number of Securities Held as at 1 July 2007 or Acquired During the Year to 30 June 2008 but Disposed of or Ceased to be Held Under ESP Before 30 June 2008	Date of Grant	% Vested	Date Vested	% Forfeited	Future Financial Year that Securities will Vest	Held by Personally-Related Entity
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	50,000	Oct 2004	100%	30 Jun 2007	0%	-	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	-	180,000	Sep 2005	-	-	100%	-	-
Ordinary securities issued pursuant to ESP with conditional vesting terms	60,000		Jul 2006	-	-	-	2009	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	240,000		Oct 2006	-	-	-	2009	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	200,000		Mar 2007	-	-	-	2010	No
Ordinary securities issued pursuant to ESP with conditional vesting terms	250,000		Oct 2007	-	-	-	2010	No
TOTAL	750,000	230,000						

Options

The following table provides details of Options held by Mr Rufrano, the only current Key Management Personnel member holding Options.

	% of Remuneration Consisting of Options	Value at Grant Date	Value at Exercise Date	Value at Lapse Date
G. Rufrano Chief Executive Officer	8%	$885,633	-	-

Service Agreements

Remuneration and other terms of employment are formalised in the Chief Executive Officer's Executive Service Agreement and in the case of other specified executives, in executive service agreements or employment agreements. Each of these agreements provide for the participation in performance-related STI payments (with the exception of Mr Clarke). Other major provisions of the agreements relating to remuneration are set out below.

Term of Agreement	Mr Rufrano: 12 month contract expiring 15 January 2009 Messrs Terry, Hutchinson, and Wilson and Ms Kelly: Open ended contracts Mr Clarke: Contract expiring 28 February 2009
Notice Period	The employer must provide the following notice periods: • Mr Rufrano: four weeks prior to termination • Messrs Terry, Hutchinson and Wilson: 18 months notice • Ms Kelly: 12 months notice. Ms Kelly was appointed to the Executive Committee in 2006. The termination benefit agreed in her then revised service agreement was established based on an analysis of similar arrangements for comparable organisations at that time. • Mr Clarke: Four weeks notice. The employer must provide the following notice periods: • Mr Rufrano must give four weeks notice in the event of a defined 'Good Reason' or expiring no earlier than 15 January 2009. • Messrs Terry, Hutchinson and Wilson and Ms Kelly must give six months notice to the company. • Mr Clarke must give four weeks notice.
Termination Benefits	Mr Rufrano: Payment of termination benefit on termination by the employer, other than for wilful misconduct or other cause - one times fixed annual remuneration plus average of the last two years STI payments. Messrs Terry, Hutchinson and Wilson: Payment in lieu of notice by the employer, for termination other than for wilful misconduct or other cause - 1.5 times total annual remuneration payable. Ms Kelly: Payment in lieu of notice by the employer, for termination other than for wilful misconduct or other cause - one times total annual remuneration payable in lieu of notice. Mr Clarke: No termination payment but eligible for a Restructure Incentive payment on 28 February 2009.

Section 6 – Remuneration of Non-executive Directors

Non-executive Directors' fees, including committee fees and ad hoc fees, are determined by the Remuneration Committee within an aggregate Directors' fee pool limit, which is periodically recommended for approval by security holders. The maximum currently stands at $2,250,000. This amount was approved at the 2007 AGM.

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

The practice of the Board has been for the Chairman of the Board to lead an annual review of both whole of Board and individual Director performance and effectiveness which is supplemented from time to time by external third party review, as was the case with the use of Korn Ferry in the 2006 financial year. Whilst this is a well regarded and effective practice, no review was carried out this year as the Board has focused its efforts on addressing the circumstances facing the Group. It is intended to reinstate the process, including a review of the Chairman's performance by colleagues facilitated by a senior Director during FY09.

Non-executive Directors receive a fee of $115,000 per annum (this $115,000 is the same amount as for the 2007 financial year) in relation to their services as a Director. Non-executive Directors are also permitted to be paid additional fees for attendance at ad hoc meetings. Such fees are included in the aggregate remuneration cap approved by securityholders. Non-executive Directors who sit on the Board's committees receive these additional fees as follows:

- Audit and Risk Management Committee - $8,000 per annum
- Compliance Committee - $7,000 per annum
- Nomination and Remuneration Committees - $4,500 per annum
- Committee Chairmen for the Audit and Risk Management and Compliance Committees receive a fee of $16,000 and $14,000 per annum respectively.
- Non-executive Directors who sit on other committees of the Board, such as due diligence committees, receive an attendance fee of $2,500 per full day and $1,500 per half day. During the year, non-executive Directors were paid a total of $65,500 in ad hoc committee fees.

Following the freezing of retirement benefits (refer to table below), effective from 1 January 2005, the Chairman of the Board received a fee of $376,050 per annum. This level of remuneration reflects the greater time commitment and responsibility required and is commensurate with similar roles in the external market. The Chairman received no further remuneration for Committee membership although he chairs the Nomination and Remuneration committees and attends other committee meetings.

Superannuation contributions are also made on behalf of the non-executive Directors in accordance with the Group's statutory superannuation obligations and are included in the fee pool limit. No superannuation contributions were made on behalf of the former Chairman (who retired on 30 June 2008) as he was above the age at which company contributions are permitted. 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.

Non-Executive Director Security Plan

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 payable to Centro under the ESP.

Retirement Allowances for 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 non-executive Directors' remuneration. On 3 July 2004, the Board further resolved to 'freeze' the retirement benefits accrued to 31 December 2004 for non-executive Directors appointed prior to 1 July 2003. The benefits will not be paid until the participating non-executive Director retires from the Board. The benefits have been fully provided for.

The balance of the benefits, which will be payable directly by the Group upon retirement from office, is indexed each year on 1 December (the first adjustment was on 1 December 2005) by the annual Consumer Price Index (CPI), September quarter to September quarter, as published by the Australian Bureau of Statistics. The Group's aggregate liability to pay retiring allowances was $800,018 as at balance date taking into account the pro rata published CPI data to March 2008.

The retirement allowance amounts due to relevant non-executive Directors are:

Name	Net Benefit as at 30 Jun 2007	Paid Out on Retirement	Net Benefit as at 31 Dec 2007 after CPI Adjustment	Net Benefit as at 30 Jun 2008 (Based on Pro Rata CPI Adjustment to 31 Mar 2008)
B. Healey(1)	$609,687	-	$621,939	$636,324
P.G. Goldie(2)	$156,841	-	$159,993	$163,694
TOTAL	$766,528	-	$781,932	$800,018

(1) Mr Healey retired on 30 June 2008. Mr Healey's Retirement allowance became payable on his retirement from the Board on 30 June 2008. Mr Healey has offered, and the Company has agreed, to defer payment of the Retirement allowance until completion of an external or internal recapitalisation of both this Company and Centro Retail Trust approved by the board or boards of those respective entities.

(2) The amount due to Mr Goldie as at 30 June 2006 ($153,294) was incorrectly reported as having been paid to a superfund in the 2007 Remuneration Report. The amount remains due to Mr Goldie and has been adjusted by CPI under the terms set out above.

Details of non-executive Director remuneration for the financial year are set out in the following table.

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

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

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

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

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

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

2007	Short Term Benefits		Post Employment Benefits		
Name	Directors' Fees	Committee Fees (Including Ad Hoc Committee Fees)	Super-annuation Contributions	Retirement Benefit[3]	Total
B. Healey (Chairman)	$376,050	-	-	$13,790	$389,840
P. G. Goldie	$38,333	$15,167	$101,015	$3,547	$158,062
D. D. H. Graham[1]	$38,458	$4,042	$3,825	$2,139[1]	$48,464
S. Kavourakis	$115,000	$40,000	$12,195	-[2]	$167,195
L. P. Wilkinson	$115,000	$19,500	$11,385	-[2]	$145,885
J. Hall	$36,617	$9,375	$105,113	-[2]	$151,105
P. Cooper[4]	$86,250	$9,375	$8,606	-[2]	$104,231
TOTAL	$805,708	$97,459	$242,139	$19,476	$1,164,782

(1) Mr Graham retired on 20 October 2006. The retirement benefit represents the amount accrued from 30 June 2006 to 30 September 2006, the end of the quarter prior to his retirement.

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

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

(4) Mr Cooper was appointed to the Board on 1 October 2006.

Section 7 – Centro Employee Share Plans

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

The ESP enables employees to acquire Centro securities at the prevailing market price and apply for a ten year interest free non-recourse loan to fund the purchase. Eligibility for participation in the ESP is at the discretion of the Board.

Participating employees 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.

Further information about this Plan is provided in Section 3 above.

Current holdings under this Plan are as follows:

	30.06.08	30.06.07
Number of Employees Participating in the ESP	630	531
Securities Issued Under the ESP to Participating Employees	23,501,045	27,860,390

The number of securities includes the exercised Options discussed above in Section 3 but excludes securities associated with loans which have been paid back to Centro through re-financing arrangements.

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

The following table represents the balance as at 30 June 2008 for loans which were provided to Executives to fund the acquisition of securities under the ESP:

	30.06.08 $	30.06.07 $
A.T. Scott Chief Executive Officer (former)	-	10,479,538
G. Terry Chief Operating Officer	6,799,169	6,427,421
A. Clarke Chief Financial Officer	-	-
R. Nenna Chief Financial Officer (former)	-	4,890,523
J. Hutchinson General Counsel	5,483,986	5,381,621
T. Torney Chief Operating Officer Centro Watt JV (former)	-	5,106,263
M. Wilson Chief Investment Officer	7,160,614	6,799,754
P. Kelly General Manager Institutional Funds Management	5,935,251	4,981,189

These loans represent the balance as at 30 June 2008 of loans granted to acquire Centro securities under the ESP up to and including the most recent grant in September 2007. The loans remain in place until:

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

In each case, the loan is subject to a non-recourse condition such that, at the time of loan repayment, the Company will accept the lower of the loan balance or the net sale proceeds after selling costs of the securities associated with that loan, in full settlement of the loan. Loans issued are treated as options under AIFRS and as such, no loans are recorded on the Group's Balance Sheet.

Under the ESP rules, the Board has the discretion to vary these terms on the condition that there is no negative impact on participants.

During the year ended 30 June 2006, the Group agreed to refinancing arrangements for certain Key Management Personnel whereby loans from Centro were repaid and amounts were refinanced by a third party under margin loan conditions. No sale of Centro securities has occurred as a result of the refinancing.

One condition attaching to this refinancing was that, in the event the securities were disposed of, the executive would be required to pay Centro a Termination Fee (Fee) representing the future remuneration value of the original Centro loan. Payment of this Fee was limited to the market value of the securities after subtracting the balance of the re-financed loan at that date. This condition reflected the terms of the non-recourse condition on the original Centro loan. The non-recourse protection provided by Centro did not extend to the margin loans themselves.

The amounts as at 30 June 2008 above exclude the value of those loans which were repaid to Centro through these re-financing arrangements.

It is the Company's understanding that all margin loan arrangements were closed out and the securities disposed of following the announcements in mid December and the reduction in market value. No Fee became payable as a result because of the limitation described above.

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

Under the terms of the ESP, the Board granted stock at zero cost to senior US executives in July 2007. 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 the same performance hurdles as set out on pages 18-19.

Current holdings under this Plan are as follows:

	30.06.08	30.06.07
Number of US Executives Participating in the ESP for Restricted Stock	24	-
Securities Issued Under the ESP to Participating US Executives	339,800	-

(d) Executive Option Plan (EOP)

The EOP was approved by the Board in February 2006. The EOP enables employees outside Australia 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, performance conditions) of seven years from the vesting date. Eligibility for participation in the EOP is at the discretion of the Board. The value of the Options forms part of each employee's remuneration.

Directors' Report (continued)

Current holdings under this Plan are as follows:

	30.06.08	30.06.07
Number of US executives participating in the EOP	90	39
Options issued under the EOP to participating US executives	4,985,266	1,613,271

Section 8 – Remuneration Governance

The Board of the Group maintains separate Nomination and Remuneration Committees. The composition and function of these committees is set out within the Corporate Governance Statement on pages 9 to 12 of the Centro Properties Group Annual Report. Committee charters are available on the Centro website at centro.com.au.

Nomination Committee

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

(a) Changes to the aggregate level of remuneration for shareholder approval;
(b) The level of fees payable to non-executive directors;
(c) The manner in which fees may be taken; and
(d) Any other non-executive director remuneration arrangements.

Remuneration Committee

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

(a) Reviewing, determining and approving remuneration arrangements for the Chief Executive Officer;
(b) Reviewing and approving the remuneration framework for senior executives;
(c) Reviewing and approving the general remuneration framework for employees; and
(d) Reviewing and supporting/approving the Company's recruitment, retention, succession, development and termination policies and procedures for senior management.

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

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 (PricewaterhouseCoopers) 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 33.

Rounding of Amounts to the Nearest Thousand Dollars

The Group is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed at Melbourne, 25 September, 2008 in accordance with a resolution of the Directors.

P. Cooper

Chairman

Auditor's Independence Declaration

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Centro Properties Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Centro Properties Limited and the entities it controlled during the year.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
25 September 2008

Liability limited by a scheme approved under Professional Standards Legislation

Income Statements
for the year ended 30 June 2008

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
REVENUE					
Property ownership revenue		-	-	410,729	91,264
Property services revenue		-	-	213,402	183,519
Distribution revenue		-	-	63,236	91,016
Total Revenue		**-**	**-**	**687,367**	**365,799**
INCOME					
Other income	4(a)	755	-	57,717	17,391
Total Income		**755**	**-**	**57,717**	**17,391**
			-		
TOTAL REVENUE AND INCOME		**755**	**-**	**745,084**	**383,190**
Property revaluation increment/(decrement) for directly owned properties	10(d)	-	-	(306,969)	14,261
Fair value adjustment on financial assets at fair value through profit or loss	10(c)	-	-	(141,902)	80,214
Share of net profits / (losses) of associates & joint venture partnerships accounted for using the equity method	10(b)	-	-	(693,016)	317,501
Impairment of investment in joint venture	10(b),12	-	-	(578,189)	-
Impairment of goodwill	12	-	-	(193,830)	-
Financing costs	4(b)	(106,407)	(107,091)	(411,185)	(194,776)
Net movement on mark to market of derivatives and foreign exchange losses	4(b)	-	-	(132,337)	(26,011)
Other direct property expenses		-	-	(93,786)	(4,939)
Employee benefits expense		(1,247)	(1,231)	(72,326)	(53,426)
Advisor fees		-	-	(69,922)	-
Withholding and franchise taxes		(784)	-	(13,833)	-
Rent, rates, taxes and insurance		(4)	(43)	(39,698)	(8,464)
Management fees		-	-	(4,481)	(3,509)
Light and power		-	-	(5,627)	(3,152)
Depreciation and amortisation expense	4(b)	-	-	(6,186)	(2,139)
Marketing		-	-	(1,903)	(2,925)
Bad and doubtful debts	4(b)	-	-	(2,724)	(112)
Net profit/(loss) on the disposal of investment property and equity accounted investments	4(b)	-	-	9	(702)
Other shopping centre management costs		-	-	(3,240)	(4,773)
Other expenses from ordinary activities		(16,172)	(2,778)	(42,790)	(20,005)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		**(123,859)**	**(111,143)**	**(2,068,851)**	**470,233**
Income tax benefit	5(a)	-	-	16,121	-
NET PROFIT/(LOSS)		**(123,859)**	**(111,143)**	**(2,052,730)**	**470,233**
Net profit attributable to minority interest		-	-	2,439	514
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		**(123,859)**	**(111,143)**	**(2,055,169)**	**469,719**
Basic earnings/(loss) per security (cents)	22	(15.28)	(13.90)	(257.27)	58.44
Diluted earnings/(loss) per security (cents)	22	(15.28)	(13.90)	(257.27)	57.83

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

Balance Sheets
as at 30 June 2008

	Notes	Centro Properties Limited 30.06.08 $'000	Centro Properties Limited 30.06.07 $'000	Centro Properties Limited and its Controlled Entities 30.06.08 $'000	Centro Properties Limited and its Controlled Entities 30.06.07 $'000
CURRENT ASSETS					
Cash assets and cash equivalents	7	-	-	201,127	172,276
Restricted cash	7	-	-	81,383	19,095
Derivative financial instruments	2(f)	-	-	458,808	483,985
Trade and other receivables	8	2,844	2,135	431,347	361,182
Non current assets classified as held for sale	10(a)	-	-	768,751	785,438
Total current assets		2,844	2,135	1,941,416	1,821,976
NON CURRENT ASSETS					
Investments accounted for using the equity method	10(b)	-	-	988,402	3,748,895
Financial assets carried at fair value through profit or loss	10(c)	-	-	584,852	2,072,604
Other financial assets	10(c)	145,114	90,197	21,357	43,820
Investment property	10(d)	-	-	16,324,967	392,211
Plant and equipment	11	-	-	36,131	14,041
Intangible assets	12	-	-	668,774	555,169
Trade and other receivables	9	989,946	748,415	10,973	325
Total non current assets		1,135,060	838,612	18,635,456	6,827,065
TOTAL ASSETS		**1,137,904**	**840,747**	**20,576,872**	**8,649,041**
CURRENT LIABILITIES					
Trade and other payables	13	4,199	195,458	634,103	263,341
Interest bearing liabilities	16	-	-	8,327,900	2,611,033
Derivative financial instruments	2(f)	-	-	460,332	699,731
Provisions	14	-	-	81,613	177,476
Total current liabilities		4,199	195,458	9,503,948	3,751,581
NON CURRENT LIABILITIES					
Trade and other payables	13	-	-	4,281	54,228
Interest bearing liabilities	16	1,372,026	731,289	6,807,369	992,718
Non-interest bearing liabilities	15	-	-	7,893	283,724
Deferred tax liabilities	17	-	-	104,002	-
Provisions	14	-	-	7,169	1,667
Total non current liabilities		1,372,026	731,289	6,930,714	1,332,337
TOTAL LIABILITIES		**1,376,225**	**926,747**	**16,434,662**	**5,083,918**
NET ASSETS		**(238,321)**	**(86,000)**	**4,142,210**	**3,565,123**
EQUITY					
Parent entity interest					
Contributed equity	18	48,258	76,720	2,248,241	2,316,920
Reserves	19	-	-	(67,557)	24,653
Retained profits	19	(286,579)	(162,720)	(890,924)	1,195,105
Total parent entity interest		(238,321)	(86,000)	1,289,760	3,536,678
Minority interests	20	-	-	2,852,450	28,445
TOTAL EQUITY		**(238,321)**	**(86,000)**	**4,142,210**	**3,565,123**

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

Cash Flow Statements

for the year ended 30 June 2008

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of Goods and Services Tax)		-	-	622,917	256,876
Payments to suppliers and employees (inclusive of Goods and Services Tax)		-	-	(294,916)	(79,887)
		-	-	328,001	176,989
Distributions received from associates and managed investments		-	-	175,653	269,067
Interest received		-	-	48,008	25,882
Interest paid / derivative settlements		-	-	(445,256)	(162,414)
Net Cash Inflow from Operating Activities	21	**-**	**-**	**106,406**	**309,524**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for purchase of controlled entities net of cash acquired		-	-	159,848	(936,059)
Loans (to) / repaid by other related parties		-	-	167,294	(98,564)
Proceeds from sale of property/ Other investments		-	-	296,583	686,148
Payments for plant & equipment		-	-	(6,952)	(2,312)
Payments for other investments / redemptions		-	-	(770,921)	(2,322,988)
Payments for acquisition and development of property investments		-	-	(104,997)	(204,424)
Net Cash (Outflow) from Investing Activities		**-**	**-**	**(259,145)**	**(2,878,199)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	1,388,252	2,699,444
Payments for financial restructuring costs				(50,252)	-
Repayments of borrowings			-	(894,601)	-
Proceeds from issues of securities net of capital raising costs		-	-	-	129,672
Payment for purchase of securities			-	(66,222)	-
Distributions paid to external parties		-	-	(182,398)	(316,198)
Distributions paid to minority interest		-	-	(10,921)	(2,585)
Net Cash Inflow from Financing Activities		**-**	**-**	**183,858**	**2,510,333**
Net Increase in Cash and Cash Equivalents		**-**	**-**	**31,119**	**(58,342)**
Cash and cash equivalents at the beginning of the financial year		-	-	172,276	230,561
Effects of exchange rate changes on cash and cash equivalents		-	-	(2,268)	57
Cash and Cash Equivalents at the End of the Financial Year	7	**-**	**-**	**201,127**	**172,276**

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

Centro Properties Limited, the Parent entity, does not hold any bank accounts or cash.

Statements of Changes in Equity

for the year ended 30 June 2008

	Notes	Centro Properties Limited 30.06.08 $'000	Centro Properties Limited 30.06.07 $'000	Centro Properties Limited and its Controlled Entities 30.06.08 $'000	Centro Properties Limited and its Controlled Entities 30.06.07 $'000
Opening balance at the beginning of the year		(86,000)	(39,860)	3,536,678	3,278,463
Contributed Equity					
Contributions of equity, net of transaction costs		-	97,318	-	817,179
Return of equity, net of transaction costs		-	-	-	(614,704)
Employee securities acquired on market classified as options under AIFRS		(28,462)	(32,315)	(68,679)	(85,041)
Investment Revaluation Reserve					
Net movement in investment revaluation reserve	10(b)	-	-	-	(17,520)
Share Based Payments Reserve					
Net movement in share based payments reserve	19(c)	-	-	11,183	13,076
Foreign Currency Translation Reserve					
Net exchange differences on translation of foreign operations	19(a)	-	-	(103,393)	9,228
Retained Profits					
Distributions provided for or paid (ordinary securityholders and preference unitholders)	19(b)	-	-	(30,860)	(333,722)
Net transactions/movement in reserves recognised directly in equity		(28,462)	65,003	(191,749)	(211,504)
Net (loss)/profit attributable to Members of Centro Properties Group		(123,859)	(111,143)	(2,055,169)	469,719
Closing Balance of Equity Attributable to Members of Centro Properties Group(i)		**(238,321)**	**(86,000)**	**1,289,760**	**3,536,678**
Changes in Equity Attributable to External Minority Interests					
Opening balance at the beginning of the year		-	-	28,445	10,516
Movement in minority interest on acquisition/(disposal) of subsidiaries		-	-	2,821,566	20,000
Profit after tax expense for the year		-	-	2,439	514
Distributions provided for or paid		-	-	-	(2,585)
Closing Balance of Equity Attributable to External Minority Interests(ii)		**-**	**-**	**2,852,450**	**28,445**
Total Equity at the End of the Year		**(238,321)**	**(86,000)**	**4,142,210**	**3,565,123**

(i) Total income and expenses for the year attributable to Members of Centro Properties Group, including amounts recognised directly in equity, is $2,147.4m (30 June 2007: $474.5m), being loss after tax expense for the year of ($2,055.2m) (30 June 2007: Profit of $469.7m) and net movements in reserves of ($92.2m) (30 June 2007: $4.8m).

(ii) Total income and expenses for the year attributable to Minority Interests, including amounts recognised directly in equity, is $2.4m (30 June 2007: $0.5m), being profit after tax expense for the year.

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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance with Australian Equivalents to International Financial Reporting Standards

This financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards.

(b) Basis of Preparation of Financial Statements

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounting policies adopted are consistent with those of the previous financial year. When the presentation or classification of items in the financial report is amended comparative amounts are also reclassified unless it is impractical. The Group has reclassified its derivative financial instruments for the comparative period, previously disclosed as a net current liability of $215.7 million to current assets of $484.0 million and current liabilities of $699.7 million. The Group has reclassified certain of its interest bearing liabilities for the comparative period, with $1,514.1 million previously disclosed as a non current liability transferred to current liabilities, resulting in current liabilities of $2,611 million and non current liabilities of $992.7 million. Both reclassifications were detailed in the Group's 31 December 2007 financial report.

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

A significant uncertainty exists in relation to the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. The Group remains reliant on the support of its lenders through the extension of certain loan facilities totalling $3.8 billion beyond existing expiry date. No commitment has yet been given by the lenders to extend the facilities. After taking into account all available information, the directors have concluded that there are reasonable grounds to believe:

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

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

- The Group's net asset position attributable to members of $1.3 billion.
- The underlying performance of the Group's investment portfolio and services business.
- Management's expectations that the Group will be able to meet its financial commitments or obtain appropriate additional finance from its lenders for any short term liquidity needs.
- The expectation that facilities will be able to be extended once an acceptable proposal is provided to lenders.
- Consideration of the Group's exposure to guarantees and covenants.

Management, in conjunction with the Board, is continuing to review the Group's business, including recapitalisation options, potential asset sales and refinance/extension of debt facilities in conjunction with its lenders.

This encompasses the potential sale of the Group's interests in certain Centro Australia Wholesale Fund investments and Centro America Fund, collectively carried at $1.2 billion, both of which have attracted interest from both domestic and international investors. Further discussions are being held regarding recapitalisation of the Group as a whole with the Group's Australian lenders. If these initiatives are successful, significant funds will be generated which could be utilised to reduce the Group's debt level. It is acknowledged that the outcome of these initiatives is not certain.

The Group has current debt facilities of $2.3 billion owed to the Australian lending group and US$450 million owed to US private placement noteholders under the Australian extension deed. As announced on 2 June 2008, the facilities have been extended to 15 December 2008 subject to certain conditions, some of which must be satisfied by 30 September 2008. Under the extension deed a fixed and floating charge was granted to the Australian Lending Group over the unsecured units and assets held by Centro Properties Limited, Centro Property Trust and their 100% owned entities.

The Group has debt facilities of $1.2 billion within its joint venture investment with CER in Super LLC and Centro Shopping America REIT (CSF), the "joint venture facilities". As announced on 2 June 2008, these facilities have been extended to 30 September 2008 with additional development funding of US $80 million being provided to Super LLC. Under the Super LLC structure, CER and the Group have a joint obligation to the unsecured financiers of Super LLC.

The extension of the Group's and CER's debt facilities beyond 30 September 2008 is subject to successful further negotiations with Australian and US banks and US Private Placement Noteholders. The directors believe there are reasonable grounds to expect these negotiations will be successful, however, no commitment has yet been given by the lenders in this regard as steps in the negotiation process must progress further before these discussions can be concluded.

No adjustments were made to the financial report in relation to this uncertainty.

Early Adoption of Standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2007:

- AASB 2008-2 Amendments to Accounting standards – Puttable Financial Instruments and Obligations arising on Liquidation

The early adoption of AASB 2008-2 resulted in the Group classifying $2.9 billion of unitholders' funds attributable to outside equity interests in the consolidated balance sheet as equity. If the amendments had not been adopted the unitholders' funds would have been classified as a financial liability. No prior year reclassification is required as the balances did not exist in the prior year.

(c) Basis of Preparation of Centro Properties Group Financial Statements

The Group financial statements reflect the aggregation of the consolidated financial statements of the Company and the Trust. For statutory reporting purposes, in accordance with Australian equivalents to International Financial Reporting Standards, specifically the requirements of UIG 1013 and AASB 3, Centro Properties Limited (ultimate parent of the group) is deemed to be the parent entity of the Centro Properties Group.

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

(d) 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.

(e) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property.

(f) Principles of Consolidation

These Group financial statements comprise the consolidated accounts of Centro Properties Limited and its controlled entities (which includes Centro Property Trust) as defined by Accounting Standard AASB 127 Consolidated and Separate Financial Statements. The effects of all transactions between entities in the Group are eliminated in full. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statements and balance sheets respectively.

Control is the power to govern the financial and operating policies of an 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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Centro Properties Limited. Investments in associates are accounted for in the Group's financial statements using the equity method or at fair value through profit or loss. 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 associates are accounted for as available for sale in the individual financial statements of Centro Properties Limited.

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

(g) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including 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 acquisition.

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the following activities:

(i) Property Ownership Revenue

As the owner of a number of shopping centres, the Group derives rental revenue from the leasing of these properties. Lease income is recognised on a straight-line basis over the lease term. Contingent rental revenue is recognised on an accruals basis as earned.

(ii) Services Revenue

Property Management Revenue

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

Development and Leasing Fees

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

Funds Management

- The Group derives fees from the establishment and ongoing management of managed investment vehicles. Funds management revenue is recognised on an accruals basis as earned.

(iii) Managed Vehicle Income

Distributions from managed vehicles are recognised as revenue when the right to receive payment is established.

(i) Income Tax

The income tax expense or benefit 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, the 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 substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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, account for their 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(j) 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.

(k) Restricted Cash

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

(l) Receivables

All trade and other debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability of trade and other debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when objective evidence of impairment in relation to collection exists on a case by case basis.

(m) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Employee Benefits

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

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

(ii) Long Service Leave

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

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

(iii) Bonus Plans

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

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

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

(iv) Termination Benefits

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

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.

(o) Share Based Payment

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

The fair value at grant date is determined using a Black-Scholes 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.

(p) Plant and Equipment

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

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

(q) Intangible Assets

(i) Goodwill

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

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

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

(ii) Management Contracts

Services business management contracts acquired as part of a business combination are recognised separately from goodwill. The management contracts are carried at their fair value at the date of acquisition less any accumulated amortisation and impairment losses. Amortisation is currently based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently range up to 40 years.

(r) Investment Properties

The Group's investment properties are initially measured at cost including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Group.

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

(s) 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, and are re-evaluated at each reporting date.

Classification

(i) 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 to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) 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.

(iii) 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.

(iv) 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. They are included in non current assets unless the Group intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and Derecognition

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

Subsequent Measurement

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

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

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.

(t) Assets Held for Sale

Investment properties classified as held for sale are stated at fair value. Non current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(u) 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).

The Group documents at the inception of the transaction 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 2008, no derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the income statement.

(v) 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 arms 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.

Reference is made to Note 1(o) for the fair value of employee share plan "options".

(w) Revaluation of Investment Properties

For the purpose of the Group accounts, property investments are carried at fair value. Directors assess fair value of property investments at each reporting date and obtain independent valuations on a regular basis to assist in assessing fair value.

Changes in fair values are recorded in the Income Statement.

(x) 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.

(y) Borrowing Costs

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

(z) Foreign Currency Translation

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 fair value reserve in equity.

(iii) Group Entities

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, 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.

(aa) 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.

(ab) 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 ordinary 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 securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

(ac) Distributions

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

(ad) Segment Reporting

Refer to Note 3(a) for the accounting policy in relation to segment reporting.

(ae) Financial Guarantee

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

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

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

(af) New Accounting Standards and UIG Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

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

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

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

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

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

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

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

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

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

Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The Group has not yet decided when it will apply the revised standards. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income;
- all transaction cost will be expensed;
- the Group will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest; and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

(vi) Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

In May 2008, the IASB made amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements. The new rules will apply to financial reporting periods commencing on or after 1 January 2009. Amendments to the corresponding Australian Accounting Standards are expected to be issued shortly. The Group will apply the revised rules prospectively from 1 July 2010. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(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.

(ah) Critical Accounting Estimates and Judgements used in the Preparation of the Financial Statements

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.

(i) Investment Property Values

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

At 30 June 2008, the carrying value of investment properties held by the Group is $16,325 million (2007: $392 million).

(ii) Intangible Assets

The Group recognises goodwill in its Balance Sheet. Goodwill carried by the Group represents the excess of the purchase price paid to acquire control over entities or groups of entities over the fair value of the net assets acquired. The carrying value of these assets is reviewed at every reporting period. The value is dependent on the assessment of uncertain future events, including the future profitability of the businesses acquired. Reference is made to Note 12 for additional assumptions made in reviewing the carrying value of intangible assets.

At 30 June 2008, the carrying value of intangible assets for the Group is $669 million (2007: $555 million).

(iii) Business Combinations

Assumptions are applied in relation to the fair valuation of net assets upon business combinations in accordance with AASB 3 Business Combinations. These assumptions include valuation of management contracts using the discounted cash flow method, the mark to market of fixed rate debt at assumed prevailing market interest rates, and independent valuation of investment property. These estimates of fair value may be revised prior to the finalisation of acquisition accounting, within 12 months of the business combination, where applicable.

2. FINANCIAL RISK MANAGEMENT

This note details the disclosures of AASB 7 – Financial Instrument Disclosures, which covers only financial assets and financial liabilities. As a result, the note, in particular the sensitivity analysis, does not take into account the movement in non-financial assets such as investments.

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

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

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

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Financial Assets				
Cash, cash equivalents and restricted cash	-	-	282,510	191,371
Trade and other receivables	992,790	750,550	442,320	361,507
Financial assets at fair value through profit or loss (FVTPL)	-	-	584,852	2,072,604
Derivative financial instruments	-	-	458,808	483,985
Other financial assets	145,114	90,197	21,357	43,280
	1,137,904	**840,747**	**1,789,847**	**3,152,747**
Financial Liabilities				
Trade and other payable	4,199	195,458	638,384	317,569
Borrowings	1,372,026	731,289	15,135,269	3,603,751
Derivative financial instruments	-	-	460,332	699,731
Non-interest bearing liabilities	-	-	7,893	283,724
	1,376,225	**926,747**	**16,241,878**	**4,904,775**

(a) Market Risk

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

(i) Foreign Exchange Risk

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

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

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

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

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

2. FINANCIAL RISK MANAGEMENT (continued)

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2008		30 June 2007	
	USD Notional $'000	NZD Notional $'000	USD Notional $'000	NZD Notional $'000
Cash	18,240	-	8,819	-
Bank loans	3,159,908	28,000	2,980,973	28,000
Forward exchange contracts(1)	206,376	27,120	522,220	-
Cross currency interest rate swaps(1)	1,084,830	-	3,305,590	-
	4,469,354	**55,120**	**6,817,602**	**28,000**

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

Reference is made to Note 2(e) for interest rate risk.

Centro Properties Limited and its Controlled Entities' Sensitivity

The table below discloses the impact that a 10% change in the foreign exchange spot rate as at the balance sheet date will have on the Groups's post tax profit and/or equity (excluding retained profits). -10% represents a decrease in the AUD vs USD. +10% represents an appreciation in the AUD vs the USD.

	Foreign Exchange Risk								
	USD					NZD			
30 June 2008	Carrying amount $'000	-10% Profit $'000	-10% Equity $'000	+10% Profit $'000	+10% Equity $'000	-10% Profit $'000	-10% Equity $'000	+10% Profit $'000	+10% Equity $'000
Financial Assets									
Cash	282,510	(2,105)	-	1,723	-	-	-	-	-
Derivatives – FVTPL	458,808	(176,445)	-	144,364	-	(2,074)	-	1,697	-
Financial Liabilities									
Derivatives – FVTPL	460,332	(31,596)	-	25,851	-	3	-	(2)	-
Borrowings	15,135,269	(231,621)	-	189,507	-	(2,730)	-	(2,233)	-
Total increase/ (decrease)		(441,767)	-	361,445	-	(4,801)	-	(538)	-

	Foreign Exchange Risk								
	USD					NZD			
30 June 2007	Carrying amount $'000	-10% Profit $'000	-10% Equity $'000	+10% Profit $'000	+10% Equity $'000	-10% Profit $'000	-10% Equity $'000	+10% Profit $'000	+10% Equity $'000
Financial Assets									
Cash	191,371	(1,155)	-	944	-	-	-	-	-
Derivatives – FVTPL	483,985	(162,112)	-	132,637	-	(671)	-	549	-
Financial Liabilities									
Derivatives – FVTPL	699,731	331,485	-	(271,215)	-	671	-	(549)	-
Borrowings	3,603,751	(229,281)	-	187,594	-	(3,293)	-	2,694	-
Total increase/ (decrease)		(61,063)	-	49,960	-	(3,293)	-	2,694	-

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

Centro Properties Limited's Sensitivity

The parent, Centro Properties Limited is not exposed to foreign exchange movements as such instruments are not held by the parent entity.

(ii) Price Risk

The Group is exposed to price risk. This arises from investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group holds as interest in a number of managed funds. The tables below summarise the impact of increases/decreases of the unit prices on post-tax profit for the year and on equity (excluding retained profits). The analysis is based on the assumption that the unit prices had increased/decreased by +/- 5% (2007 +/- 5%)

Centro Properties Limited and its Controlled Sensitivity

		Impact on Post Tax Profit			
Type	Carrying Amount 2008 $'000	-5% 2008 $'000	+5% 2008 $'000	-5% 2007 $'000	+5% 2007 $'000
Financial Assets					
Financial Assets at FVTPL and other financial assets	606,209	(30,310)	30,310	(105,821)	105,821
	606,209	**(30,310)**	**30,310**	**(105,821)**	**105,821**

Centro Properties Limited's Sensitivity

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

(iii) Interest Rate Risk

Refer to Note 2(e) below.

(b) Credit Risk

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

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

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

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in Note 10. Details of assets that have been impaired can be found in trade and other receivables (current) in Note 8(a).

At 30 June 2008, the Group had 52% of its aggregate credit risk spread over a number of counterparties each with an Standard & Poors long term rating of AA- or higher. The remainder is spread over counterparties which are unrated, however each has less than 10% of the aggregate credit risk

2. 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 severely 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.

As at 30 June 2008, certain of Centro's financing arrangements had been extended as follows:

- Current debt of $2.3 billion owed to the Australian lending group and US$450 million owed to US private placement noteholders were extended to 15 December 2008 (the Centro Facilities); and
- US$1.1 billion (A$1.2 billion) associated with Centro's joint venture with CER (the Joint Venture Facilities) were extended to 30 September 2008.

The extension of the $2.3 billion owed to the Australian lending group is subject to the following, which must occur by 30 September 2008:

- The financiers of the Centro Facilities being satisfied as to Centro's progress in implementing its strategic plan;
- The financiers of the Joint Venture Facilities agreeing to further extend those facilities to a date no earlier than 15 December 2008; and
- The financiers of both the Centro and Joint Venture Facilities reaching further agreement by 30 September 2008 on the terms on which assets can be sold and the proceeds of such sales applied after that date.

Financing Arrangements

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

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Floating rate				
Expiring within one year (bank loans and commercial mortgage backed securities)	-	-	69,146	142,230
Expiring beyond one year (bank loans and commercial mortgage backed securities)	27,974	43,711	14,600	55,279
	27,974	**43,711**	**83,746**	**197,509**

The above facilities may be drawn at any time.

Maturities of Financial Liabilities

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

Centro Properties Limited and its Controlled Entities – At 30 June 2008 $'000	Less than 6 Months $'000	6-12 Months $'000	Between 1 and 2 Years $'000	Between 2 and 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount (Assets)/ Liabilities $'000
Non Derivatives							
Trade and other payables	411,384	222,719	4,281	-	-	638,384	638,384
Non-interest bearing	7,893	-	-	-	-	7,893	7,893
Variable loans	6,604,111	259,506	1,241,455	836,104	-	8,941,176	8,783,582
Fixed loans	1,467,928	252,849	564,543	1,418,663	4,486,927	8,190,910	6,351,687
Total Non Derivatives	**8,491,316**	**735,074**	**1,810,279**	**2,254,767**	**4,486,927**	**17,778,363**	**15,781,546**
Derivatives							
Interest rate swaps and other(1)(3)	78,738	70,914	125,158	181,027	11,598	467,435	382,429
CCIRS(2)(3)	344,495	79,597	106,129	263,142	120,406	913,769	2,642
FECs(2)(3)	40,865	3,630	7,261	732,796	422,777	1,207,329	75,261
Total Derivatives	**464,098**	**154,141**	**238,548**	**1,176,965**	**554,781**	**2,588,533**	**460,332**

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

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

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

Centro Properties Limited and its Controlled Entities – At 30 June 2007	Less than 6 Months $'000	6-12 Months $'000	Between 1 and 2 Years $'000	Between 2 and 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount (Assets)/ Liabilities $'000
Non Derivatives							
Trade and other payables	263,341	-	54,228	-	-	317,569	317,569
Non-interest bearing	283,724	-	-	-	-	283,724	283,724
Variable rate	878,801	1,713,227	503,400	415,378	16,232	3,527,038	3,266,806
Fixed rate	9,548	9,457	18,959	53,711	384,496	476,171	336,945
Total Non Derivatives	**1,435,414**	**1,722,684**	**576,587**	**469,089**	**400,728**	**4,604,502**	**4,205,044**
Derivatives							
Interest rate swaps and other(1)(3)	31,384	31,184	72,459	167,978	37,108	340,113	282,021
CCIRS(2)(3)	978,433	106,518	213,477	2,489,898	3,525,035	7,313,361	206,115
FECs(2)(3)	934,715	85,087	828,868	1,047,950	25,894	2,922,514	211,595
Total Derivatives	**1,944,532**	**222,789**	**1,114,804**	**3,705,826**	**3,588,037**	**10,575,988**	**699,731**

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

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

(3) 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.

2. FINANCIAL RISK MANAGEMENT (continued)

Centro Properties Limited at 30 June 2008	Less than 6 Months $'000	6-12 Months $'000	Between 1 and 2 Years $'000	Between 2 and 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount Liabilities $'000
Payables	4,199	-	-	-	-	4,199	4,199
Variable rate(1)	52,823	52,823	105,646	316,938	1,636,141	2,164,371	1,372,026
Total	57,022	52,823	105,646	316,938	1,636,141	2,168,570	1,376,225

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

Centro Properties Limited at 30 June 2007	Less than 6 Months $'000	6-12 Months $'000	Between 1 and 2 Years $'000	Between 2 and 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount Liabilities $'000
Payables	195,458	-	-	-	-	195,458	195,458
Variable rate(1)	53,546	53,546	107,091	321,273	1,106,108	1,641,564	731,289
Total	249,004	53,546	107,091	321,273	1,106,108	1,837,022	926,747

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

(d) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Group approximates their carrying value.

(e) Interest Rate Risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Group policy is to fix the rates for at least 75% of its borrowings for the subsequent 36 months.

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

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

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

	30 June 2008 Notional Balance $'000	30 June 2007 Notional Balance $'000
Bank overdrafts and bank loans	7,894,474	3,266,806
Interest rate swaps	21,870,174	465,268
Commercial mortgage backed securities	781,070	-
Total exposure to cash flow interest rate risk	30,545,718	3,732,074

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

	30 June 2008 Notional Balance $'000	30 June 2007 Notional Balance $'000
Bank overdrafts and bank loans	2,190,408	18,609
US private placement notes	467,484	318,336
Bank bills	3,434	-
Commercial mortgage backed securities	3,690,361	-
Total exposure to fair value interest rate risk	6,351,687	336,945

Only debt and interest rate swaps that are classified at fair value through the profit or loss will affect the Income Statement and where hedge accounting is adopted, equity will be impacted. Note that no hedge accounting was adopted in 2008 or 2007.

The parent entity does not have fixed or variable rate borrowing or interest rate swap contracts outstanding at 30 June 2008 or 30 June 2007.

Centro Properties Limited and its Controlled Entities' Sensitivity

The tables below disclose the impact that a 100 basis point (bps) shift in the forward interest rate curve would have on the Group's post tax profits and equity (excluding retained profits). -100bps represents a decrease in interest rates. +100bps represents an increase in interest rates.

		Interest Rate Risk			
30 June 2008	Carrying Amount $'000	-100 bps Profit $'000	-100 bps Equity $'000	+100 bps Profit $'000	+100 bps Equity $'000
Financial Assets					
Derivatives – FVTPL	458,808	(127,067)	-	115,600	-
Financial Liabilities					
Derivatives – FVTPL	460,332	(27,832)	-	8,125	-
Borrowings	15,135,269	24,221	-	(23,069)	-
Total increase/ (decrease)		(130,678)	-	100,656	-

		Interest Rate Risk			
30 June 2007	Carrying Amount $'000	-100 bps Profit $'000	-100 bps Equity $'000	+100 bps Profit $'000	+100 bps Equity $'000
Financial Assets					
Derivatives – FVTPL	483,985	(241,153)	-	218,398	-
Financial Liabilities					
Derivatives – FVTPL	699,731	168,649	-	(142,491)	-
Borrowings	3,603,751	20,927	-	(18,106)	-
Total increase/ (decrease)		(51,577)	-	57,801	-

2. FINANCIAL RISK MANAGEMENT (continued)

(f) Derivative Financial Instruments

Instruments used by the Group

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

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Current Assets				
Interest rate swap contracts – (i)	-	-	168,777	245,206
Cross currency interest rate swap contracts	-	-	11,432	21,703
Forward foreign exchange contracts – (ii)			278,599	217,076
Total current derivative financial instrument assets	-	-	458,808	483,985
Current Liabilities				
Interest rate swap contracts – (i)	-	-	336,902	272,617
Cross currency interest rate swap contracts	-	-	2,642	206,115
Forward foreign exchange contracts – (ii)	-	-	75,261	211,595
Other derivatives	-	-	45,527	9,404
Total current derivative financial instrument liabilities	-	-	460,332	699,731

(i) Interest Rate Swap Contracts

The Group's exposure to fluctuations in interest rates is hedged through the use of interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount payable at the reporting date is included in Payables (note 13).

The contracts require settlement of net interest receivable or payable between each 30 and 180 days (depending upon the contract). Where possible the settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Where hedge accounting is adopted, the gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve to the extent that the hedge is effective, and re-classified into profit or loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. Note that no hedge accounting was adopted in 2008 or 2007.

(ii) Foreign Exchange Contracts

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

3. SEGMENT INFORMATION

Business Segments

The Group is organised on a global basis into the following activities by business type:

Property Ownership Business

The Group derives income from retail property rentals of shopping centre space to retailers across Australasia and the United States. The Group also derives income from its retail property investments in listed and unlisted entities.

Services Business

The Group derives income from its services business activities, incorporating funds management, property management, and development and leasing.

Geographical Segments

Although the Group's operations are managed on a global basis, they operate in two main geographical areas being Australasia and the United States.

PRIMARY REPORTING – BUSINESS SEGMENT

2008 **Centro Properties Limited and its Controlled Entities**	**Property Ownership $'000**	**Services Business $'000**	**Other $'000**	**Group $'000**
Revenue	473,965	213,402	-	687,367
Total segment revenue	473,965	213,402	-	687,367
Other income	-	-	57,717	57,717
Total segment revenue and income	473,965	213,402	57,717	745,084
Property revaluations / fair value through profit & loss	(448,871)	-	-	(448,871)
Share of net (losses) / profits of associates and joint venture partnerships accounted for using the equity method	(651,071)	(41,945)	-	(693,016)
Impairment losses recognised	(193,830)	(578,189)	-	(772,019)
Other segment expenses	(169,690)	(46,704)	-	(216,394)
Segment result	(989,497)	(453,436)	57,717	(1,385,216)
Unallocated revenue less unallocated expense				(683,635)
Loss from ordinary activities before income tax				(2,068,851)
Income tax benefit				16,121
Net Loss				**(2,052,730)**
Segment assets	19,547,972	913,996	-	20,461,968
Unallocated assets				114,904
Total Assets				**20,576,872**
Segment liabilities	9,266,943	1,626,617	-	10,893,560
Unallocated liabilities				5,541,102
Total Liabilities				**16,434,662**
Net Assets				**4,142,210**
Other segment information				
Investments in associates and joint venture partnerships	988,402	-	-	988,402
Acquisitions of property, plant and equipment, intangibles and all other non current segment assets	-	16,443	-	16,443
Depreciation and amortisation expense	2,105	4,081	-	6,186

3. SEGMENT INFORMATION (continued)

2007 Centro Properties Limited and its Controlled Entities	Property Ownership $'000	Services Business $'000	Other $'000	Group $'000
Revenue	182,280	183,519	-	365,799
Total segment revenue	182,280	183,519	-	365,799
Other income	-	-	17,391	17,391
Total segment revenue and income	182,280	183,519	17,391	383,190
Property revaluations /fair value through profit & loss	94,475	-	-	94,475
Share of net (losses) / profits of associates and joint venture partnerships accounted for using the equity method	293,935	23,566	-	317,501
Other expenses	(65,484)	(43,587)	(12,468)	(121,539)
Segment result	505,206	163,498	4,923	673,627
Unallocated revenue less unallocated expense				(203,394)
Profit from ordinary activities before income tax				470,233
Income tax benefit				-
Net Profit				**470,233**
Segment assets	6,267,558	830,208	925,886	8,023,652
Unallocated assets				625,389
Total Assets				**8,649,041**
Segment liabilities	43,205	160,414	-	203,619
Unallocated liabilities				4,880,299
Total Liabilities				**5,083,918**
Net Assets				**3,565,123**
Other segment information				
Investments in associates and joint venture partnerships	3,695,338	53,557	-	3,748,895
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	1,079,870	249,815	958,584	2,288,269
Depreciation and amortisation expense	612	1,527	-	2,139

SECONDARY REPORTING – GEOGRAPHICAL SEGMENT

2008 Centro Properties Limited and its Controlled Entities	Australasia $'000	United States $'000	Inter Segment/ Other $'000	Group $'000
Revenue	313,880	373,487	-	687,367
Other income	26,550	31,167	-	57,717
Total segment revenue and income	340,430	404,654	-	745,084
Property revaluations and fair value movements	(194,557)	(254,314)	-	(448,871)
Share of net (losses) / profits of associates and joint venture partnerships accounted for using the equity method	(316,650)	(376,366)	-	(693,016)
Other expenses	(1,357,969)	(314,079)		(1,672,048)
Segment result	(1,528,746)	(540,105)	-	(2,068,851)
Unallocated revenue less unallocated expense				-
Profit from ordinary activities before income tax				(2,068,851)
Income tax benefit				16,121
Net Loss				**(2,052,730)**
Segment assets	5,951,599	14,625,273	-	20,576,872
Acquisitions of property, plant and equipment	16,443	-	-	16,443

2007 Centro Properties Limited and its Controlled Entities	Australasia $'000	United States $'000	Inter Segment/ Other $'000	Group $'000
Revenue	280,180	85,619	-	365,799
Other income	17,391	-	-	17,391
Total segment revenue and income	297,571	85,619	-	383,190
Property revaluations and fair value movements	94,079	396	-	94,475
Share of net (losses) / profits of associates and joint venture partnerships accounted for using the equity method	214,826	102,675	-	317,501
Other expenses	(85,810)	(35,729)	-	(121,539)
Segment result	520,666	152,961	-	673,627
Unallocated revenue less unallocated expense				(203,394)
Profit from ordinary activities before income tax				470,233
Income tax benefit				-
Net Profit				**470,233**
Segment assets	4,474,510	4,174,531	-	8,649,041
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	174,369	2,113,900	-	2,288,269

(a) Accounting Policies for Segment Information

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in Note 1 and Accounting Standard AASB 114 Segment Reporting. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different from the industry and geographical segments identified in previous years.

3. SEGMENT INFORMATION (continued)

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of trade debtors, other debtors and prepayments, short term loans and property investments net of related provisions. Segment liabilities consist primarily of funding, interest accruals, trade and other creditors and accruals. All other jointly used assets and liabilities are allocated based upon estimates of usage. Segment assets and liabilities do not include income taxes.

4. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	**30.06.07 $'000**	**30.06.08 $'000**	**30.06.07 $'000**
a) Other income				
Interest income	755	-	30,478	-
Other income	-	-	27,239	17,391
	755	-	57,717	17,391
b) Other expenses included in net profit:				
Bad and doubtful debts	-	-	(2,724)	(112)
Depreciation – plant and equipment	-	-	(4,081)	(1,527)
Amortisation – tenant allowances	-	-	(121)	(612)
Amortisation – lease incentives	-	-	(691)	-
Amortisation – lease commissions	-	-	(1,293)	-
Total depreciation and amortisation	-	-	(6,186)	(2,139)
Financing costs(1):				
Interest expense on financial liabilities not at fair value through profit or loss	(106,407)	(107,091)	(410,527)	(199,280)
Amount capitalised/(reversed)	-	-	(658)	4,504
	(106,407)	(107,091)	(411,185)	(194,776)
Net movement on mark to market of derivatives and foreign exchange losses(1):				
Net unrealised loss on mark to market derivatives	-	-	(487,466)	(258,081)
Net unrealised gain on foreign exchange translations	-	-	355,129	232,070
	-	-	(132,337)	(26,011)
Profit/(loss) from sale of investments	-	-	9	(702)

(1) In the Appendix 4E, the allocation between financing costs and net movement on mark to market of derivatives and foreign exchange losses was $482,054,000 and $61,468,000 respectively. The change in allocation reflects the ineffectiveness of certain interest rate derivatives which did not qualify for hedge accounting.

	Notes	Centro Properties Limited 30.06.08 $'000	Centro Properties Limited 30.06.07 $'000	Centro Properties Limited and its Controlled Entities 30.06.08 $'000	Centro Properties Limited and its Controlled Entities 30.06.07 $'000

5. INCOME TAX BENEFIT

	Notes	30.06.08	30.06.07	30.06.08	30.06.07
(a) Income tax (expense)/benefit					
Current income tax		-	-	(17,137)	-
Deferred income tax	17	-	-	33,258	-
		-	-	16,121	-
(b) Numerical Reconciliation of income tax expense to prima facie tax payable					
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:					
Profit (loss) from continuing operations before income tax expense		(123,859)	(111,143)	(2,068,851)	470,233
Income tax (expense)/benefit calculated at 30% (2007 at 30%)		37,158	33,343	620,655	(141,070)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:					
Effect of trust income not subject to income tax		-	-	(559,102)	139,638
Sundry items		-	-	(23,160)	1,432
		37,158	33,343	38,393	-
Tax (expense)/benefit, not brought to account		37,158	33,343	22,272	-
Income tax benefit applicable to operating profit		-	-	16,121	-
(c) Tax Losses					
The Directors estimate that the potential future income tax benefit at 30 June in respect of tax losses not brought to account for the tax consolidated group is		26,767	4,495	26,767	4,495

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.

(a) 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, account for their 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.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

6. DISTRIBUTIONS TO ORDINARY UNITHOLDERS

The Directors have not declared a distribution on ordinary securities for the 2008 financial year.

	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Final distribution of nil cents per stapled security comprising:				
Distribution from Trust of nil cents (2007: 20.5 cents)	-	-	-	173,249
Dividend from Company of nil cents (2007: nil cents)	-	-	-	-
Distributions provided	-	-	-	173,249
Interim distribution of nil cents per stapled security comprising:				
Distribution from Trust of nil cents (2007: 19.3 cents)	-	-	-	158,184
Dividend from Company of nil cents (2007: nil cents)	-	-	-	-
Distributions paid	-	-	-	158,184
Total distributions provided for or paid amount to nil cents per stapled security (2007: nil cents)				
Distribution from Trust of nil cents (2007: 39.8 cents)	-	-	-	331,433
Dividend from Company of nil cents (2007: nil cents)	-	-	-	-
Total distributions provided for or paid	-	-	-	331,433
Estimated amount of retained profits and reserves that could be distributed as dividends and be franked out of existing franking credits or out of franking credits arising from the payment of income tax in respect of the year ended 30 June 2008 after servicing the dividends declared at balance date.	-	-	-	-

Tax Components of the Distributions		Centro Properties Limited 30.06.08 Cents	Centro Properties Limited 30.06.07 Cents	Centro Properties Limited and its Controlled Entities 30.06.08 Cents	Centro Properties Limited and its Controlled Entities 30.06.07 Cents
Interim Distribution					
Trust	- Tax advantaged	-	-	-	15.15
	- Taxable	-	-	-	4.15
		-	-	-	19.30
Company	- Franked	-	-	-	-
	- Unfranked	-	-	-	-
		-	-	-	-
Total interim distribution		-	-	-	19.30
Final Distribution					
Trust	- Tax advantaged	-	-	-	16.09
	- Taxable	-	-	-	4.41
		-	-	-	20.50
Company	- Franked	-	-	-	-
	- Unfranked	-	-	-	-
		-	-	-	-
Total final distribution		-	-	-	20.50
Total Distribution					
Trust	- Tax advantaged	-	-	-	31.24
	- Taxable	-	-	-	8.56
		-	-	-	39.80
Company	- Franked	-	-	-	-
	- Unfranked	-	-	-	-
		-	-	-	-
Total distribution		-	-	-	39.80
Total tax advantaged		-	-	-	31.24

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

7. CASH ASSETS (CURRENT)

Cash at bank and on hand	-	-	201,127	172,276
Restricted cash	-	-	81,383	19,095
	-	-	282,510	191,371

8. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade debtors	-	-	159,699	142,883
Less: impairment of receivables	-	-	(3,119)	(1,168)
	-	-	156,580	141,715
Other debtors	-	-	110,548	44,287
Prepayments	-	-	26,785	2,992
GST receivable	2,844	2,135	15,507	5,939
Short-term loans to and receivable from related parties	-	-	121,927	166,249
	2,844	2,135	431,347	361,182

(a) Impaired Trade Receivables

The Group has recognised a loss of $2.7 million (2007: $0.1 million) in respect of impaired trade receivables during the year ended 30 June 2008. The loss has been included in 'bad and doubtful debt expense' in the income statement.

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

		Centro Properties Limited and its Controlled Entities	
	Note	2008 $'000	2007 $'000
At 1 July		1,168	2,833
Provision for impairment recognised during the year		2,724	112
Receivables written off during the year as uncollectible	4	(773)	(1,168)
Unused amount reversed		-	(609)
		3,119	1,168

(b) Past Due but not Impaired

As of 30 June 2008, Group trade receivables of $70.1 million (2007 - $96.2 million) were past due but not impaired (Parent: nil 2008 and 2007). These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
< 30 Days (not past due)	-	-	86,476	45,563
31 to 90 days (past due)	-	-	16,251	3,244
90+ days (past due)	-	-	53,853	92,908
	-	-	156,580	141,715

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.

9. TRADE AND OTHER RECEIVABLES (NON CURRENT)

Receivables from subsidiaries	989,946	748,415	-	-
Other receivables	-	-	10,973	325
	989,946	748,415	10,973	325

The carrying value approximates the fair value of the non current receivables. No collateral is held in relation to these receivables as of 30 June 2008.

10. INVESTMENTS

Included in the balance sheet as:				
Non current assets classified as held for sale – current (a)	-	-	768,751	785,438
Investments accounted for using the equity method (b)	-	-	988,402	3,748,895
Other financial assets – non current (c)	145,114	90,197	606,209	2,116,424
Investment property – non current (d)	-	-	16,324,967	392,211
	145,114	90,197	18,688,329	7,042,968

a) Non Current Assets Classified as Held for Sale – Current				
Movements:				
Opening balance at 1 July	-	-	785,438	173,463
Transfer to investment property			(118,510)	-
Transfer to investment accounted for using equity method			(210,540)	-
Transfer from investment property	-	-	768,751	785,438
Disposal	-	-	(456,388)	(173,463)
Closing balance at 30 June	-	-	768,751	785,438

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
10. INVESTMENTS (continued)				
b) Investments Accounted for Using the Equity Method				
Movements:				
Carrying amount at the beginning of the financial year	-	-	3,748,895	2,825,581
Impairment of investment in joint venture	-	-	(578,189)	-
Share of net income/(loss)	-	-	(693,016)	317,501
Distribution of net income	-	-	(76,435)	(269,067)
Transfer from held for sale	-	-	210,540	-
Additional investment during the year	-	-	1,189,366	883,172
Disposal	-	-	(106,950)	-
Share of movement in investment revaluation reserve	-	-	-	(17,520)
Share of decrement in foreign currency translation reserve of associates	-	-	(42,162)	9,228
New associates obtained via business combination	-	-	737,239	-
Obtained control during year and now consolidated	-	-	(3,400,886)	-
Closing balance at 30 June	-	-	988,402	3,748,895
c) Other Financial Assets – Non Current[(1)]				
Movements:				
Carrying amount at the beginning of the financial year	90,197	31,233	2,116,424	77,787
Fair value gains/(losses)	-	-	(141,902)	80,214
Additions/(disposals)	54,917	58,964	(125,031)	1,958,423
Obtained control during year and now consolidated	-	-	(1,243,282)	-
Closing balance at 30 June	145,114	90,197	606,209	2,116,424

(1) Represents investments in unlisted unit trusts.

d) Investment Property				
Movements:				
Opening balance at 1 July	-	-	392,211	1,202,165
Acquisitions	-	-	-	161,723
Capitalised subsequent expenditure	-	-	30,063	42,701
Transfer to non-current assets held for sale, net	-	-	(650,241)	(785,438)
Disposal	-	-	(49,433)	(241,684)
Net gain/(loss) from fair value adjustment	-	-	(306,969)	14,261
Straight-lining of rent adjustment	-	-	15,242	(905)
Tenant allowance amortisation	-	-	(121)	(612)
Obtained control during year and now consolidated	-	-	16,894,215	-
Closing balance at 30 June	-	-	16,324,967	392,211

Investment properties are carried at fair value. The value of 43% of investment properties has been independently determined by members of the Australian Property Institute, United States Office of Cushman and Wakefield, Colliers and Weiser Realty Advisors

LLC and CB Richard Ellis. For properties acquired during the year, cost equates to fair value on acquisition. The remaining properties have been subjected to director valuation supported by the extrapolation of independent valuation on similar properties.

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases.

	Notes	Centro Properties Limited 30.06.08 $'000	Centro Properties Limited 30.06.07 $'000	Centro Properties Limited and its Controlled Entities 30.06.08 $'000	Centro Properties Limited and its Controlled Entities 30.06.07 $'000
11. PLANT AND EQUIPMENT					
Plant and equipment at cost		-	-	52,061	25,890
Less: accumulated depreciation		-	-	(15,930)	(11,849)
		-	-	36,131	14,041
Reconciliation:					
Carrying amount at 1 July		-	-	14,041	11,586
Additions		-	-	9,728	7,828
Acquisition of subsidiaries	27	-	-	16,443	-
Disposals		-	-	-	(3,846)
Depreciation expense		-	-	(4,081)	(1,527)
Carrying amount at 30 June		-	-	36,131	14,041
12. INTANGIBLE ASSETS					
Goodwill					
At 1 July net of impairment		-	-	555,169	306,783
Movement for the year ended 30 June					
Acquisition of subsidiaries		-	-	321,562	272,892
Impairment		-	-	(193,830)	-
Foreign currency translation movements		-	-	(14,127)	(24,506)
Movement for the year		-	-	113,605	248,386
At 30 June net of impairment		-	-	668,774	555,169

(a) Impairment Tests for Intangible Assets

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation.

A segment-level summary of the goodwill allocation is presented below.

2008	Australia $'000	US $'000	Total $'000
Goodwill – Services business	276,427	392,347	668,774

2007	Australia $'000	US $'000	Total $'000
Goodwill – Services business	235,180	319,989	555,169

12. INTANGIBLE ASSETS (continued)

IMPAIRMENT TESTING

Consolidated Intangible Assets

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation. The recoverable amount of a CGU is determined based on fair value less cost to sell calculations. These calculations use cash flow projections based on past performance and market expectations for the future. All impairment testing is conducted on a ten year cash flow period. The terminal growth rates used (generally between 2% and 3%) do not exceed the long-term growth rates for the business in which the CGU operates. Average base discount rates of between 8.7% and 11.8% were used in the impairment review calculations with higher rates applied to certain cashflows.

(b) Impairment Charge

At 31 December 2007, the carrying value of the Group's equity accounted investment in Super LLC included value attributed to intangible assets. For the purpose of impairment testing their investment, management have estimated the present value of the future cash flows expected to be generated from Super LLC from its operations and the proceeds from ultimate disposal of the investment. In arriving at this estimate, management have included cash flows generated directly by Super LLC in its capacity as a property owner and service provider and cash flows derived indirectly by the Group from services it provides in relation to properties owned by Super LLC. These calculations use cash flow projections based on past performance and market expectations for the future using a ten year cash flow period. The terminal growth rates used do not exceed the long-term growth rates for the business unit in which Centro Super LLC operates. An average base discount rate of 9.1% was used in the impairment review calculations with higher rates applied to certain cash flows.

Based on the detailed impairment testing performed an impairment loss of $578 million has been recorded against the Group's investment in Super LLC.

The Direct Property Fund International business combination (Note 27) generated goodwill of $193.8 million. Management considered that the goodwill arising from this business combination did not enhance the future cash flows being generated from the Group's services business. As such an impairment loss of $193.8 million has been recorded against the goodwill arising from this business combination.

(c) Impact of possible changes in key assumptions

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

13. TRADE AND OTHER PAYABLES

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Current				
Trade creditors	-	-	78,363	46,361
Accrued interest	3,432	107,091	72,808	29,427
Other creditors – payable to subsidiaries	-	88,367	-	-
Other creditors	-	-	91,371	170,493
Other liabilities	767	-	391,561	17,060
	4,199	195,458	634,103	263,341
Non Current				
Other	-	-	4,281	54,228
	-	-	4,281	54,228

	Notes	Centro Properties Limited 30.06.08 $'000	Centro Properties Limited 30.06.07 $'000	Centro Properties Limited and its Controlled Entities 30.06.08 $'000	Centro Properties Limited and its Controlled Entities 30.06.07 $'000

14. PROVISIONS

	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Current					
Distributions		-	-	50,350	173,249
Employee entitlements	24	-	-	4,519	4,227
Other		-	-	26,744	-
Total current provisions		-	-	81,613	177,476
Non Current					
Employee entitlements – non current	24	-	-	7,169	1,667
Total non current provisions		-	-	7,169	1,667
Total provisions		-	-	88,782	179,143
Movements in Provisions for Distributions					
Carrying amount at start of year		-	-	173,249	155,725
Total distributions for year to ordinary unitholders		-	-	-	331,433
Total distributions for year to permanent preference unitholders	19	-	-	30,860	2,289
Total distributions acquired through business combinations		-	-	28,639	-
Total cash distributions paid during year to ordinary unitholders		-	-	(182,398)	(316,198)
Carrying amount at year end		-	-	50,350	173,249

15. NON-INTEREST BEARING LIABILITIES (NON CURRENT)

	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Other liabilities		-	-	7,893	283,724
Non-interest bearing liabilities		-	-	7,893	283,724

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
16. INTEREST BEARING LIABILITIES				
Current				
Bank loans – secured	-	-	8,150,147	2,611,033
Commercial mortgage backed securities	-	-	177,753	-
Total current interest bearing liabilities	-	-	8,327,900	2,611,033
Non Current				
Bank loans – secured	-	-	1,622,210	18,811
Bank loans – unsecured	-	-	891,481	973,907
Related party loans	1,372,026	731,289	-	-
Commercial mortgage backed securities	-	-	4,293,678	-
Total non-current interest bearing liabilities	1,372,026	731,289	6,807,369	992,718
Total interest bearing liabilities	1,372,026	731,289	15,135,269	3,603,751
Financing Arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Bank overdrafts	-	-	-	2,000
Bank loans	-	-	15,219,015	3,799,260
Related party loans	1,400,000	775,000	-	-
	1,400,000	775,000	15,219,015	3,801,260
Facilities utilised at reporting date:				
Bank overdrafts	-	-	-	-
Bank loans	-	-	15,135,269	3,603,751
Related party loans	1,372,026	731,289	-	-
	1,372,026	731,289	15,135,269	3,603,751
Facilities not utilised at reporting date:				
Bank overdrafts	-	-	-	2,000
Bank loans	-	-	83,746	195,509
Related party loans	27,974	43,711	-	-
	27,974	43,711	83,746	197,509

(i) Collateral Pledged

Included in the Group total loan facilities of $15,219 million (2007: $3,799 million) are commercial mortgage backed securities (CMBS) issues totalling $4,528 million (2007: nil), which are secured by mortgages over a number of selected investment properties, and $10,691 million, which are bank loans and other debt instruments.

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

(a) Loans and financial accommodation made available to CPT Manager Limited as responsible entity of Centro Property Trust;

(b) Loans made available to CPT Manager Limited as responsible entity of Centro (CPT) Trust; and

(c) US$ private placement notes issued by CPT Manager Limited as responsible entity of Centro Property Trust.

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

(ii) Defaults on Debt Obligations

At 30 June 2008, the Group had no defaults on debt obligations.

(iii) Breaches of Lending Covenants

The DPF and DPFI business combinations detailed in Note 27 resulted in the consolidation of a large number of the Group's managed funds at 30 June 2008. This consolidation has caused the Group to breach its loan to value ratio and priority debt covenants for its previously unsecured debt with its Australian lenders and US private placement note holders as the covenants were based on an equity accounted model.

Subsequent to 30 June 2008 waivers have been received from the requisite majority of Australian lenders under the Australian extension deed until 15 December 2008. Waivers have also been received from the US private placement note holders until 15 December 2008, being the current expiry date of the note holder extension arrangements.

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

CER, a consolidated entity of the Group, has restated $139.5 million of secured bank debt from non current to current, not withstanding an expiry date of 14 December 2010. This restatement is due to a loan to value covenant being breached as at 30 June 2008. CER has remedied this breach subsequent to year end.

The interest bearing liabilities 30 June 2007 balances have been reclassified as detailed below. There is no change to the disclosures of the parent entity.

Centro Properties Limited and its controlled entities

Extract from the balance sheet

	30 June 2007	
	Consolidated $'000	Consolidated Restated $'000
Current Liabilities		
Interest bearing liabilities	1,096,936	2,611,033
Non Current Liabilities		
Interest bearing liabilities	2,506,815	992,718
Decrease in non current liabilities due to recognising non current interest bearing liabilities as current liabilities	-	1,514,097

There is no change to total interest bearing liabilities or the net assets of the Group as at 30 June 2007.

There are no changes to the income statement, statement of changes in equity or cash flow statement as a result of the above restatement.

The above restatement has no impact on basic or diluted earnings per share disclosed as at 30 June 2007.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

17. DEFERRED TAX LIABILITIES

Movements				
Opening balance at 1 July	-	-	-	-
Acquired through business combinations (Note 27)	-	-	137,260	-
(Credited) to the income statement (Note 5a)	-	-	(33,258)	-
Closing balance at 30 June	-	-	104,002	-
The balance comprises temporary differences attributable to:				
Revaluation of investment properties	-	-	104,022	-
Net deferred tax liability	-	-	104,022	-

18. CONTRIBUTED EQUITY

Capital	Number '000	Number '000	Number '000	Number '000
Number of securities issued:				
- Ordinary(1)	845,116	845,116	845,116	845,116
- Preference units	-	-	51,305	51,305
	845,116	845,116	896,421	896,421
	$'000	**$'000**	**$'000**	**$'000**
Paid up capital				
- Ordinary(1)	48,258	76,720	1,687,163	1,755,842
- Preference units	-	-	561,078	561,078
	48,258	76,720	2,248,241	2,316,920

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

(a) Ordinary Stapled Securities

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

On the show of hands, every holder of ordinary securities present at a meeting in person or by proxy is entitled to one vote, and upon a poll each stapled security is entitled to one vote.

(b) Preference Units

The Group has US$500 million of exchangeable securities (preference units) on issue. Preference unit holders rank ahead of ordinary unit holders for both capital and income distributions. Certain events trigger a dividend and capital distribution stopper unless the exchangeable securities are settled early. Although no such trigger event has occurred, the dividend and capital distribution stopper is currently active because Centro elected not to pay the coupon on the exchangeable securities. The Group can remedy the dividend stopper by paying the accumulated distribution entitlements, which currently stand at $14.6 million as at June 2008.

(c) Employee Share Plan

Information relating to the Centro Employee Share Plan, including detail of shares 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 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 the restrictions on credit globally since December 2007, the Group's access to debt and equity markets has been severely restricted. Capital risk management practices since that time have been conducted within these restricted conditions and the information within this note needs to be considered on that basis. During 2008, the Group paid no dividends to ordinary securityholders (2007: $331.4m).

19. RESERVES AND RETAINED PROFITS

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Foreign currency translation reserve	(a)	-	-	(103,393)	-
Retained profits	(b)	(286,579)	(162,720)	(890,924)	1,195,105
Share based payments reserve	(c)	-	-	35,836	24,653
		(286,579)	(162,720)	(958,481)	1,219,758
(a) Foreign Currency Translation Reserve					
Balance at the beginning of the financial year		-	-	-	(9,228)
Add/(deduct):					
- Currency translation differences arising during the year		-	-	(103,393)	10,324
- Net exchange gain/(loss) on foreign currency translation of foreign associates		-	-	-	(1,096)
Balance at the end of the financial year		-	-	(103,393)	-
(b) Retained Profits					
Balance at the beginning of the financial year		(162,720)	(51,577)	1,195,105	1,059,108
Add/(deduct):					
- Net profit/(loss) attributable to members of Centro Properties Group		(123,859)	(111,143)	(2,055,169)	469,719
- Dividends/distributions provided for or paid to ordinary unitholders	6	-	-	-	(331,433)
- Dividends/distributions provided for or paid to permanent preference unitholders	22	-	-	(30,860)	(2,289)
Balance at the end of the financial year		(286,579)	(162,720)	(890,924)	1,195,105

		Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

19. RESERVES AND RETAINED PROFITS (continued)

	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
(c) Share Based Payments Reserve					
Balance at the beginning of the financial year		-	-	24,653	11,577
Add/(deduct):					
- Options expense	24(d)	-	-	11,183	13,076
Balance at the end of the financial year		-	-	35,836	24,653

Nature and Purpose of Reserves

(i) Foreign Currency Translation Reserve

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

(ii) Share Based Payments Reserve

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

20. MINORITY INTERESTS

Minority interests		-	-	2,852,450	28,445

Minority interest relates to external party interests in entities consolidated by the Group. The significant increase in minority interests during the year is the result of the business combinations detailed in Note 27.

	Note	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

21. CASH FLOW INFORMATION

	Note	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
(a) Reconciliation of Cash					
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:					
Cash assets	7	-	-	201,127	172,276
(b) Reconciliation of Operating Profit/ (Loss) After Income Tax to Net Cash Inflow From Operating Activities					
Net profit/(loss)		-	-	(2,052,730)	470,233
Exclude non cash items:					
Net profit/(loss) on disposal of investment property and equity accounted investments		-	-	(9)	702
Depreciation and amortisation		-	-	6,186	2,139
Provision for doubtful debts		-	-	2,724	112
Property revaluation (increments)/ decrements		-	-	306,969	(14,261)
Fair value gains on other financial assets		-	-	141,902	(80,214)
Share of net losses/ (profits) of associates		-	-	864,801	(79,005)
Impairment of investment in joint venture		-	-	578,189	-
Impairment of goodwill		-	-	193,830	-
Straight lining of rents		-	-	(15,242)	905
Net tax benefit		-	-	(16,121)	
Net unrealised gain on mark to market of derivatives & foreign exchange translations		-	-	132,337	26,011
Employee security plan	19(c)	-	-	11,183	13,076
Change in operating assets and liabilities, net of the effects of purchase and disposal of controlled entities:					
(Increase) in trade debtors		-	-	(50,715)	(48,844)
Increase in other operating liabilities		-	-	10,289	21,561
(Decrease)/increase in other provisions		-	-	(7,187)	(2,891)
Net cash inflow from operating activities		-	-	106,406	309,524

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

22. EARNINGS PER SECURITY

(a) Basic earnings/(loss) per security - Cents	(15.28)	(13.90)	(257.27)	58.44
(b) Diluted earnings/(loss) per security - Cents[1]	(15.28)	(13.90)	(257.27)	57.83
(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share (basic & diluted)	$'000	$'000	$'000	$'000
Net (loss)/profit	(123,859)	(111,143)	(2,052,730)	470,233
Net profit attributable to minority interest	-	-	(2,439)	(514)
Net (loss)/profit attributable to members of Centro Properties Group	(123,859)	(111,143)	(2,055,169)	469,719
Less: distributions on preference shares	-	-	(30,860)	(2,289)
Adjusted profit/(loss)	(123,859)	(111,143)	(2,086,029)	467,430
(d) Weighted average number of shares	**Number**	**Number**	**Number**	**Number**
Basic Weighted average number of securities on issue for the period ('000)	810,825	799,859	810,825	799,859
Diluted Weighted average number of securities on issue for the period ('000)	810,825	808,283	810,825	808,283

(1) Options granted to employees under the ESP are considered to be potential ordinary securities. Further information in relation to options provided under the ESP is disclosed in note 24 and the Remuneration Report.

23. NET TANGIBLE ASSET BACKING

Net tangible asset backing per security				
- Basic	($0.42)	($0.10)	$0.69	$3.36
Diluted net tangible asset backing per security is not materially different from basic net tangible asset backing.				
Number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security ('000)	845,116[1]	845,116[1]	896,421[1] [2]	896,421[1] [2]

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

(2) Includes preference units based on potential entitlement to ordinary securities. NTA attributable to ordinary unitholders, after allowing for preference units, is $0.12 per security.

	Notes	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
		30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000

24. EMPLOYEE BENEFITS

	Notes	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Employee benefit and related on-costs liabilities					
Provision for employee benefits – current	14	-	-	4,519	4,227
Provision for employee benefits – non current	14	-	-	7,169*	1,667
		-	-	11,688	5,894
		Number	**Number**	**Number**	**Number**
Employee numbers					
Number of employees at the reporting date		-	-	1,496*	760

*2008 non-current balance as well as employee numbers includes US entities as a result of business combination (Note 27).

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

Employees are eligible to participate in the ESP at the discretion of the Board. The terms of the ESP were approved by shareholders on 20 September 1991.

The securities issued to eligible employees are currently financed by an interest free loan from Centro, the value of which forms part of each employee's remuneration. The price per security is the prevailing market price, as determined by the Board. The Board also determines the number of securities offered to an eligible employee. Under a non-recourse condition, the Company must accept the lower of the loan balance or the net sale proceeds after selling costs of the securities associated with that loan, in full settlement of the loan. Note that these loans are treated as options under AASB2 *Share-based Payment*.

The securities vest based on achievement of continuous service as well as in some instances market based performance criteria. The continuous employment criterion is met if the employee is in the employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on total shareholder return (TSR). The performance hurdle involves a comparison of the TSR on Centro's securities and that of other LPT securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee.

The participating employee cannot sell or otherwise deal with the securities unless the loan is fully repaid. In all other respects the employee securities rank equally with other fully paid ordinary stapled securities.

Participants are allowed to receive dividends or distributions in full once the loan for a grant of securities reaches 75% or less of the market price of the securities, on the condition that the loan subsequently remains below 85% of the market price. In the event that the 85% threshold is exceeded, a portion of the dividend or distribution is once again applied towards repayment of the loan. This variation to the Plan is not available to participants holding conditional vesting securities, in which case both the 75% rule and the vesting condition must be met.

24. EMPLOYEE BENEFITS (continued)

The following share-based payment arrangements were granted during the current and comparative reporting periods:

Options Granted During 2008 and 2007	Number	Exercise Price $	Fair Value of Option at Grant Date $
Granted 8 October 2006	8,796,200	7.70	2.82
Granted 15 February 2007	1,657,000	9.46	3.43
Granted 20 July 2007	625,000	8.55	1.60
Granted 28 September 2007	9,651,378	7.37	1.27

The weighted average fair value of the share options granted during the financial year is $13.3 million (2007: $30.5 million). Options were priced using a modified Black-Scholes option pricing model taking into account market performance criteria when appropriate. Grant price equals the closing market share price on date of grant. Expected volatility is based on the historical share price volatility of the Company from the date listed. Option life is determined based on vesting term and prior history of option exercises. The risk-free interest rate is obtained from the Australian government treasury rate based on option life. As of 30 June 2008 12,808,945 shares were exercisable.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2008	2008	2007	2007
Employee Securities Plan and Loan Scheme	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Share balance as of 1 July	27,860,390	$6.19	22,781,154	$4.67
Granted during year	10,276,378	$7.79	10,453,200	$8.23
Exercised during year	-	-	-	-
Repaid / forfeited during year	(14,635,723)	$6.41	(5,373,964)	$3.71
Share balance as of 30 June	23,501,045	$6.75	27,860,390	$6.19

(b) Executive Option Plan

The Executive Option Plan (EOP) was approved by Centro security holders at the 2001 AGM for the initial purpose of granting Options to Australian executives. As at 30 June 2008, there are no Options that have been granted that have not yet been exercised or have not yet vested under the 2001 plan. A revised version of the EOP was approved by the Board in February 2006 for the purpose of granting Options to US executives in addition to Australian executives.

The securities vest based on achievement of continuous service as well as in some instances market based performance criteria. The continuous employment criterion is met if the employee is in the employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on TSR. The performance hurdle involves a comparison of the TSR on Centro's securities and that of other LPT securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee. As of 30 June 2008 no options were exercisable.

The following share-based payment arrangements were granted during the current and comparative reporting periods:

Options granted during 2008 and 2007	Number	Exercise Price $	Fair Value per Option at Grant Date $
Granted 1 November 2006	30,574	$7.76	0.720
Granted 8 December 2006	613,500	$8.31	2.356
Granted 23 March 2007	1,220,000	$9.04	1.367
Granted 31 July 2007	2,436,700	$7.96	1.473
Granted 15 January 2008	1,000,000	$0.50	0.056

Options were priced using a modified Black-Scholes option pricing model taking into account market performance criteria when appropriate. Grant price equals the closing share price on date of grant. Expected volatility is based on the historical share price volatility of the Company from the date listed. Option life is determined based on vesting term and prior history option exercises. The risk-free interest rate is obtained from the Australian government treasury rate based on option life.

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

	Centro Properties Limited and its Controlled Entities			
	2008	2008	2007	2007
Executive option plan	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Share balance as of 1 July	1,613,271	$8.70	314,000	$7.76
Granted during year	3,436,700	$5.82	1,864,074	$8.78
Exercised during year	(10,905)	$7.76	(167,000)	$8.18
Forfeited during year	(53,800)	$7.96	(397,803)	$8.54
Share balance as of 30 June	4,985,266	$6.71	1,613,271	$8.70

(c) Restricted Stock Units

During the year ended 30 June 2008, the Company granted Restricted Stock Units (RSU) to select US employees. An RSU provides the employee with a contractual right to acquire one ordinary share in Centro Properties Group for nil consideration. The RSU's vest based on achievement of continuous service as well as market based performance criteria. The continuous employment criteria is met if the employee is in the employment of the Company at vesting. Continuous service is three years from date of grant, while market based performance criteria is satisfied based on total shareholder return (TSR). The performance hurdle involves a comparison of the TSR on Centro's securities and that of other listed property trust (LPT) securities over a period of three financial years. Centro's TSR is compared to that of each other entity in the UBS Equities Limited S&P/ASX Property 200 Accumulation Index over the same period. TSR measures the total return on a security and takes into account both capital appreciation and distributions of income. The ranking of Centro's TSR determines the proportion of securities issued which may be retained by the employee.

The weighted average fair value of RSU's granted was $7.96 per share at grant date (2007:nil). Fair value has been determined based upon the Company's closing share price on date of grant, 31 July 2007, of $7.96. No shares were exercisable as of 30 June 2008.

24. EMPLOYEE BENEFITS (continued)

The following table is a summary of RSU activity for the years ended 30 June 2008 and 2007:

Restricted Stock Units	2008 Number	2007 Number
Share balance as of 1 July	-	-
Granted during year	344,300	-
Exercised during year	-	-
Forfeited during year	(4,500)	-
Share balance as of 30 June	339,800	-

(d) Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions (classified as options under AASB 2 Share-based Payment) recognised during the period as part of employee benefit expense were as follows:

	2008 $'000	2007 $'000
Executive option plan	1,273	212
Employee security plan	9,453	12,864
Restricted stock units	457	-
	11,183	13,076

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $	30.06.07 $	30.06.08 $	30.06.07 $

25. AUDITORS' REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditors of the parent entity or its related practices.

Assurance Services				
(a) Audit Services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	-	-	4,752,387	1,184,000
Related practices of PricewaterhouseCoopers Australian firm	-	-	458,100	90,000
Moore Stephens Australian firm(1)				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	-	-	153,480	-
Total Remuneration for Audit Services	**-**	**-**	**5,363,967**	**1,274,000**
(b) Other Assurance Services				
PricewaterhouseCoopers Australian firm:				
Compliance audit services	-	-	192,363	81,818
Audit of regulatory returns	-	-	519,000	308,200
IFRS accounting services	-	-	-	110,000
Due diligence services and other agreed upon procedures	-	-	1,013,812	304,000
Related practices of PricewaterhouseCoopers Australian firm:				
Due diligence services	-	-	-	76,482
Total Remuneration for Other Assurance Services	-	-	**1,725,175**	**880,500**
Total Remuneration for Assurance Services	-	-	**7,089,142**	**2,154,500**
Taxation Services				
PricewaterhouseCoopers Australian firm:				
Taxation compliance services, including review of company income tax returns and due diligence services	-	-	254,630	480,000
Related practices of PricewaterhouseCoopers Australian firm:				
Tax compliance services and due diligence services	-	-	3,062,012	669,372
	-	-	3,316,642	1,149,372

(1) Moore Stephens audited certain entities consolidated at 30 June 2008.

No advisory services were performed during the year by the Group's auditors.

The comparability of 2007 to 2008 is impacted by the business combinations of DPF and DPFI, refer Note 27.

26. CONTINGENT LIABILITIES

The following disclosures are relevant in relation to contingent liabilities of the Group as at 30 June 2008:

Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Properties Limited and CPT Manager Limited. The statements of claim in each proceeding allege that Centro Properties Limited and CPT Manager Limited engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations in relation to:

- The classification of liabilities as current or non-current liabilities in its financial reports;
- Its distributable profit forecast; and
- The refinancing of debt.

The claims have been made on behalf of persons or entities who acquired Centro 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 unspecified damages, declarations, interest and costs.

The proceedings are being defended and no amount has been provided for in the financial report. Similar proceedings were commenced against Centro Retail Limited and Centro MCS Manager Limited, a subsidiary of the Group.

Guarantees

- Guarantee of US$1,862 million in respect of Super LLC debt. Pursuant to the Super LLC Agreement, US$664 million of this debt is allocated to Centro Retail Group (CER).
- Guarantee of US$350 million revolver debt, in respect of Centro NP LLC, a subsidiary of Super LLC. Pursuant to the Super LLC Agreement, US$252 million of this debt is allocated to CER.
- Limited Guarantee of US$424 million, in respect of the $424 million loan to US subsidiaries of Super LLC, limited to amounts necessary to bring the loan into compliance with certain specified debt service coverage ratios under specified circumstances.
- Bank guarantees of $5 million each have been arranged by the Group in the name of CPT Manager Limited, Centro MCS Manager Limited and Centro Funds Management Limited to guarantee obligations under Australian Financial Services Licence and responsible entity requirements.

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 and Direct Property Fund International in relation to their investment in Centro Retail Investment Trust. The guarantee may be called upon on the seventh anniversary of the establishment of Centro Retail Investment Trust or on the occurrence of certain liquidity trigger events. The Group has the option to settle this obligation through the redemption of units held in Direct Property Fund and Direct Property Fund International in return for units in Centro Retail Investment Trust. 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 Centro Retail Investment Trust. A liability of $23.9 million has been recognised on the Group's balance sheet for this potential exposure.
- Liquidity guarantees of $50 million each have been issued to Direct Property Fund and Direct Property Fund International. These guarantees are subject to increases of up to $51 million in total across the DPF and DPFI in the event that the Group's total economic interest in either fund falls below 35%. The Group currently consolidates both these funds.
- Centro's more recent CMCS syndicates include limited liquidity mechanisms for investors after the third anniversary of the establishment of the syndicate. Syndicates to which this mechanism applies include CMCS 37, CMCS 38, Centro Australia Wholesale Fund and Centro America Fund. Based on current net asset backing and external ownership interest, this arrangement may result in Centro acquiring annually up to three million units, in aggregate, in these syndicates at their then net asset backing.

In addition to the liquidity mechanisms detailed above the Group has provided limited liquidity mechanisms in the form of put options to certain investors at historic net asset backing. The fair value of these put options is reflected as a financial liability on the Group's balance sheet.

- The Group has provided put options and limited liquidity mechanisms over $42.8 million of units in Centro Premium Fund to third party investors and the financier of those investors. The limited liquidity mechanisms are held by the investors and may be exercised on the second anniversary of the fund, being between April 2009 and June 2009, while the put options may be exercised in the first 22 months of the fund or by the financier on the occurrence of certain trigger events. A liability of $7.2 million has been recognised on the Group balance sheet for this potential exposure.

Redemptions

There was the opportunity for redemption in relation to certain outside equity interests within Centro NP LLC, a subsidiary of Super LLC, from April 2008. The maximum redemption was US$85 million however this was contingent on unitholders exercising their right for redemption. As of the date of this report, unitholders of US$45 million of these units have elected redemption, of which US$35 million has been paid, with US$10 million remaining outstanding. The total outstanding as at the date of this report is approximately $50 million. This has been recorded as a liability on the Group balance sheet.

27. BUSINESS COMBINATIONS

Direct Property Fund International

(a) Summary of Acquisition

On 25 January 2008 Centro acquired 3.83 percent of the issued capital of Direct Property Fund International ("DPFI") from Lipoma Pty Ltd in settlement of a put option, increasing Centro's voting interest in DPFI from 47.97% at 31 December 2007 to 51.80%, giving Centro control over DPFI and its controlled entities. As Centro was a co-investor with DPFI in a number of managed funds, the business combination has resulted in the consolidation of these managed funds by the Group. The fair value allocations are provisional as of 30 June 2008.

Prior to the acquisition, Centro accounted for its interest in DPFI using the equity method. The acquired business contributed revenues of $200.2 million and net loss of ($110.9) million to Centro for the period from 25 January 2008 to 30 June 2008. If the combination had taken place at the beginning of the year, the revenue for the Group would have been $529.9 million and the loss from continuing operations would have been ($387.1) million.

Details of the fair value of assets and liabilities acquired as at 25 January 2008 are as follows:

	$'000
Cash paid	49,385
Equity accounted balance given up	1,667,321
Total purchase consideration	1,716,706
Fair value of net identifiable assets acquired attributable to unit holders of Centro (refer (c) below)	1,522,876
Goodwill	193,830
Impairment of goodwill (Note 12)	(193,830)
Net goodwill recognised on acquisition	-

(b) Purchase Consideration

The cash outflow on acquisition is as follows:	**$'000**
Cash consideration paid	49,385
Less balance acquired	(77,740)
Net consolidated cash inflow	(28,355)

27. 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	77,740	77,740
Restricted cash	10,516	10,516
Receivables	21,798	128,273
Distribution receivables	927	927
Other current assets	1,593	1,593
Total Current Assets	**112,574**	**219,049**
Non Current Assets		
Financial assets at fair value through profit and loss	225,695	650,400
Investment property	5,171,327	5,171,327
Derivative financial instruments	61	61
Other financial assets	13,620	13,620
Other non current assets	27,397	107,816
Total Non Current Assets	**5,438,100**	**5,943,224**
Total Assets	**5,550,674**	**6,162,273**
Current Liabilities		
Payables	73,711	73,711
Interest bearing liabilities	8,812	8,812
Interest payable (on equity notes)	8,439	8,439
Derivative financial instruments	2,921	2,921
Provisions – distribution payable	20,889	20,889
Total Current Liabilities	**114,772**	**114,772**
Non Current Liabilities		
Interest bearing liabilities	2,953,900	2,931,013
Deferred tax liabilities	98,367	98,367
Total Non Current Liabilities	**3,052,267**	**3,029,380**
Total Liabilities	**3,167,039**	**3,144,152**
Net Assets	**2,383,635**	**3,018,121**
Less fair value of net assets attributable to external minority interests acquired:	860,759	
Net assets related to unit holders of Centro acquired:	1,522,876	

Direct Property Fund

(a) Summary of Acquisition

On 9 May 2008 Direct Property Fund (DPF) converted 279,710,679 equity notes belonging to Centro into ordinary units. The conversion increased Centro's voting ownership percentage from 46.81% at 31 December 2007 to 53.65%, giving Centro control over DPF and its controlled entities. No consideration was provided for the conversion. As Centro was a co-investor with DPF in a number of managed funds, the business combination has resulted in the consolidation of these managed funds by the Group. The fair value allocations are provisional as of 30 June 2008.

Prior to the acquisition, Centro accounted for its interest in DPF using the equity method. The acquired business contributed revenues of $128.9 million and net profit of $56.6 million to Centro for the period from 9 May 2008 to 30 June 2008. If the combination had taken place at the beginning of the year, the revenue for the Group would have been $985.4 million and loss from continuing operations would have been ($1,382) million.

Details of the fair value of assets and liabilities acquired as at 9 May 2008 are as follows:

	$'000
Cash paid	-
Equity accounted balance given up	2,873,647
Total purchase consideration	2,873,647
Fair value of net identifiable assets acquired attributable to unit holders of Centro (refer to (c) below)	2,835,194
Goodwill on acquisition	38,453

(b) Purchase Consideration

The cash outflow on acquisition is as follows:	$'000
Cash consideration paid	-
Less balance acquired	(82,107)
Net consolidated cash inflow	(82,107)

27. 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	82,107	82,107
Restricted cash	69,104	69,104
Derivative financial instruments	116,250	116,250
Distribution receivables	6,786	6,786
Receivables	142,855	142,855
Other current assets	54,377	54,377
Total Current Assets	**471,479**	**471,479**
Non Current Assets		
Financial assets at fair value through profit and loss	1,233,792	906,792
Investments accounted for using equity method	818,557	818,557
Investment property	12,311,525	12,311,525
Plant and equipment	16,443	16,443
Derivative financial instruments	639	639
Intangible assets	-	461,037
Other financial assets	17,813	28,496
Total Non Current Assets	**14,398,769**	**14,543,489**
Total Assets	**14,870,248**	**15,014,968**
Current Liabilities		
Payables	357,525	357,525
Interest bearing liabilities	4,425,667	4,425,667
Interest payable (on equity notes)	9,921	9,921
Derivative financial instruments	14,633	14,633
Provisions – distribution payable	33,003	33,003
Total Current Liabilities	**4,840,749**	**4,840,749**
Non Current Liabilities		
Payables	2,236	34,006
Interest bearing liabilities	4,301,763	4,336,318
Deferred tax liabilities	38,894	38,894
Other non current liabilities	6,142	6,142
Total Non Current Liabilities	**4,349,035**	**4,415,360**
Total Liabilities	**9,189,784**	**9,256,109**
Net Assets	**5,680,464**	**5,758,859**
Less fair value of net assets attributable to external minority interests acquired:	2,845,270	
Net assets related to unit holders of Centro acquired:	2,835,194	

2007

Heritage Property Investment Trust

(a) Summary of Acquisition

On 5 October 2006 the Group acquired 100% of the issued capital of Heritage Property Investment Trust (Heritage).

The acquired business contributed revenues of $47.3m and net profit of $34.6m to the Group for the year ended 30 June 2007. As a result of the changes made to the business post acquisition including the disposal of a number of properties it is not possible to determine the impact on consolidated revenue and consolidated profit for the year ended 30 June 2007 had the acquisition occurred on 1 July 2006.

The goodwill is attributable to the acquired services business. The fair value of assets and liabilities acquired are based on discounted cash flows. Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	974,973
Direct costs relating to the acquisition	38,482
Total purchase consideration (refer to (b) below)	1,013,455
Fair value of net identifiable assets acquired (refer to (c) below)	905,501
Goodwill	107,954

(b) Purchase Consideration

Outflow of cash net of cash acquired	
Cash consideration	1,013,455
Less: Balances acquired	
Cash	77,396
Outflow of cash	936,059

(c) Assets and Liabilities Acquired

The assets and liabilities arising from the acquisition are as follows:	
Fair value of identifiable net assets of controlled entity acquired:	
Short term investments	18,124
Receivables	50,445
Property investments	4,362,812
Plant & equipment	2,936
Other assets	38,098
	4,472,415
Less Payables	75,064
Borrowings	1,885,479
Other liabilities	171,629
	2,132,172
Net assets	2,340,243
Less fair value of net assets acquired by:	
- CMCS 39	455,646
- CMCS 40	451,919
- Centro America Fund	527,177
	1,434,742
Residual net identifiable assets acquired	905,501

27. BUSINESS COMBINATIONS (continued)

New Plan Excel Realty Property Trust

(a) Summary of Acquisition

On 20 April 2007, as part of the overall acquisition of Centro Super LLC, an entity jointly owned by Centro Properties Group and Centro Retail Trust, acquired 100% of the issued capital of New Plan Excel Realty Property Trust. At 30 June 2007 end the Group equity accounted its interest in Centro Super LLC. Detailed below is the composition of the Groups underlying interest in Centro Super LLC at 5 April 2007, which is the date that Centro Super LLC obtained control of New Plan Excel Realty Property Trust. The Group's interest in Centro Super LLC includes its share of Centro Super LLC's acquisition funding arrangements.

The acquired business contributed income of $14.5m to the Group for the period to 30 June 2007. As a result of the acquisition costs expensed during the period and the intended disposals of certain assets, the extrapolation of the results since acquisition would not provide a meaningful insight into the impact on consolidated revenue and consolidated profit for the year ended 30 June 2007 had the acquisition occurred on 1 July 2006.

The goodwill is attributable to the acquired services business. The fair value of assets and liabilities acquired are based on discounted cash flows.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	913,850
Direct costs relating to the acquisition	41,910
Total purchase consideration (refer to (b) below)	955,760
Fair value of net identifiable assets acquired (refer to (c) below)	(2,824)
Goodwill	958,584

(b) Purchase Consideration

Outflow of cash net of cash acquired	
Cash consideration	955,760
Less: Balances acquired	
Cash	118,566
Outflow of cash	837,194

(c) Assets and Liabilities Acquired

The assets and liabilities arising from the acquisition are as follows:	
Fair value of identifiable net assets of controlled entity acquired:	
Short term investments	149,403
Receivables	88,152
Property investments	3,892,525
Other assets	314,144
	4,444,224
Less Payables	108,428
Borrowings	3,952,769
Other liabilities	385,851
	4,447,048
Net identifiable liabilities acquired	(2,824)

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Chairman – Non-executive

B. Healey (retired 30 June 2008)

Executive Directors

A.T. Scott, Chief Executive Officer (resigned 14 January 2008)

Non-executive Directors

P. G. Goldie

S. Kavourakis

L. P. Wilkinson

J. Hall

P. Cooper (appointed Chairman 1 July 2008)

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, indirectly or directly, during the financial year:

Name	Position	Employer
G. Rufrano (1)	Chief Executive Officer	Centro Properties Limited
G. Terry	Chief Operating Officer	Centro Properties Limited
R. Nenna(2)	Chief Financial Officer	Centro Properties Limited
A. Clarke(3)	Chief Financial Officer	Centro Properties Limited
J. Hutchinson	General Counsel	Centro Properties Limited
P. Kelly	General Manager Institutional Funds Management	Centro Properties Limited
M. Wilson	Chief Investment Officer	Centro Properties Limited

Mr Torney was on annual leave and leave without pay from 1 July 07, resigned 7 January 2008. As such Mr Torney is not included herein as he had no responsibility for planning, directing and controlling the activities of the Group.

(1) Mr Rufrano held the position of CEO Centro US Centro Watt JV until appointed CEO Centro Properties Limited effective 15 January 2008

(2) Mr Nenna resigned from the Group with effect from 31 March 2008.

(3) Mr Clarke joined the Group with effect from 12 March 2008.

(a) Key Management Personnel Compensation

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $	30.06.07 $	30.06.08 $	30.06.07 $
Short-term employee benefits	-	-	8,488,926	9,350,668
Post-employment benefits	-	-	381,566	578,749
Termination benefits	-	-	4,620,465	-
Share-based payments	-	-	3,163,290	2,539,245
	-	-	16,654,247	12,468,662

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Information relating to loans provided to key management personnel, security holdings of key management personnel and the operation of the Executive Option Plan are provided below. Information relating to the operation of the Centro Properties Employee Security Plan is provided at note 24. The remuneration information and other information included in the remuneration report and this note relates to remuneration provided to the Directors and other key management personnel of the Group for year to 30 June 2008.

Equity Instrument Disclosures Relating to Key Management Personnel

Centro Executive Option Plan

The following options were granted to key management personnel during the 2008 financial year (2007:nil). This excludes share issues under ESP that are considered options under AASB2 - share based payment.

	Number	Exercise Price $	Fair Value per Option at Grant Date $
Options Granted During 2008			
G. Rufrano			
Chief Executive Officer	1,000,000	0.50	0.056
	878,200	7.96	1.473
	1,878,200		

Options Provided as Remuneration

When issued, the fair value of options granted to key management personnel is assessed at the grant date and included in remuneration over the period from grant date to vesting date, based upon periodic assessments of the probability of options vesting. Fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected distribution yield and the risk-free interest rate for the term of the option. Refer also to accounting policy at Note 1(o).

Security Holdings

The numbers of securities in the Group held during the financial year by each Director and other key management personnel of the Group, including their personally-related entities, are set out below:

2008 Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Other Changes During the Year[1]	Balance at the End of the Year
Directors of the Group Ordinary Securities				
B. Healey	105,535	-	15,000	120,535
A. T. Scott	5,105,130	-	(5,105,130)[2]	-
P. G. Goldie	34,971	-	-	34,971
S. Kavourakis	28,117	-	5,000	33,117
L. P. Wilkinson	10,000	-	-	10,000
J. W. Hall	3,833	-	8,000	11,833
P. Cooper	-	-	-	-
Other Key Management Personnel of the Group Ordinary Securities				
G. Terry	2,913,674	-	(1,973,674)	940,000[3]
M. Wilson	1,440,000	-	(230,000)	1,210,000
P. Kelly	900,000	-	(150,000)	750,000
R. Nenna	2,041,000	-	(2,041,000)[4]	-
J. Hutchinson	1,942,534	-	(1,017,534)	925,000
T. Clarke	-	-	-	-
G. Rufrano	-	-	132,600	132,600

(1) For executive Directors and other key management personnel, this primarily represents issues / disposals under the Centro Properties Employee Security Plan.

(2) Movements for the year reflects resignation of Mr Scott effective 14 January 2008. 2,265,000 securities were forfeited and the remainder are removed from disclosure requirements.

(3) Includes 14,820 units which Mr Terry must deliver to the Company or provide funds to an equivalent value. Subsequent to 30 June 2008, Mr Terry has complied with this provision.

(4) Movements for the year reflects resignation of Mr Nenna effective 31 March 2008. 1,235,000 securities were forfeited and the remainder are removed from disclosure requirements.

2007 Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Other Changes During the Year(1)	Balance at the End of the Year
Directors of the Group				
Ordinary Securities				
B. Healey	105,535	-	-	105,535
A. T. Scott	4,301,919	-	803,211	5,105,130
P. G. Goldie	34,040	-	931	34,971
S. Kavourakis	27,502	-	615	28,117
L. P. Wilkinson	10,000	-	-	10,000
J. W. Hall	3,833	-	-	3,833
Other Key Management Personnel of the Group Ordinary Securities				
G. Terry	2,364,624	-	549,050	2,913,674
M. Wilson	1,040,000	-	400,000	1,440,000
T. Torney	1,432,234	-	350,000	1,782,234
R. Nenna	1,690,000	-	351,000	2,041,000
J. Hutchinson	1,597,170	-	345,364	1,942,534
P. Kelly	460,000		440,000	900,000

(1) For executive Directors and other key management personnel, this primarily represents issues under the Centro Properties Employee Security Plan.

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:

2008 Group	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 $
Directors of Centro Properties Group					
A. T. Scott	10,479,538	-	564,414	-(1)	16,502,803
Other Key Management Personnel of the Group					
G. Terry	6,427,421	-	657,066	6,799,169	9,611,129
M. Wilson	6,799,754	-	553,241	7,160,613	7,549,556
T. Torney	5,106,263	-	200,700	-(1)	5,106,263
P. Kelly	4,981,189	-	468,206	5,771,904	6,615,462
R. Nenna	4,890,523	-	388,062	-(1)	7,699,330
J. Hutchinson	5,381,621	-	514,170	5,483,986	7,358,626
TOTAL	33,586,771	-	2,781,445	25,215,672	43,940,366

(1) Balance at the end of 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.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2007 Group	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 $
Directors of Centro Properties Group					
A. T. Scott	5,912,848	-	631,107	10,479,538	10,479,538
Other Key Management Personnel of the Group					
G. Terry	3,547,709	-	384,043	6,427,421	6,427,421
M. Wilson	2,051,646	-	340,779	6,799,754	6,799,754
T. Torney	3,226,588	-	320,815	5,106,263	5,106,263
P. Kelly	1,281,262	-	241,104	4,981,189	4,981,189
R. Nenna	3,813,174	-	335,092	4,890,523	4,890,523
J. Hutchinson	3,661,854	-	348,174	5,381,621	5,381,621
TOTAL	17,582,233	-	1,970,007	33,586,771	33,586,771

These loans are provided to key management personnel to fund the acquisition of securities under the Employee Security Plan and Executive Option Plan.

These loans are to be repaid via distributions received from the underlying security holding, subject to certain loan to security value criteria. As discussed in the Remuneration Report, the maximum amount recoverable is the value of the share price at settlement date. The loan term is a period of ten years. An interest rate of 7.7% per annum was used to determine interest not charged during period.

These securities issued are treated as options under AIFRS and as such, no loans are recorded on the Group's Balance Sheet.

The amounts shown for interest not charged in the above tables represent the difference between the amounts paid/payable for the year and the amount of interest that would have been charged on an arm's length basis.

Other transactions with key management personnel

There were no other transactions with key management personnel that were not conducted on a normal arms length basis. All transactions with key management personnel require sign-off by the Board. The Group has established a policy that requires all 'non-standard' transactions to be subject to prior review 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) Subsidiaries

Interest in subsidiaries are set out in Note 29(e).

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 28.

(d) Information on Related Parties and Transactions

(i) Profit/(loss) as detailed in note 4 was derived from controlled and related entities on the basis outlined in Note 1.

(ii) The names of persons who were Directors of Centro Properties Limited and CPT Manager Limited during the financial year are as follows:
Brian Healey (retired 30 June 2008)
Andrew Thomas Scott (resigned on 14 January 2008)
Peter Graham Goldie
Sam Kavourakis
Louis Peter Wilkinson
Paul Cooper
Jim Hall

(iii) All of the Directors received or were entitled to receive distributions either beneficially or as Director or Trustee of associated entities.

(iv) Details of transactions by Directors of securities in the Group during the year ended 30 June 2008 are disclosed in Note 28.

(v) The ultimate controlling entities in the Group are Centro Properties Limited and Centro Property Trust. Details of the significant controlled entities are disclosed in Note 29(e). All entities are incorporated in either Australia, New Zealand or the United States of America.

(vi) The Trust is the principal borrower for the Group and members of the Group (i.e. the Company and the Trust) have entered into cross guarantees to support its obligations.

The Company borrows from the Trust on an unsecured basis. The balance outstanding at 30 June 2008 totals $1,372,026,000 (2007: $731,289,000).

Interest paid by the Company to the Trust during the year amounted to $106,407,383 (2007: $107,091,000).

The effects of the above transactions have been eliminated in the consolidated accounts.

Share of profits from associates is contained in note 29. Fee income derived from associates of the Group by the Group is shown at item 29(e).

(vii) Loans receivable from / payable to related parties are disclosed in note 8 and 16 respectively. The interest bearing portion of the loans receivable is $360 million of which $248 million is due from Centro MCS Syndicates and $112 million is due from Centro Retail Group. The effective average interest rate charged on the loans, where applicable, is 9.03%.

(viii)Loans to Directors are disclosed in Note 28.

29. RELATED PARTY DISCLOSURES (continued)

(ix) The Group has earned fees from related parties as detailed below:
The ultimate parent, Centro Properties Limited, did not earn any fees directly from related parties in 2008 (2007: nil).

2008	Property Management $	Development and Leasing $	Funds Management $	Total $	Amount Included in Receivables as at 30 June 2008 $
Centro MCS Syndicate No. 2	187,515	15,040	454,489	657,044	168,689
Centro MCS Syndicate No. 3	158,333	12,980	846,671	1,017,984	-
Centro MCS Syndicate No. 4	283,996	117,909	6,218,739	6,620,644	35,454,760
Centro MCS Syndicate No. 5	389,094	139,900	1,018,565	1,547,559	763,177
Centro MCS Syndicate No. 6	443,484	254,844	958,033	1,656,361	1,833,661
Centro MCS Syndicate No. 8	600,050	448,151	1,266,725	2,314,926	991,889
Centro MCS Syndicate No. 9	1,001,322	372,632	1,744,468	3,118,422	15,212,654
Centro MCS Syndicate No. 10	291,881	91,046	869,257	1,252,184	-
Centro MCS Syndicate No. 11	636,990	269,830	1,538,893	2,445,713	629,798
Centro MCS Syndicate No. 12	339,350	306,353	1,150,024	1,795,227	8,688,075
Centro MCS Syndicate No. 14	411,406	240,833	6,775,115	7,427,354	2,450,837
Centro MCS Syndicate No. 15	270,304	52,556	633,103	955,963	149,766
Centro MCS Syndicate No. 16	130,885	16,586	380,017	527,488	15,538,700
Centro MCS Syndicate No. 17	73,501	5,835,541	83,561	5,992,603	5,763,456
Centro MCS Syndicate No. 18	245,923	1,806,779	537,455	2,590,157	2,198,866
Centro MCS Syndicate DPI No. 19	609,785	248,485	1,091,570	1,949,840	2,891,094
Centro MCS Syndicate No. 20	92,053	42,514	419,684	554,251	100,614
Centro MCS Syndicate No. 21 Property Trust	-	-	1,693,060	1,693,060	2,566,462
Centro MCS Syndicate No. 22 Property Trust	47,153	3,388	382,464	433,005	352,994
Centro MCS No. 23 Property Syndicate	164,130	174,769	363,370	702,269	188,596
Centro MCS Syndicate No. 24	256,429	532,358	764,893	1,553,680	-
Centro MCS Syndicate No. 25	228,919	93,421	934,708	1,257,048	-
Centro MCS Syndicate No. 26	859,034	-	3,187,323	4,046,357	-
Centro MCS Syndicate No. 27	447,924	10,221	687,145	1,145,290	-
Centro City MCS Syndicate No.28	113,731	48,122	1,463,972	1,625,825	4,313,484
Centro MCS Syndicate No. 30	58,264	29,051	147,081	234,396	-
Centro MCS Syndicate No. 32			1,609,086	1,609,086	-
Centro MCS Syndicate No.33	157,030	2,370,784	1,541,316	4,069,130	2,441,755
Centro MCS Syndicate No.34	157,168	463,023	955,823	1,576,014	5,602,302
Centro MCS Syndicate No. 35			1,059,272	1,059,272	1,645,605
Centro MCS Syndicate No. 36	3,124,442	757,136	1,769,512	5,651,090	-
Centro MCS Syndicate No. 37	924,305	610,000	93,208	1,627,513	2,199,659
Centro MCS Syndicate No. 38	3,425,937	-	957,650	4,383,487	-
Centro MCS Syndicate No. 39	3,168,619	-	2,030,208	5,198,827	-
Centro MCS Syndicate No. 40	2,663,215	-	1,737,129	4,400,344	-
CWAR 1	2,740,312	2,261	5,760,949	8,503,522	-
CWAR 10	565,235	-	348,982	914,217	-
CSFJV	13,047,415	1,153,305	5,716,028	19,916,748	-
Centro Direct Property Fund No. 1	-	-	15,922,808	15,922,808	-
Centro DPF International	-	-	7,114,013	7,114,013	-
Centro WCJV, LP Inc	-	-	-	-	-
Centro Super LLC	26,927,429	12,907,972	11,538,776	51,374,177	-
Retail Co-Investment Trust	-	-	-	-	-
Centro Retail Trust	4,413,963	78,603	28,059,704	32,552,270	-
Centro Australia Wholesale Fund	8,994,408	1,246,855	12,340,271	22,581,534	-
Centro America Fund	-	-	5,055,000	5,055,000	-

Centro Premium Fund No. 1	-	-	-	-	1,187,350
Lutwyche Holding Trust	146,527	-	-	146,527	-
Centro Shopping Centre Securities LTD	-	-	-	-	5,864,732
Centro Armdale Properties Trust	594,874	-	-	594,874	351,918
Bankstown Partnership	1,637,841	-	-	1,637,841	1,800,000
Centro Karingal Holding Trust	804,751	-	-	804,751	603,177
Tuggeranong Town Centre Trust	1,098,829	-	-	1,098,829	16,020
TOTAL	82,933,756	30,753,248	139,220,120	252,907,124	121,970,089

2007	Property Management $	Development and Leasing $	Funds Management $	Total $	Amount Included in Receivables as at 30 June 2007 $
Centro MCS Syndicate No. 3 (from 1 October 2006)	98,231	-	802,617	900,848	962,678
Centro MCS Syndicate No. 37 (until 1 January 2007)	209,042	-	1,157,776	1,366,818	-
Centro MCS Syndicate No. 38 (until 23 April 2007)	-	-	5,040,169	5,040,169	-
Centro Direct Property Fund No. 1	-	-	18,879,902	18,879,902	12,568,537
Centro DPF International	-	-	7,232,190	7,232,190	2,986,408
Centro WCJV, LP Inc	-	-	-	-	-
Centro Super LLC (from 5 April 2007)	4,627,296	2,553,457	10,190,323	17,371,076	-
Retail Co-Investment Trust	-	-	-	-	592,029
Centro Retail Trust (until 14 June 2007)	3,971,947	1,400,590	23,094,689	28,467,226	77,927,276
Centro MCS Syndicate No. 39	-	-	2,244,082	2,244,082	13,718,984
Centro MCS Syndicate No. 40	-	-	2,021,002	2,021,002	13,811,222
Centro Australia Wholesale Fund	4,842,228	939,863	26,718,261	32,500,351	25,432,188
Centro America Fund	-	-	3,473,269	3,473,269	16,021,720
CTT Holding Trust (Buranda)	-	34,765	-	34,765	86,089
Lutwyche Holding Trust	140,180	-	-	140,180	-
Broken Hill Trust (from 1 June 2007)	63,759	-	-	63,759	49,774
CSIF Wodonga Sub Trust (from 1 June 2007)	8,533	-	-	8,533	162,012
Centro Wodonga Partnership (to 30 November 2006)	42,667	-	-	42,667	-
Centro Karingal Holding Trust (from 1 December 2006)	226,077	223,238	-	449,315	325,233
Centro City Perth Property Trust (from 1 March 2007)	51,012	-	-	51,012	207,472
Box Hill Central Holding Trust (from 1 December 2006)	134,457	-	-	134,457	308,047
Halls Head Trust (from 1 December 2006)	33,039	-	-	33,039	201,878
Centro Lavington Sub Trust (from 1 December 2006)	350	-	-	350	-
Centro Mandurah Holding Trust (from 1 December 2006)	354,691	-	-	354,691	209,853
Warwick Grove Trust (from 1 December 2006)	171,786	13,486	-	185,272	274,115
Whitehorse Plaza Trust (from 1 December 2006)	58,862	12,635	-	71,497	111,982
Centro Cannonvale Sub Trust (from 1 December 2006)	-	83,940	-	83,940	290,970

Continued over page…

29. RELATED PARTY DISCLOSURES (continued)

2007	Property Management $	Development and Leasing $	Funds Management $	Total $	Amount Included in Receivables as at 30 June 2007 $
Bankstown Partnership (until 30 November 2006)	313,793	85,452	-	399,245	-
Roselands Investment Trust (until 30 November 2006)	265,485	-	-	265,485	-
Centro Arndale Property Trust (until 30 November 2006)	105,838	-	-	105,838	-
Centro Karratha Sub Trust (until 30 November 2006)	97,458	5,192	-	102,650	-
Victoria Gardens Retail Trust No. 1 (until 30 November 2006)	139,339	-	-	139,339	-
Centro Galleria Morley Head Trust (until 30 November 2006)	272,828	50,217	-	323,045	-
Centro Toombul Head Trust (until 30 November 2006)	189,451	66,500	-	255,951	-
Southport Holding Trust (until 30 November 2006)	53,123	2,641	-	55,764	-
Springwood Holding Trust (until 30 November 2006)	45,128	-	-	45,128	-
Taigum Holding Trust (until 30 November 2006)	66,082	-	-	66,082	-
Centro Tweed Sub Trust (until 30 November 2006)	75,728	-	-	75,728	-
Mildura Centre Plaza Trust (until 30 November 2006)	92,651	37,699	-	130,350	-
The Glen Property Trust (until 30 November 2006)	250,536	73,354	-	323,890	-
Centro Colonnades Head Trust (until 30 November 2006)	215,425	307,951	-	523,376	-
Mornington Hldng Trust Dir. (until 30 November 2006)	40,322	-	-	40,322	-
Keilor Downs Tr Consol (until 30 November 2006)	160,747	8,021	-	168,768	-
Cranbourne Holding Trust (until 30 November 2006)	39,155	8,021	-	47,176	-
Hervey Bay Holding Trust (until 30 November 2006)	38,495	-	-	38,495	-
Tuggeranong Town Centre Trust (until 30 November 2006)	216,554	-	-	216,554	-

(x) The Group acts as counterparty to the derivatives held by a number of its managed funds. These transactions are undertaken on an arms length basis. The amount included in derivative financial instruments as at 30 June 2008 for related parties is detailed below.

	Fair Value of Derivatives as at 30 June 2008 $	Fair Value of Derivatives as at 30 June 2007 $
Centro MCS Syndicate No. 4	829,000	-
Centro MCS Syndicate No. 5	1,582,000	653,000
Centro MCS Syndicate No. 6	1,281,000	-
Centro MCS Syndicate No. 8	876,000	231,000
Centro MCS Syndicate No. 9	6,353,000	3,912,000
Centro MCS Syndicate No. 10	1,800,000	920,000
Centro MCS Syndicate No. 11	1,559,000	517,000
Centro MCS Syndicate No. 12	856,000	284,000
Centro MCS Syndicate No. 14	538,000	-
Centro MCS Syndicate No. 15	1,454,000	891,000
Centro MCS Syndicate No. 16	659,000	320,000
Centro MCS Syndicate No. 17	2,615,000	1,665,000
Centro MCS Syndicate No. 18	1,179,000	843,000
Centro MCS Syndicate DPI No. 19	2,926,000	2,921,000
Centro MCS Syndicate No. 20	5,412,000	1,301,000
Centro MCS Syndicate No. 21 Property Trust	2,913,000	2,135,000
Centro MCS Syndicate No. 22 Property Trust	635,000	423,000
Centro MCS No. 23 Property Syndicate	755,000	453,000
Centro City MCS Syndicate No.28	5,471,000	3,471,000
Centro MCS Syndicate No. 33	3,531,000	2,158,000
Centro MCS Syndicate No. 34	2,683,000	2,024,000
Centro MCS Syndicate No. 35	9,742,000	6,348,000
Centro MCS Syndicate No. 37	7,800,000	7,071,000
Centro Premium Fund No. 1	-	-

29. RELATED PARTY DISCLOSURES (continued)

(e) Ownership Interests in Significant Controlled Entities

	Issued Capital Group Entity Interest	
Name of Entity	30.06.08 %	30.06.07 %
Centro Properties Limited	100	100
Centro Property Trust	100	100
Centro Australia Wholesale Fund[2]	100	-
Centro America Fund[1]	94.9	-
Centro Retail Trust[2]	50.6	-
Direct Property Fund[2]	53.6	-
Direct Property Fund International[1]	93.6	-
Super LLC[2]	100	-
Centro (CPL) Ltd	100	100
Centro Asset Management Pty Ltd	100	100
Centro Corporate Services Pty Ltd	100	100
Centro Development Management Pty Ltd	100	100
Centro Development Trust	100	100
Centro Funds Management Ltd	100	100
Centro Management Services Trust	100	100
Centro MCS Manager Limited	100	100
Centro MCS Property Funds Limited	100	100
Centro New Plan Inc.	100	100
CPM (ACT) Pty Ltd	100	100
CPM (NSW) Pty Ltd	100	100
CPM (QLD) Pty Ltd	100	100
CPM (SA) Pty Ltd	100	100
CPM (WA) Pty Ltd	100	100
Centro CNP Exchangeable Sub Trust	100	100
Centro Syndication Finance Pty Ltd	100	100
Centro WCJV, LP Inc.	100	100
Centro WCJV, GP Inc.	100	100
CPT Custodian Pty Limited	100	100
CPT Manager Limited	100	100
Centro (CPT) Trust	100	100
Centro Heritage Residual Sub Trust	100	100
Centro Heritage Residual Sub Trust No. 2	100	100
Centro MCS Syndicate Investment Fund	82.4	95.9
Centro Retail Holding Trust	100	100
Centro Super Holding Trust No.2	100	100
Centro Super Holding Trust No.4	100	100
Centro MCS 32[1]	53.1	-
Centro MCS 36[1]	52.7	-
Centro MCS 38[1]	82.7	-
Centro MCS 39[1]	100	-
Centro MCS 40[1]	100	-
Centro Wait America REIT 1 Inc[1]	100	-
Centro Wait America REIT 10 Inc[1]	100	-
Centro MCS 3[2]	100	-
Centro MCS 24 Investment Trust[2]	52.1	-
Centro MCS 24 Property Trust[2]	61.2	-
Centro MCS 25[2]	68.6	-
Centro MCS 26[2]	86.3	-
Centro MCS 27 Investment Trust[2]	60.0	-
Centro MCS 27 Property Trust[2]	79.7	-
Centro MCS 30[2]	53.3	-
Centro Wait America REIT 5 Inc[2]	100	-
CSF REIT[2]	100	-

1 Consolidated as a controlled entity after the Centro DPFI business combination on 25 January 2008.
2 Consolidated as a controlled entity after the Centro DPF business combination on 9 May 2008.

(f) Ownership Interests in Significant Associates Accounted for Using the Equity Method of Accounting

Name of Entity	Ownership Interest 30.06.08 %	Ownership Interest 30.06.07 %	Carrying Amount 30.06.08 $'000	Carrying Amount 30.06.07 $'000	Share of Net Profit 30.06.08 $'000	Share of Net Profit 30.06.07 $'000
Bankstown Partnership[1]	50.0	-	309,640	-	2,164	6,471
Roselands Investment Trust[1]	50.0	-	173,450	-	1,425	3,969
Centro Arndale Property Trust[1]	50.0	-	65,000	-	723	2,076
Tuggeranong Town Centre Trust	50.0	-	72,400	-	452	1,700
Hervey Bay Holding Trust [1]	50.0	-	41,000	-	253	759
Victoria Gardens Retail Trust No. 1[1]	50.0	-	54,000	-	394	1,125
Centro Lutwyche Sub Trust[1]	50.0	50.0	37,700	-	6,418	1,953
Keilor Downs Trust[2]	-	-	-	-	-	2,614
Centro Galleria Morley Head Trust[2]	100	-	-	-	-	6,548
The Glen Centre Trust[2]	100	-	-	-	-	4,613
Centro Toombul Head Trust[2]	100	-	-	-	-	3,576
Centro Colonnades Head Trust[2]	100	-	-	-	-	2,720
Cranbourne Holding Trust[2]	100	-	-	-	-	863
Centro Tweed Sub Trust[2]	100	-	-	-	-	1,267
Mildura Centre Plaza Unit Trust[2]	100	-	-	-	-	1,263
Taigum Holding Trust[2]	100	-	-	-	-	1,157
Southport Holding Trust[2]	100	-	-	-	-	984
Mornington S.C. Unit Trust[2]	100	-	-	-	-	128
Mornington Holding Trust[2]	100	-	-	-	-	610
Springwood Holding Trust[2]	100	-	-	-	-	802
Centro Karratha Sub Trust[2]	100	-	-	-	-	971
Centro Wodonga Partnership[2]	100	50.0	-	-	(3,404)	1,933
Broken Hill Trust[2]	100	50.0	-	-	1,310	1,365
Centro Karingal Holding Trust[2]	-	50.0	-	106,950	1,085	3,262
Box Hill Central Holding Trust[2]	100	50.0	-	-	1,185	2,206
Whitehorse Plaza Trust[2]	100	50.0	-	-	516	1,063
Centro Mandurah Holding Trust[2]	100	50.0	-	-	2,222	3,968
Warwick Grove Trust[2]	100	50.0	-	-	1,471	2,602
Halls Head Trust[2]	100	50.0	-	-	166	322
Centro Cannonvale Sub Trust[2]	100	50.0	-	-	614	1,060
Centro Lavington Sub Trust[2]	100	50.0	-	-	764	1,247
Centro Retail Trust[1,2]	50.6	9.3	-	-	(151,815)	40,062
Centro WCJV, LP Inc[4]	100	50.0	-	53,557	-	23,566
Centro Direct Property Fund[1,2]	53.6	48.7	-	987,078	(82,616)	136,499
Centro MCS Syndicate No. 3[1,2]	100	50.0	-	-[4]	1,121	145
Centro City Perth Property Trust	50.0	50.0	41,250	-[4]	2,376	966
Centro Super LLC[1,2]	100	50.0	-	1,283,374	(412,694)	4,923
Centro DPF International[3]	90.9	49.4	-	1,234,619	(74,346)	46,143
Emerald Village[1]	50.0	-	21,750	-	80	-
Centro Super LLC Joint Ventures[1]	50.0	-	92,673	-	907	-
Heritage Joint Ventures	50.0	50.0	79,539	83,317	583	-
Other	-	-	-	-	5,630	-
TOTAL	-	-	988,402	3,748,895	(693,016)	317,501

1 Accounted for as an associate after the Centro Direct Property Fund business combination on 9 May 2008.
2 Consolidated as a controlled entity after the Centro Direct Property Fund business combination on 9 May 2008.
3 Accounted for as an associate until the Centro Direct Property Fund International business combination on 25 January 2008 and thereafter consolidated as a controlled entity.
4 Consolidated as a controlled entity from acquisition on 1 July 2007.

29. RELATED PARTY DISCLOSURES (continued)

(g) Ownership Interests in Significant Associates Designated as Financial Assets Carried at Fair Value Through Profit or Loss

	Ownership Interest		Carrying Amount		Share of Net Profit	
	30.06.08	**30.06.07**	**30.06.08**	**30.06.07**	**30.06.08**	**30.06.07**
Name of Entity	**%**	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Centro MCS Syndicate No. 2[1]	28.8	-	8,771	-	93	-
Centro MCS Syndicate No. 4[1]	36.2	-	23,166	-	175	-
Centro MCS Syndicate No. 5[1]	24.1	-	18,311	-	144	-
Centro MCS Syndicate No. 6[1]	16.4	-	13,137	-	95	-
Centro MCS Syndicate No. 8[1]	8.8	-	7,931	-	58	-
Centro MCS Syndicate No. 9[1]	9.0	-	9,450	-	81	-
Centro MCS Syndicate Unit Trust No. 9[1]	6.4	-	1,883	-	16	-
Centro MCS Syndicate No. 10[1]	15.3	-	7,458	-	72	-
Centro MCS Syndicate Unit Trust No. 10[1]	31.5	-	4,992	-	49	-
Centro MCS Syndicate No. 11[1]	4.8	-	7,227	-	43	-
Centro MCS Syndicate Unit Trust No. 11[1]	8.4	-	2,655	-	16	-
Centro MCS Syndicate No. 12[1]	11.3	-	5,489	-	49	-
Centro MCS Syndicate Unit Trust No. 12[1]	5.2	-	735	-	7	-
Centro MCS Syndicate No. 14[1]	24.6	-	13,402	-	110	-
Centro MCS Syndicate Unit Trust No. 14[1]	28.0	-	4,155	-	34	-
Centro MCS Syndicate No. 15[1]	18.3	-	7,004	-	60	-
Centro MCS Syndicate Unit Trust No. 15[1]	25.8	-	2,668	-	23	-
Centro MCS Syndicate No. 16[1]	26.8	-	5,337	-	62	-
Centro MCS Syndicate Unit Trust No. 16[1]	52.7	-	589	-	7	-
Centro MCS Syndicate No. 17[1]	6.1	-	4,771	-	41	-
Centro MCS Syndicate Unit Trust No. 17[1]	14.2	-	3,169	-	27	-
Centro MCS Syndicate No. 18[1]	17.5	-	6,622	-	63	-
Centro MCS Syndicate Unit Trust No. 18[1]	29.2	-	2,492	-	24	-
Centro MCS Syndicate Unit Trust No. 19[1]	13.1	-	9,352	-	90	-
Centro MCS Syndicate DPI No. 19[1]	34.9	-	5,050	-	49	-
Centro MCS Syndicate No. 20[1]	16.2	-	3,819	-	42	-
Centro MCS Syndicate No. 21 Holding Trust[1]	22.7	-	7,113	-	50	-
Centro MCS Syndicate No. 21 Property Trust[1]	50	-	42,583	-	300	-
Centro MCS Syndicate No. 22 Investment Trust[1]	22.3	-	3,560	-	58	-
Centro MCS Syndicate No. 22 Property Trust[1]	20.2	-	4,988	-	83	-
Centro MCS 23 Investment Syndicate[1]	40.6	-	3,266	-	23	-
Centro MCS 23 Property Syndicate[1]	26.4	-	5,362	-	38	-
Centro MCS Syndicate No. 28[1]	30.4	-	86,765	-	621	-
Centro MCS Syndicate No. 33[1]	40.4	-	51,989	-	514	-
Centro MCS Syndicate No. 34[1]	42.0	-	26,356	-	243	-
Centro MCS Syndicate No. 35[2]	49.6	-	29,444	-	1,049	-
Centro MCS Syndicate No. 37[1]	49.7	-	35,174	-	377	-
Centro Premium Fund No 1[3]	50.0	50.0	35,594	-	1,909	-
Retail Co-Investment Trust[3]	50.0	50.0	32,810	-	1,035	-
Centro America Fund[4]	-	41.4	-	252,599	7,137	14,773
Centro Australia Wholesale Fund[5]	-	49.9	-	885,389	19,980	24,944
Centro MCS Syndicate No. 39[4]	-	50.0	-	277,046	8,997	15,007
Centro MCS Syndicate No. 40[4]	-	50.0	-	271,708	8,924	14,809

1 Accounted for as an associate after the Centro Direct Property Fund business combination on 9 May 2008.
2 Accounted for as an associate after the Centro Direct Property Fund International business combination on 25 January 2008.
3 Direct associates of CNP.
4 Accounted for as an associate until the Centro Direct Property Fund International business combination on 25 January 2008 and thereafter consolidated as a controlled entity.
5 Accounted for as an associate until the Centro Direct Property Fund business combination on 9 May 2008 and thereafter consolidated as a controlled entity.

	Centro Properties Limited		Centro Properties Limited and its Controlled Entities	
	30.06.08 $'000	30.06.07 $'000	30.06.08 $'000	30.06.07 $'000
Share of Associates' Contingent Liabilities	-	-	-	-
Share of Associates' Expenditure Commitments	-	-	-	-
Summary of the Performance and Financial Position of Associates Accounted by Using Equity Accounting				
Aggregate revenue	-	-	623,830	1,242,875
Aggregate net profits after income tax	-	-	30,604	789,373
Assets	-	-	3,135,401	15,879,974
Liabilities	-	-	897,402	8,775,865
Summary of the Performance and Financial Position of Associates Accounted for as Financial Assets Carried at Fair Value Through Profit or Loss				
Aggregate revenue	-	-	493,159	541,123
Aggregate net (loss)/profits after income tax	-	-	(45,396)	321,657
Assets	-	-	3,981,880	6,111,068
Liabilities	-	-	2,051,668	3,151,080
Share of Reserves Attributable to Associates				
Foreign Translation Reserve				
Balance at the beginning of the financial year	-	-	-	1,096
Net differences on translation of foreign associates	-	-	-	(1,096)
Balance at the end of the financial year	-	-	-	-
Retained Earnings				
Balance at the beginning of the financial year	-	-	396,823	324,398
Share of associated entity's operating profit after tax	-	-	(693,016)	317,501
Distributions received	-	-	(52,868)	(245,076)
Eliminated through business combination	-	-	349,061	-
Balance at the end of the financial year	-	-	-	396,823

30. COMMITMENTS

(a) Capital Commitments

	30.06.08 $'000	30.06.07 $'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
Capital Expenditure:		
Capital Expenditure Projects[1]	214,523	445,649
Payable:		
- Within one year	168,687	378,590
- Later than one year but not later than five years	45,836	67,059
- Later than five years	-	-

(1) Centro Development Management Pty Ltd, a wholly-owned entity of Centro Properties Group, 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.

(b) Superannuation Commitments

Employees are entitled to benefits on retirement, disability or death from the Company sponsored superannuation plan. The Company and employee members make contributions as specified in the rules of the plan. The plan is an accumulation plan, and accordingly, no actuarial assessments are necessary. Company contributions are fully vested from the date of joining and are legally enforceable. The assets of the plan are sufficient to meet all benefits that would have vested in the event of the plan's termination, or the voluntary or compulsory termination of employment of the respective employees. The Company also participates in certain industry plans on behalf of various employees. The plans operate on an accumulation basis and provide lump sum benefits for members, subject to government preservation rules. Contributions are made by the Company in accordance with legally enforceable agreements.

31. OPERATING LEASES

	30.06.08 $'000	30.06.07 $'000
The property of the Group is leased to third parties 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:		
Receivables:		
- Not later than one year	1,338,977	48,080
- Later than one year but not later than five years	3,756,021	179,682
- Later than five years	2,658,214	135,805
	7,753,212	363,567

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

32. EVENTS OCCURRING AFTER REPORTING DATE

On 15 July 2008 the Group announced that it had entered into an agreement for the conditional sale of 29 of 31 properties in Centro America Fund. On 15 September 2008 the Group announced that the due diligence period had expired and the purchaser had elected to terminate the agreement. Notwithstanding termination of the agreement, discussions between the Group and the purchaser are continuing.

On 19 September 2008, Centro Retail Trust announced:

- Agreement for the unconditional sale of a 50% investment in Centro Southport for $34 million at a 9.9% discount to the book value as at 30 June 2008.
- Agreement for the unconditional sale of Centro Barringtons and that it had sold Centro Meadowlands for a combined total NZD$49.9 million representing a 1% discount to the combined 30 June 2008 book values.

Other than that disclosed above, since 30 June 2008, no events have occurred which have had a material impact on the financial position or results of operations of the Group.

Directors' Declaration

In the directors' opinion:

(a) The financial statements and notes set out on pages 34 to103 and remuneration disclosures on pages 15 to 32 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 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

In the opinion of the directors of Centro Properties Limited the financial statements and notes are in accordance with the Constitution dated 31 July 1989.

This declaration is made in accordance with a resolution of the directors.

P. Cooper
Chairman

Signed at Melbourne, 25 September 2008

Independent Audit Report

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website:www.pwc.com/au

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

Report on the financial report

We have audited the accompanying financial report of Centro Properties Limited (the 'Company') and Centro Properties Group (the 'Group'), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Centro Properties Limited and Centro Properties Group. The Group comprises the Company and its controlled entities (including Centro Property Trust at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with 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, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Liability limited by a scheme approved under Professional Standards Legislation

PRICEWATERHOUSECOOPERS

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Centro Properties Limited and Centro Properties Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, we draw attention to Note 1(b) in the financial report which indicates there is significant uncertainty as to whether the Group will continue as a going concern while the Group remains reliant on the support of its lenders through the extension of certain loan facilities 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 32 of the directors' report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Centro Properties Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
25 September 2008

Summary of Securityholders
as at 29 August 2008

SUMMARY OF SECURITYHOLDERS AS AT 29 AUGUST 2008	Fully Paid Ordinary Securities	
Range	Number of Securityholders	% of Issued Securities
1 to 1,000	5,470	0.42%
1,001 to 5,000	13,967	4.87%
5,001 to 10,000	5,931	5.77%
10,001 to 50,000	5,904	16.29%
50,001 to 100,000	841	7.83%
100,001 and Over	739	64.83%
Number of Securityholders	32,852	100.00%
Holdings Less than a Marketable Parcel	12,976	

SUBSTANTIAL SECURITYHOLDERS	Fully Paid Ordinary Securities	
	Number Held	% of Issued Securities
HSBC Custody Nominees (Australia) Limited	87,255,550	10.61%
J P Morgan Nominees Australia Limited	48,575,301	5.91%
Citicorp Nominees Pty Limited <CFS Wsle Property Secs A/C>	41,172,537	5.01%
Citicorp Nominees Pty Limited	24,969,362	3.04%

20 LARGEST SECURITYHOLDERS	Fully Paid Ordinary Securities	
	Number Held	% of Issued Securities
HSBC Custody Nominees (Australia) Limited	87,255,550	10.61%
J P Morgan Nominees Australia Limited	48,575,301	5.91%
Citicorp Nominees Pty Limited <CFS Wsle Property Secs A/C>	41,172,537	5.01%
Citicorp Nominees Pty Limited	24,969,362	3.04%
ANZ Nominees Limited <Cash Income A/C>	18,713,631	2.28%
National Nominees Limited	15,432,248	1.88%
Dynamic Supplies Investments Pty Ltd	9,340,632	1.14%
Merrill Lynch (Australia) Nominees Pty Limited	8,666,512	1.05%
M F Custodians Ltd	7,583,241	0.92%
UBS Wealth Management Australia Nominees Pty Ltd	7,154,903	0.87%
Bond Street Custodians Limited <ENH Property Securities A/C>	6,984,555	0.85%
Lumar Investments Pty Ltd <The Lou Family A/C>	6,190,000	0.75%
Comsec Nominees Pty Limited	5,561,066	0.68%
Centro Mcs Manager Limited <Centro Direct Prop Fund A/C>	5,307,283	0.65%
Citicorp Nominees Pty Limited <CISL Lpt No 1 Account>	4,850,185	0.59%
Citicorp Nominees Pty Limited <CFSIL CFS Wsle Indx Prop A/C>	4,740,376	0.58%
Narlack Pty Ltd <PiperoGlou Pension A/C>	3,513,000	0.43%
Mr Lawrence Lou & Mrs Margaret Lou <Smartec Super Fund A/C>	3,510,000	0.43%
Mr Rino Pisano	3,500,000	0.43%
Mr Adam Garrigan	3,500,000	0.43%
Campbell Kitchener Hume & Associates Pty Ltd <CKH Superfund A/C>	2,850,000	0.35%
Citywest Corp Pty Ltd <Copulos (Sunshine) Unit A/C>	2,850,000	0.35%
Total 20 Largest Securityholders	**322,220,382**	**39.17%**
Total Capital	**822,537,822**	**100.00%**

Directory

Responsible Entity

CPT Manager Limited
ABN 37 054 494 307

Board of Directors

Paul Cooper (Chairman)
Graham Goldie
Sam Kavourakis
Peter Wilkinson
Jim Hall

Company Secretary

Elizabeth Hourigan

Registered Office

Corporate Offices
Level 3
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235 Springvale Road
Glen Waverley Victoria 3150

Telephone	+61 3 8847 0000
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Investor Services	1800 802 400
Email	investor@centro.com.au
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Corporate Solicitors

Freehills

101 Collins Street
Melbourne Victoria 3000

Auditor

PricewaterhouseCoopers

Freshwater Place
2 Southbank Boulevard
Southbank Victoria 3006

Security Registrar

Link Market Services Limited

Level 1, 333 Collins Street
Melbourne Victoria 3000

Centro
Properties Group

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fibre
FSC
www.fsc.org Cert no. SCS-COC-00787
© 1996 Forest Stewardship Council