Centro Shopping Centre Securities Ltd

ACN 122 693 565

Annual financial report
for the year ended 30 June 2010

Centro Shopping Centre Securities Ltd ABN 53 122 693 565
Annual financial report - 30 June 2010

Contents

Directors' report

The Directors of Centro Shopping Centre Securities Ltd (the "Company") present their report on the Company for the year ended 30 June 2010.

Directors
The following persons were Directors of the Company during the whole of the financial year and up to the date of this report (unless otherwise stated):

Paul Cooper (Chairman)
Anna Buduls (appointed 4 November 2009)
Jim Hall
Susan Oliver (appointed 4 November 2009)
Robert Tsenin (appointed 4 November 2009)
Robert Wylie (appointed 4 November 2009)
Graham Goldie (retired 1 October 2009)
Sam Kavourakis (retired 1 October 2009)
Peter Wilkinson (retired 1 October 2009)

Secretary: Elizabeth Hourigan

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

Principal activities
The principal activities of the Company during the year were to raise finance via the issue of commercial mortgage-backed securities to institutional investors and to provide finance to Centro managed vehicles at a competitive interest rate.

The Company has been structured as a conduit vehicle passing all revenues and costs onto Centro-managed vehicles such that the vehicle returns no taxable income.

Dividends
No dividends were paid or declared during, or subsequent to the end of, the financial year (2009: $nil).

Review of operations
The Directors report a profit of $750,693 for the period ended 30 June 2010, compared to a loss of $474,081 for the same period last year.

Significant changes in the state of affairs
The results of the operations of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature. There have been no significant changes in the state of affairs other than as referred to in the Directors’ report.

Matters subsequent to the end of the financial year
No matter or circumstance other than described below has arisen in the interval between 30 June 2010 and the date hereof that has significantly affected, or may significantly affect:
(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on the likely developments in the operations of the Company has not been included in the report because of the volatility in the global economy and the uncertainty this creates with forecasting performance which the Directors believe would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth, State or Territory.

Indemnification and Insurance of Directors and Officers
The Company must indemnify the Directors on a full indemnity basis and to the 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 loss does not arise out of misconduct including lack of good faith.

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

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 3.

Auditor
Moore Stephens continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

Jim Hall
Director

Melbourne
15 September 2010

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF CENTRO SHOPPING CENTRE SECURITIES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Kevin W Neville
Partner

Melbourne, 15 September 2010

Centro Shopping Centre Securities Ltd
Income statement
For the year ended 30 June 2010

	Notes	**30 June 2010 $**	30 June 2009 $
Revenue			
Revenue from continuing operations	3	**42,691,879**	55,156,703
Total revenue		**42,691,879**	55,156,703
Net movement of mark to market derivatives		**(27,723,010)**	8,724,234
Financing costs		**(40,370,539)**	(52,618,094)
Management fees		**(1,385,913)**	(1,029,450)
Other expenses		**(935,427)**	(715,358)
Unrealised gain/(loss) on foreign currency translation		**28,473,703**	(9,992,116)
Net profit/(loss) before income tax expense		**750,693**	(474,081)
Income tax expense		**-**	-
Net profit/(loss) for the year		**750,693**	(474,081)
Net profit/(loss) is attributable to:			
Members of Centro Shopping Centre Securities Ltd		**750,693**	(474,081)

The above income statement should be read in conjunction with the accompanying notes.

Centro Shopping Centre Securities Ltd
Statement of comprehensive income
For the year ended 30 June 2010

	Notes	**30 June 2010 $**	30 June 2009 $
Net profit/(loss) for the year		**750,693**	(474,081)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**750,693**	(474,081)
Total comprehensive income/(loss) for the year is attributable to:			
Members of Centro Shopping Centre Securities Ltd		**750,693**	(474,081)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Centro Shopping Centre Securities Ltd
Balance sheet
As at 30 June 2010

	Notes	**30 June 2010 $**	30 June 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**3,087,593**	2,089,829
Trade and other receivables	5	**258,482,079**	370,629,896
Derivative financial instruments	8	**-**	3,863,231
Total current assets		**261,569,672**	376,582,956
Non-current assets			
Receivables	6	**560,268,186**	529,980,000
Derivative financial instruments	8	**661,059**	-
Total non-current assets		**560,929,245**	529,980,000
Total assets		**822,498,917**	906,562,956
LIABILITIES			
Current liabilities			
Trade and other payables	7	**4,914,671**	3,202,925
Derivative financial instruments	8	**24,520,838**	-
Total current liabilities		**29,435,509**	3,202,925
Non-current liabilities			
Interest bearing liabilities	9	**792,786,795**	903,834,111
Total non-current liabilities		**792,786,795**	903,834,111
Total liabilities		**822,222,304**	907,037,036
Net assets/(liabilities)		**276,613**	(474,080)
EQUITY			
Contributed equity	10	**1**	1
Retained profits / (accumulated losses)		**276,612**	(474,081)
Total equity		**276,613**	(474,080)

The above balance sheet should be read in conjunction with the accompanying notes.

Centro Shopping Centre Securities Limited	Notes	Contributed equity $	Reserves $	(Accumulated losses) /Retained earnings $	Total equity $
Balance at 1 July 2008		**1**	**-**	**-**	**1**
Net profit/(loss) for the year		-	-	(474,081)	(474,081)
Other comprehensive income/(loss)		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**(474,081)**	**(474,081)**
Balance at 30 June 2009		**1**	**-**	**(474,081)**	**(474,080)**

Centro Shopping Centre Securities Limited	Notes	Contributed equity $	Reserves $	(Accumulated losses) / Retained earnings $	Total equity $
Balance at 1 July 2009		**1**	**-**	**(474,081)**	**(474,080)**
Net profit/(loss) for the year		-	-	750,693	750,693
Other comprehensive income(loss)		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**750,693**	**750,693**
Balance at 30 June 2010		**1**	**-**	**276,612**	**276,613**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**30 June 2010 $**	30 June 2009 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**-**	-
Payments to suppliers (inclusive of goods and services tax)		**(1,199,913)**	(4,451,543)
Interest received		**42,026,357**	56,375,185
Interest paid		**(39,828,679)**	(53,430,073)
Net cash inflow/(outflow) from operating activities	11	**997,765**	(1,506,431)
Cash flows from financing activities			
Proceeds from related party loans		**(82,514,928)**	-
Repayments of borrowings		**82,514,928**	-
Net cash (outflow)/inflow from financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**997,765**	(1,506,431)
Cash and cash equivalents at the beginning of the financial year		**2,089,828**	3,596,259
Cash and cash equivalents at the end of the financial year	4	**3,087,593**	2,089,828

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance with International Financial Reporting Standards

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

(b) Basis of preparation

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

The accounting policies adopted are consistent with those of the previous financial year except as detailed in note 1(o). When the presentation or classification of items in the financial report is amended comparative amounts are also reclassified unless it is impractical.

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

The Company has receivables from Centro MCS Syndicates who have derivatives where Centro Properties Group ("CNP") is the counterparty. The independent review of the financial statements of CNP includes an emphasis of matter regarding going concern. Whilst the financial statements of CNP have been prepared on a going conern basis, a significant uncertainty exists whilst CNP continues to renegotiate funding with lenders, considers potential asset sales and recapitalisation options. Should CNP not continue as a going concern, a significant uncertainity exists in relation to the recoverability of receivables and derivatives due from CNP and the impact his may have on the ability of the Company to refinance borrowings, if necessary.

The Company also has receivables from Centro Retail Trust ("CER"). The independent review of the financial statements of CER includes an emphasis of matter regarding going concern. Whilst the financial statements of CER have been prepared on a going concern basis, a significant uncertainity exists whilst CER continues to renegotiate funding with lenders, considers potential asset sales and recapitalisation options. Should CER not continue as a going concern, a significant uncertainty exists in relation to the recoverability of receivables due to from CER and the impact this may have on the ability of the Company to refinance borrowings, if necessary.

After taking into account all available information the directors have concluded that Centro Shopping Securities Ltd is a going concern based on a number of factors including:

- Management's expectations that the Company will be able to meet it's financial obligations; and
- The projected cash flows for the Company for the next 12 months

The Company has not elected to early adopt any new standards or interpretations.

Historical cost convention
These financial statements have been prepared on an historical cost basis, except for available-for-sale financial assets, certain financial assets and liabilities which have all been recognised at fair value.

Significant accounting estimates, judgements and assumptions
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(c) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

(i) Interest revenue
Interest revenue is recognised on a time proportion basis using the effective interest method.

1 Summary of significant accounting policies

(d) Income tax

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the forseeable 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 enitity 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 recongised directly in equity are also recognised directly in equity.

(e) 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.

(f) Trade receivables

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. An allowanace account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(g) Trade and other payables

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

(h) Financial assets

Classification
The Company classifies its investments 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. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

1 Summary of significant accounting policies

(i) Financial assets at fair value through profit or loss
These include financial assets that are held for trading purposes which may be sold.

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 Company's documented investment strategy. The Company'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.

Recognition and derecognition
Purchases and sales of investments are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company 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 unitholders' funds in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments deferred in equity are recycled to the income statement.

If the market for a financial asset is not active (and for unlisted securities), the Company 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 Company 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.

(i) 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 at each reporting date. 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.

1 Summary of significant accounting policies

The Company designates certain derivatives as either:

- hedges of fair valued assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company 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 Company 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) Forward foreign exchange contracts
Gains or costs arising from entering into a contract intended to hedge the purchase or sale of goods or services, together with the subsequent exchange gains or losses resulting from remeasurement of those contracts by reference to movements in spot exchange rates were deferred in the from the inception of the hedging transaction up to the date of the purchase or sale and included in the measurement of the purchase or sale.

(ii) 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.

(iii) 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 or when a hedge designation is cancelled, 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.

(iv) Net investment hedges
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.

(v) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. A change in the fair value of any derivative instrument that does not qualify for hedge accounting is immediately recognised in the income statement. For the year ended 30 June 2010, no derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the income statement.

Cross currency interest rate swap contracts
During the year the Company held cross currency interest rate swap contracts to manage its foreign exchange and interest rate risk exposure. The contracts are settled on a gross basis and the net amount is disclosed in the balance sheet as either a payable or receivable.

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

(j) 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.

1 Summary of significant accounting policies

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

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

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

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

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

(l) Borrowing costs

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets of Australian entities are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from or payable to the taxation authority is included in other receivables or payables in the balance sheet.

Cashflows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cashflow.

(n) 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.

(o) Changes in accounting policies

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

1 Summary of significant accounting policies

- AASB 8 *Operating Segments*, including the early adoption of AASB 2009-5 *Further amendments arising from the second annual improvements project* as it applies to AASB 8
- Revised AASB 101 *Presentation of Financial Statements*

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

(i) Operating Segments

The Company has applied the new segment reporting standard, AASB 8, from 1 July 2009.

The Company does not fall within the scope of AASB 8 therefore segment reporting disclosures are not required.

(ii) Presentation of Financial Statements

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

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

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

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

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*
AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. AASB 9 addresses the current classification and measurement models of financial assets in AASB 139 *Financial Instruments: Recognition and Measurement* with a new model. Under this new model, financial assets that are debt instruments with certain characteristics are measured at amortised cost. All other financial assets are measured at fair value. For equity instruments, an option is available to recognise all fair value changes in other comprehensive income. These changes may impact the classification and measurement of financial assets held by the Company. The Company is still assessing the impacts of this standard.

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

(iii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
AASB 2009-5 is applicable for annual reporting periods beginning on or after 1 January 2010, with specific application dates for each of the standards it amends. The amendments are part of the IASB's second annual improvements project and introduce various changes that are not expected to have a material impact on the Company's financial statements. The Company will apply the amended standard from 1 July 2010.

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

(v) Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
Interpretation 19 is applicable for annual reporting periods beginning on or after 1 July 2010. The Interpretation requires an entity to measure equity instruments issued to a creditor to extinguish a financial liability at the fair value of the equity instruments issued, or the fair value of the liability exchanged, whichever is more reliably determinable. The difference between the carrying amount of the financial liability extinguished and the initial measurement of the amount of the equity instruments issued is required to be recognised in the Income Statement. This Interpretation will only impact extinguishments that occur from 1 July 2010. The Company will apply this Interpretation from 1 July 2010.

1 Summary of significant accounting policies

(vi) AASB 1053 *Application of Tiers of Australian Accounting Standards and* AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*
AASB 1053 is applicable for annual reporting periods beginning on or after 1 July 2013 and is available for early adoption. AASB 1053 introduces a differential reporting framework with Tier 1 and Tier 2 reporting requirements for preparing general purpose financial statements. Whilst the recognition, measurement and presentation requirements will remain unchanged under the second tier, there will be substantially reduced disclosures in relation to these requirements for entities that do not have public accountability (as defined by the standard). AASB 2010-2 makes amendments to Australian Accounting Standards and give effect to the reduced disclosure requirements. The company is still assessing the appropriateness of application of Tier 2 reporting requirements and the impacts of this standard.

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

(viii) AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
AASB 2010-4 is applicable for annual reporting periods beginning on or after 1 January 2011, with specific application dates for each of the standards it amends. The amendments are part of the IASB's third annual improvements project and introduce various changes that are not expected to have a material impact on the Company's financial statements. The Company will apply the amended standard from 1 July 2011.

2 Significant accounting estimates, judgements and assumptions

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Company. 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 adre discussed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

3 Revenue

	30 June 2010 $	30 June 2009 $
Interest received from financial assets not at fair value through profit or loss	**42,691,879**	55,156,703

4 Current assets - Cash and cash equivalents

	30 June 2010 $	30 June 2009 $
Cash at bank and on hand	**3,087,593**	2,089,829

5 Current assets - Trade and other receivables

	30 June 2010 $	30 June 2009 $
Short-term loans and receivable from related parties[(i)]	**258,482,079**	370,625,896
Prepayments	**-**	4,000
	258,482,079	370,629,896

[(i)] *Refer to Note 9(a) for details of assets pledged as security*.

(a) Impaired trade receivables

There are no impaired trade or other receivables for the Company in 2010 or 2009.

(b) Past due but not impaired

There are no trade or other receivables past due but not impaired for the Company in 2010 or 2009.

6 Non-current assets - Receivables

	30 June 2010 $	30 June 2009 $
Loans and receivable from related parties[i]	**560,268,186**	529,980,000
	560,268,186	529,980,000

[i] *Refer to note 9(a) for details of assets pledged as security.*

7 Current liabilities - Trade and other payables

	30 June 2010 $	30 June 2009 $
Related party payables	**3,799,197**	-
Accrued expenses	**41,201**	2,508,201
Other payables	**(217,118)**	(2,700)
Accrued interest	**1,291,391**	697,424
Total trade and other payables	**4,914,671**	3,202,925

All current payables are non-interest bearing on normal credit terms

8 Derivative financial instruments

	30 June 2010 $	30 June 2009 $
Current assets		
Cross currency interest rate swap contracts	**-**	3,863,231
Total current derivative financial instrument assets	**-**	3,863,231
Non-current assets		
Cross currency interest rate swap contracts	**661,059**	-
Total non-current derivative financial instrument assets	**661,059**	-
Current liabilities		
Cross currency interest rate swap contracts	**24,520,838**	-
Total current derivative financial instrument liabilities	**24,520,838**	-

9 Non-current liabilities - Interest bearing liabilities

	30 June 2010 $	30 June 2009 $
Secured		
Commercial mortgage-backed securities	**792,845,480**	903,834,111
Deferred transaction costs	**(58,685)**	-
Total secured non-current borrowings	**792,786,795**	903,834,111
Total non-current interest bearing liabilities	**792,786,795**	903,834,111

During the year, the Company received payment of related party loans to the value of $82,514,928. Additional movement is due to a favourable change in foreign currency exchange rates on Euro dollar borrowings.

(a) Secured liabilities and assets pledged as security

Both current and non current commercial mortgage-backed securities issued are secured by the following investment properties: Lennox, Maitland Hunter Mall, Kmart Plaza Townsville, Newcomb, Albion Park, Langwarrin, Gateway, Hilton, Roselands, Kidman Park, Dubbo, Raymond Terrace, Karratha, Oxenford, Emerald, Emerald Market, Maddington, Indooroopilly, Tweed Supermarket, Sunshine Market Place, Pinelands, Lismore, Woodcroft, Port Pirie, Morwell Coles, Albury, Newton, Gladstone, Whites Hill, Monier Road, Galleria, Goulburn, Colonnades, Mildura, Wodonga, Westside, Buranda.

10 Contributed equity

	30 June 2010 No. of shares	30 June 2009 No. of shares	**30 June 2010 $**	30 June 2009 $
(a) Share capital				
Ordinary shares	**1**	1	**1**	1
Total contributed equity			**1**	1

(b) Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to ownership. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

11 Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2010 $	30 June 2009 $
Net profit/(loss) before income tax expense	**750,693**	(474,081)
Unrealised foreign currency (increments)/decrements	**(28,473,703)**	9,992,116
Unrealised mark-to-market (increments)/decrements	**27,723,010**	(8,724,234)
Decrease/(increase) in assets		
Trade and other receivables	**(713,981)**	1,221,401
Increase/(decrease) in liabilities		
Trade and other payables	**1,711,746**	(3,521,633)
Net cash inflow/(outflow) from operating activities	**997,765**	(1,506,431)

12 Financial risk management

This note details the requirements by*AASB 7 Financial Instrument Disclosures,* which mandates disclosures regarding only financial assets and financial liabilities.

The Company’s activities expose it to a variety of financial risks; market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company’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 Company. To the extent they are able to access them the Company uses derivative financial instruments such as cross currency interest rate swaps to manage its exposures to foreign currency risk and interest rate risk, whenever possible.

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

The Company holds the following financial instruments:

	30 June 2010 $	30 June 2009 $
Financial assets		
Cash and cash equivalents	**3,087,594**	2,089,828
Trade and other receivables	**1,465,193**	809,895
Derivative financial instruments	**661,059**	3,863,231
Other financial asset	**817,285,072**	899,800,000
	822,498,918	906,562,954
Financial liabilities		
Trade and other payable	**4,914,671**	3,202,925
Interest bearing liabilities	**792,845,480**	903,834,111
Derivative financial instruments	**24,520,838**	-
	822,280,989	907,037,036

The fair value of the above financial assets and liabilities are not considered to be materially different from their carrying value.

(a) Market risk

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

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

The Company's operations are exposed to foreign currency risk from exposure to the Euro.

During the year, the Company held a Euro denominated loan. In order to protect against exchange rate movements, the Company has entered into foreign exchange contracts to buy Euros. The contracts are timed to mature when interest payments are expected to be received.

12 Financial risk management

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

	30 June 2010 EUR $	30 June 2009 EUR $
Interest bearing liabilities	**(100,000)**	(100,000)
Cross currency interest rate swaps(i)	**100,000**	100,000
Net exposure	**-**	-

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

(ii) Interest rate risk

The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The risks and benefits are passed on to the Centro managed vehicles. Company policy to manage cash flow interest rate risk is to fix rates on variable rate debt. It achieves this by using floating-to-floating interest rate swaps.

The Company had the following variable rate instruments and interest rate swap contracts outstanding:

As at the reporting date, Centro Shopping Centre Securities Ltd had the following variable rate financial assets and liabilities:

	30 June 2010 $	30 June 2009 $
Bank overdrafts and bank loans	792,845,480	903,834,111
Cross currency interest rate swaps	24,439,592	(4,034,111)
Net exposure to cash flow interest rate risk(ii)	817,285,072	899,800,000

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

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

The Company had no fixed rate instruments outstanding.

Sensitivity analysis

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

	Interest rate risk +0.4%	
30 June 2010	**Profit $**	**Equity $**
Financial assets		
Other financial assets	2,589,140	-
Derivatives - fair value through profit and loss	151,797	-
Financial liabilities		
Derivatives - fair value through profit and loss	-	-
Interest bearing liability	(3,269,140)	-
Total increase/(decrease)	(528,203)	-

12 Financial risk management

	Interest rate risk	
	+1.3%	
30 June 2009	Profit $	Equity $
Financial assets		
Other financial assets	6,565,367	-
Derivatives - fair value through profit and loss	4,002,791	-
Financial liabilities		
Derivatives - fair value through profit and loss	-	-
Interest bearing liability	(5,667,042)	-
Total increase/(decrease)	4,901,116	-

(c) Credit risk

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

Procedures have been established to ensure that the Company 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 Company, after allowing for appropriate set offs which are legally enforceable. The maximum exposure to credit risk at the balance date is the carrying amount of the Company's financial assets. Refer to Note 5(a) for details of financial assets that have been impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Company has no access to an undrawn borrowing facility at the reporting date.

Maturities of financial liabilities
The tables below analyse the Company'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 cross currency interest rate swaps (CCIRS) and variable debt the cash flows have been estimated using forward interest rates and spot foreign exchange rates applicable at the reporting date.

At 30 June 2010	**Less than 6 months** $	**6 - 12 months** $	**1 - 2 years** $	**2 - 5 years** $	**Over 5 years** $	**Total contractual cash flows** $	**Carrying Amount assets/ (liabilities)** $
Non-derivatives							
Trade and other payables	(4,914,672)	-	-	-	-	(4,914,672)	(4,914,672)
Variable loans(i)	(21,282,725)	(20,598,918)	(749,515,966)	-	-	(791,397,609)	(792,845,480)
Total non-derivatives	(26,197,397)	(20,598,918)	(749,515,966)	-	-	(796,312,281)	(797,760,152)
Derivatives							
CCIRS	(17,345,067)	(1,422,842)	(12,099,268)	-	-	(30,867,177)	(23,859,779)

(i) *Projected cashflows reflect underlying obligor loan maturity dates.*

12 Financial risk management

At 30 June 2009	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows	Carrying Amount assets/ (liabilities)
	$	$	$	$	$	$	$
Non-derivatives							
Trade and other payables	(3,202,925)	-	-	-	-	(3,202,925)	(3,202,925
Variable rate borrowings	(383,495,000)	(10,770,422)	(29,089,737)	(553,063,000)	-	(976,418,159)	(903,834,111
Total non-derivatives	(386,697,925)	(10,770,422)	(29,089,737)	(553,063,000)	-	(979,621,084)	(907,037,036
Derivatives							
CCIRS	(19,646,417)	(2,976,798)	(81,545,010)	(79,931,466)	-	(184,099,691)	3,863,231

(e) Fair value estimation

The net fair value of financial assets and financial liabilities of the Company approximate their carrying value.

AASB7 introduces the concept of a fair value hierarchy which requires entities to classify fair value measurements of its financial assets and liabilities based on how observable the inputs to the fair value measurement are.

Fair value measurement of financial assets and financial liabilities use methods comprising the following inputs:

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

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

30 June 2010	**Level 1** **$**	**Level 2** $	**Level 3** **$**
Financial Assets			
Derivative financial instruments			
Cross currency interest rate swap contracts	-	661,059	-
Financial liabilities			
Derivative financial instruments			
Cross currency interest rate swap contracts	-	24,520,838	-
Total liabilities	-	24,520,838	-

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

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

13 Key Management Personnel disclosures

(a) Directors

The following persons were Directors of Centro Shopping Centre Securities Ltd during the financial year:

(i) Chairman - non-executive
Paul Cooper

(ii) Non-executive directors
Anna Buduls (appointed 4 November 2009)
Jim Hall
Susan Oliver (appointed 4 November 2009)
Robert Tsenin (appointed 4 November 2009)
Robert Wylie (appointed 4 November 2009)
Graham Goldie (retired 1 October 2009)
Sam Kavourakis (retired 1 October 2009)
Peter Wilkinson (retired 1 October 2009)

(b) Key Management Personnel compensation

Key Management Personnel are paid by Centro Properties Group. Payments made from CPT Manager Ltd to Centro Properties Group do not include any amounts that are directly attributable to the compensation for services provided to Centro Shopping Centre Securities Limited.

(c) Loans to Key Management Personnel

No loans have been made to the directors of Centro Shopping Centre Securities Limited and other Key Management Personnel of the company, including their personally related entities, by Centro Shopping Centre Securities Limited.

(d) 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 approval by the Board. The Company has established a policy that requires all "non-standard" transactions to be subject to prior approval by the Board, with legal advice being sought as necessary.

14 Remuneration of auditors

	30 June 2010 $	30 June 2009 $
(a) Audit services		
Moore Stephens		
Audit and review of financial reports	**35,270**	35,683
Total remuneration for audit services	**35,270**	35,683

(b) Non-audit services

No non-audit services were provided in 2010 or 2009.

15 Related party transactions

(a) Directors

The names of persons who were Directors of Centro Shopping Centre Securities Ltd during the financial year are as follows:

Paul Cooper, Anna Buduls, Jim Hall, Susan Oliver, Robert Tsenin, Robert Wylie, Graham Goldie, Sam Kavourakis and Peter Wilkinson.

There were no transactions between Key Management Personnel and the Company during the year.

(b) Transactions with related parties

Income was derived from related entities on the basis outlined in Note 1(c).

Interest income from related entities in accordance with the provisions of the Company is shown in the table below.

	30 June 2010 $	30 June 2009 $
Centro MCS 10 SPV	**2,595,854**	2,762,954
Centro MCS 17 SPV	**2,356,295**	3,923,921
Centro MCS 18 SPV	**1,302,231**	1,929,777
Centro MCS 21 SPV	**4,326,604**	4,504,404
Centro MCS 22 SPV	**709,603**	996,212
Centro MCS 23 SPV	**961,523**	1,345,531
Centro MCS 25 SPV	**1,788,230**	2,514,612
Centro MCS 26 SPV	**2,367,197**	3,328,756
Centro MCS 27 SPV	**2,390,312**	3,344,942
Centro MCS 34 SPV	**3,171,777**	4,452,859
Centro MCS 37 SPV	**4,169,799**	6,074,314
Centro Retail Trust	**16,452,009**	19,808,729
	42,591,435	54,987,011

Management fee expense charged from related entities in accordance with the provisions of the Company is shown in the table below.

	30 June 2010 $	30 June 2010 $
Centro Properties Limited and related entities		
CPT Manager Ltd	**1,376,005**	2,124,812

15 Related party transactions

(c) Outstanding balances

Balances receivable from Centro MCS Syndicates to the Company at balance date is show in the table below.

	30 June 2010 $	30 June 2009 $
Centro Properties Limited and related entities		
Centro MCS 10 SPV	**32,603,092**	45,210,207
Centro MCS 17 SPV	**25,553,722**	64,207,102
Centro MCS 18 SPV	**6,436,617**	31,448,162
Centro MCS 21 SPV	**73,809,473**	73,705,550
Centro MCS 22 SPV	**16,244,552**	16,234,538
Centro MCS 23 SPV	**21,763,190**	21,749,745
Centro MCS 25 SPV	**41,171,947**	41,146,594
Centro MCS 26 SPV	**54,502,003**	54,468,441
Centro MCS 27 SPV	**54,102,510**	54,069,084
Centro MCS 34 SPV	**72,609,743**	72,564,981
Centro MCS 37 SPV	**92,820,243**	98,988,644
Centro Retail Trust	**327,133,173**	326,806,622
Centro MCS Manager Ltd	**-**	4,418
CPT Manager Ltd	**-**	1,806
	818,750,265	900,605,895

Balance payable from the Company to other related parties at balance date is shown in the table below.

	30 June 2010 $	30 June 2009 $
Centro Properties Limited and related entities		
CPT Manager Limited	**3,799,196**	2,180,755

(d) Terms and conditions

Transactions with the identified related parties during the period were all at arm's length and are at normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances are repayable in cash.

16 Contingencies

(a) Contingent liabilities

The Directors are not aware of any contingent liabilities as at the date of this report.

17 Events occurring after the reporting period

No matter or circumstance has arisen in the interval between 30 June 2010 and the date hereof that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

The Directors of Centro Shopping Centre Securities Ltd, declare that:

(a) The financial statements and notes of Centro Shopping Centre Securities Ltd set out on pages 4 to 25 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 Centro Shopping Centre Securities Ltd's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(b) In the Directors' opinion there are reasonable grounds to believe that Centro Shopping Centre Securities Ltd will be able to pay its debts as and when they become due and payable; and

(c) The financial statements and notes also complies with International Financial Reporting standards as issued by the International Accounting Standards Board.

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

Jim Hall
Director

Melbourne
15 September 2010

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTRO SHOPPING CENTRE SECURITIES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Centro Shopping Centre Securities Limited (the company), which comprises the balance sheet as at 30 June 2010 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity 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 designing, implementing 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 company'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 company'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.

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

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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 Shopping Centre Securities Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

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

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Kevin W Neville
Partner

Melbourne, 15 September 2010