APPENDIX 4E

Preliminary Final Report
for the year ended 30 June 2010

Name of Entity: EDT Retail Trust (formerly known as Macquarie DDR Trust)

Results for announcement to the market

				$A'000
Total Income net of property expenses*	Up	110.3%	to	75,719
Loss from ordinary activities after tax attributable to members**	Up	99.4%	to	(3,411)
Loss for the period attributable to members**	Up	99.4%	to	(3,411)
Core Earnings***	Down	58.7%	to	28,402

Distributions	**Amount per unit**	**Tax deferred distribution per unit**
Current Period:		
Final distribution	0.00¢	
Interim distribution	0.00¢	
Total	0.00¢	0.00¢
Previous Corresponding Period:		
Final distribution	0.00¢	
Interim distribution	0.00¢	
Total	0.00¢	0.00¢

Record date for determining entitlements to the distribution	N/A

*Total income is net of property expenses and has increased by 110.3% largely due to:

- Property valuation losses of $5.1 million compared to losses of $781.5 million in the prior year; and
- Net foreign currency gains of $5.2 million (in prior year $35.5 million net foreign currency losses were included within expenses on the Income Statement)
- The consolidation of US LLC from 19 October 2009, after which US LLC management base fees, interest expense, borrowing cost amortisation and other expenses were moved from equity accounted profits / (losses) within the income line to expenses.
- Net loss from derivative financial instruments included in equity accounted profits of $3.0 million compared to a loss of $14.4 million in the prior year due to the cancellation of swaps and forward foreign exchange contracts.

** Loss for the period has decreased by 99.4% primarily due to these factors:

- Property valuation losses of $5.1 million compared to losses of $781.5 million in the prior year; and
- Net loss from derivative financial instruments (including amounts within equity accounted profits / (losses)) has decreased by $16.5m from $37.8m in prior year to $21.3m in current year
- A $177.1m tax benefit in the prior year driven by property revaluations and the subsequent reversal of a deferred tax liability.
- Property sales by US LLC of 5 properties in the current year and 9 properties in prior year
- Net foreign currency gains of $5.2 million in the current year compared to net foreign currency losses of $35.5 million in the prior year

*** Core earnings represents the net profit of the Trust after adjusting for certain unrealised and non-cash items, reserve transfers and significant one off items that are not in the ordinary course of business. A reconciliation of the Loss for the year to Core earnings is provided in Note 24 of the financial statements. Core earnings have decreased by 58.7% partly due to property sales in the prior and current year. During the year US LLC sold 5 properties. In the prior year 9 properties were sold.

As a result of the DDR redemption, the investments in US REIT I, US REIT II and US LLC were consolidated by EDT from 19 October 2009. Prior to this these investments were jointly controlled and were therefore equity accounted. Refer to note 1(b) of attached financial statements.
Refer to the attached Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows for further detail of EDT's results.

Details of Distributions

There were no distributions declared or paid for the year ended 30 June 2010.

Refer attached financial statements (Directors' Report and Note 5: Distributions Paid and Proposed).

Details of Distribution Reinvestment Plan

The Trust has established a distribution reinvestment plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. As permitted under the DRP Rules, the directors of the Responsible Entity suspended the Trusts' DRP commencing with the quarter ended 30 September 2006. The DRP was reinstated for the quarter ended 30 June 2008. The Trust has not declared any distributions for the years ended 30 June 2010 and 30 June 2009.

Statement of Retained Earnings

Refer attached financial statements (Note 17: Accumulated Losses)

Net Tangible Assets

	Current period	Previous corresponding period
Net tangible asset backing per ordinary unit *	$0.12	$0.38

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interests etc).

Control gained or lost over entities during the period

Name of entity (or group of entities) over which control was gained	US LLC, US REIT I, US REIT II
Date control was gained	19 October 2009
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	$(15,977,321)
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$(577,088,259)

Name of entity (or group of entities) over which control was lost	N/A
Date control was lost	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$N/A

Details of Associates and Joint Venture entities

Refer attached financial statements (Note 10 Interest in jointly controlled entities).

Other significant information

- As a result of the DDR redemption, the investments in US REIT I, US REIT II and US LLC were consolidated by EDT from 19 October 2009. Prior to this date these investments were equity accounted and their results reported within the Share of net loss from investments in jointly controlled entities of the Income Statement. Refer to note 1(b) of the attached financial statements.
- On 18 June 2010 the Trust announced the successful completion of the recapitalisation, with the combined proceeds from the placement and entitlement offer of $208 million subsequently used to repay all unsecured debt facilities and unsecured derivative contracts and to reduce the Revolver facility. As a result of the recapitalisation, EPN became the largest unitholder of the Trust holding approximately 47.8% of the outstanding units on issue at 18 June 2010. In addition, EPN also finalised the acquisition of Macquarie's 50% interest in Macquarie DDR Management LLC (the owner of the Responsible Entity).

Accounting standards used by foreign entities

N/A

Commentary on results

	Current period	**Previous corresponding period**
Earnings per unit	(0.31¢)	(65.50¢)
Core earnings per unit*	2.61¢	7.32¢

* Refer to Note 24 the attached financial statements for a definition of Core earnings.

Movements in earnings per unit and core earnings per unit reflect the factors outlined on page 2 as well as the effect on weighted average units of the issue of units under the 18 June 2010 entitlement offer and the 22 April 2010 placement to the Cornerstone Investor, EPN GP, LLC.

	A$'000	**A$'000**
Returns to Unitholders: Distributions	$0	$0

There were no cash distributions per unit in the year ended 30 June 2010 and 30 June 2009.

	Current period	Previous corresponding period
	A$'000	**A$'000**
Significant features of operating performance:		
Income		
Net Property Income	73,283	-
Share of net loss from investments in jointly controlled entities	(2,785)	(732,412)
Property valuation losses – investment properties	(99)	-
Interest income	96	119
Net foreign currency gains	5,224	-
Total income/(loss) net of property expenses	**75,719**	**(732,293)**
Expenses		
Management base fee	(4,728)	-
Amortisation of borrowing costs	(6,112)	(347)
Interest expense	(41,692)	(49)
Net loss from derivative financial instruments	(18,278)	(23,444)
Net foreign currency losses	-	(35,533)
Other expenses	(7,034)	(1,802)
Loss on sale of assets	(344)	-
Total expenses	**(78,188)**	**(61,175)**
Loss before tax	**(2,469)**	**(793,468)**
Tax expense		
US withholding tax expense	(941)	(1,374)
US capital gains tax benefit	-	178,486
Total tax benefit/(expense)	**(941)**	**177,112**
Loss for the year	**(3,410)**	**(616,356)**

Segment results: Refer attached financial statements (Note 24: Segment Information).
Performance Trends: Refer to Significant Features of Operating Performance Above.
Other factors: Refer to Other Significant Information above.

Audit

This report is based on accounts to which one of the following applies:

☑	The accounts have been audited. (refer attached financial statements)	☐	The accounts have been subject to review. (refer attached financial statements)
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

Accounts not yet audited or reviewed

N/A

Audit Qualification

N/A

EDT RETAIL TRUST (formerly known as MACQUARIE DDR TRUST)

ARSN 106 570 352

FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2010

Financial Statements
for year ended 30 June 2010

Important Notice

EDT Retail Management Limited (formerly known as Macquarie DDR Management Limited) ("ERML") ABN 16 101 743 926, AFSL 223190, is the responsible entity of EDT Retail Trust (formerly known as Macquarie DDR Trust) ("EDT") ARSN 106 570 352.

None of the entities referred to in this document is an authorised deposit-taking institution for the purposes of the Banking Act (Commonwealth of Australia) 1959.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before making an investment in EDT, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

ERML does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating EDT which, in accordance with EDT's constitution, are calculated by reference to the value of the assets and the performance of EDT.

Financial Statements
for year ended 30 June 2010

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Financial Statements
for year ended 30 June 2010

The Responsible Entity of EDT Retail Trust (formerly known as Macquarie DDR Trust) is EDT Retail Management Limited (formerly known as Macquarie DDR Management Limited), a wholly owned subsidiary of EDT Management LLC (formerly known as Macquarie DDR Management LLC), a company incorporated in Delaware and, from 18 June 2010, ultimately owned 50% by EPN GP LLC and 50% by Developers Diversified Reality (DDR). The Responsible Entity's registered office and principal place of business is 1 Martin Place, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors on 24 August 2010. The directors have the power to amend and reissue the financial statements.

Through the use of internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.edtretail.com

Directors' Report to Unitholders
for year ended 30 June 2010

The directors of EDT Retail Management Limited (formerly known as Macquarie DDR Management Limited) (the Responsible Entity), the Responsible Entity of EDT Retail Trust (EDT) (formerly known as Macquarie DDR Trust), present their report together with the consolidated financial statements of the Trust and its controlled entities (together "the Group") for the year ended 30 June 2010.

1. Principal activities

The principal activity of the Group during the year was property investment. There were no significant changes in the nature of the Group's activities during the year.

2. Directors

The following persons have held office as directors of the Responsible Entity during the year and up to the date of this report:

- Steven Guttman
- David Spruell
- David Oakes
- Daniel Hurwitz
- Alexander Berman (appointed 18 June 2010)
- Karlis Cerbulis (appointed 18 June 2010)
- Gregory Katz (appointed 18 June 2010)
- Zvi Maayan (appointed 18 June 2010)
- David Machloof (appointed 18 June 2010)
- Luke Petherbridge (appointed 18 June 2010)
- Simon Jones (resigned 18 June 2010)
- Stephen Girdis (resigned 18 June 2010)
- Scott Wolstein (resigned 18 June 2010)
- Richard Sheppard (resigned 18 June 2010)
- Robert Joss (resigned 18 June 2010)
- Joan Allgood (alternate for Daniel Hurwitz)
- John Wright (alternate for Richard Sheppard and Stephen Girdis) (resigned 19 March 2010).

3. Distributions

There were no distributions declared for the year ended 30 June 2010 (2009: nil).

4. Review of operations

The performance of the Group, as represented by the results of its operations for the year, was as follows:

	2010 $'000	2009 $'000
Total income / (loss) net of property expenses*	**75,719**	(732,293)
Loss for the year**	**(3,410)**	(616,356)
Core earnings (note 24)	**28,402**	68,843

* Includes fair value movements in investment property of subsidiaries and jointly controlled entities

** Includes fair value movements in investment property of subsidiaries and jointly controlled entities, net losses on derivative financial instruments and unrealised foreign exchange movements

The underlying operational performance of the Group for the period has been profitable and is in line with management's expectations based on the current circumstances. The reported loss for the period has been impacted by fair value movements in investment property of subsidiaries and jointly controlled entities, net losses on derivative financial instruments used in hedging interest rate and foreign exchange exposure for the period (including realised losses on the close out of various derivative financial instruments) and unrealised foreign exchange movements.

Directors' Report to Unitholders
for year ended 30 June 2010

5. Significant changes in the state of affairs

Redemption of DDR interests in the US LLC Joint Venture

During the year, the Trust announced completion of the redemption of Developers Diversified Realty Corporation's (DDR) ownership in the largest of its three joint venture entities with the Trust, EDT Fund LLC (formerly known as DDR Macquarie Fund LLC) (US LLC), which prior to the redemption was owned by the Trust and DDR, indirectly through their mutual interest in EPN US Trust Inc. (formerly known as Macquarie DDR US Trust Inc.) (US REIT I) and DDR's direct interest in US LLC. DDR's direct and indirect ownership interest in the US LLC Joint Venture was redeemed in exchange for three jointly owned properties and a cash payment of US$1.6 million from DDR to the Trust. The redemption was approved by unitholders at a General Meeting held on 19 October 2009.

Prior to the redemption, the Trust did not have the ability to make the strategic financial and operating decisions for any of the three joint venture entities with DDR (US LLC, DDR MDT PS LLC (PS LLC) and DDR MDT MV LLC (MV LLC)), without the need for an affirmative vote by representatives of DDR. On the basis that joint control existed, these investments were all equity accounted.

As a result of the redemption transaction, the Trust gained control over US LLC as it now has the ability to make the strategic financial and operating decisions relating to the US LLC's assets without the need for any approval from DDR. As part of the redemption transaction both US REIT I and EPN US Trust II Inc. (formerly known as Macquarie DDR US Trust II Inc.) (US REIT II) boards of Directors were reconstituted to comprise only directors selected by the Trust. Accordingly, the equity method of accounting is no longer appropriate for EDT's interest in US REIT I, US REIT II and US LLC, and consolidated financial statements have been prepared for the year ended 30 June 2010 in accordance with AASB 127 *Consolidated and Separate Financial Statements* (see note 1(b)). There were no changes to governance arrangements for MV LLC and PS LLC. The Trust still does not have the ability to make the strategic financial and operating decisions without the need for an affirmative vote by representatives of DDR and therefore these investments continue to be equity accounted.

Recapitalisation

On 22 April 2010 the Trust entered into agreements with a new cornerstone investor, EPN GP, LLC (EPN), to recapitalise and stabilise the Trust's balance sheet and enable the Trust to take advantage of any recovery in the US retail property market. The key components of the recapitalisation were:

- a $9.5 million private placement at $0.067 per unit to EPN;
- a pro-rata entitlement offer to raise $198.9 million; and
- to facilitate the recapitalisation, Macquarie Group Limited (Macquarie) agreed to sell EPN its 2.6% principal unitholding in the Trust and, following the completion of the entitlement offer, its 50% interest in Macquarie DDR Management LLC (the owner of the Responsible Entity).

On 7 May 2010 the Trust announced the details of the fully underwritten pro-rata renounceable entitlement offer of 10 new units for every 3 existing units at an offer price of $0.055 per new unit to raise $198.9 million.

On 18 June 2010 the Trust announced the successful completion of the recapitalisation, with the combined proceeds from the placement and entitlement offer of $208 million subsequently used to repay all unsecured debt facilities and unsecured derivative contracts and to reduce the Revolver facility. As a result of the recapitalisation, EPN became the largest unitholder of the Trust holding approximately 47.8% of the outstanding units on issue at 18 June 2010. In addition, EPN also finalised the acquisition of Macquarie's 50% interest in Macquarie DDR Management LLC (the owner of the Responsible Entity). As a result the Trust is managed by the Responsible Entity which is, indirectly, owned in equal parts by EPN and DDR. The Responsible Entity has a majority of EPN appointed directors and has changed its name to EDT Retail Trust (EDT). The Responsible Entity has changed its name from Macquarie DDR Management Limited to EDT Retail Management Limited (ERML) and its parent company changed its name from Macquarie DDR Management LLC to EDT Management LLC.

Directors' Report to Unitholders
for year ended 30 June 2010

5. Significant changes in the state of affairs (continued)

Operations

During the year, US LLC sold 5 properties for US$96.7million (approximately $113.7 million). The Trust's interest in the properties varied from 85.48% to 99.98%. The Trust's share of the sold properties was US$83.5 million (approximately $98.1 million).

MV LLC, a jointly controlled entity, sold 5 properties for US$30.5 million (approximately $35.7 million). As the Trust's investment in MV LLC was equity accounted to nil in December 2009 the Trust did not recognise any gains or losses from this portfolio.

During the year, the Group's share of net property revaluation losses on a 'look through basis' was $5.1 million (2009: $781.5 million).

During the year, the Group extended the following facilities:

- The Bison facility which was originally due to mature on 1 June 2009 was extended to 1 June 2011. The facility was extended at a fixed rate of 5.18% per annum. Since 30 June 2009, the Trust has sold 2 assets secured against this facility and repaid US$34.6 million using the asset sale proceeds.
- The Longhorn III commercial mortgage backed securities (CMBS) facility which was originally due to mature on 5 April 2010 was extended to 5 April 2012. The facility of US$39.3 million is secured against 2 assets.
- The Longhorn II US$145.1 million CMBS facility was extended to 5 August 2010 and an option secured, subject to an additional principal loan repayment of US$2 million, to further extend the facility to 5 October 2010. On 2 August 2010 the Trust exercised this option and the loan balance was reduced to US$143.1 million. The Group is in advanced negotiations with new lenders and has entered a non-binding signed term sheet to refinance the existing facility with a long term facility. In the event that the refinancing is not completed the directors would pursue other refinancing options.
- The Revolver Facility was extended to 30 April 2013. The facility originally matured in April 2010 and was reduced to US$207.9 million shortly after completion of the entitlement offer on 18 June 2010.

The financial statements for the Group as at 30 June 2010 have been prepared on a going concern basis as the directors of the Responsible Entity, after reviewing the Group's going concern status, have concluded that the Group has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

6. Events occurring after reporting date

Subsequent to year end the Group has entered into a non-binding signed term sheet to refinance the existing Longhorn II facility with a long term facility. As at the date of this report these advanced negotiations are continuing.

Due to the likelihood of not being able to retrieve any equity value from the MV LLC portfolio (Single Box Portfolio) and significant additional capital being required, the Trust, DDR and the loan servicer are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the portfolio. There is no obligation for the Group to provide further equity to the lender or the joint venture. The Trust's investment in the MV LLC joint venture entity was equity accounted to nil in the six months ended 31 December 2009. As a result, the Group no longer recognises further losses from this portfolio and the portfolio provides no contribution to the Group's Net Tangible Assets (NTA).

Since the end of the financial year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2010.

Directors' Report to Unitholders
for year ended 30 June 2010

7. Likely developments and expected results of operations

The financial statements have been prepared on the basis of current known market conditions. The extent to which any potential further deterioration in either capital or physical property markets may have on the future results of the Trust are unknown. Such results could include the potential to influence property market valuations, the ability of borrowers, including the Group, to raise or refinance debt, and the cost of such debt and the ability to raise equity.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Group which would have a material impact on the future results of the Group. Property valuation changes and movements in foreign exchange and interest rates may have a material impact on the Group's results in future years, however these cannot be reliably measured at the date of this report.

8. Indemnification and insurance of officers and auditor

The Responsible Entity pays insurance premiums in relation to an investment manager's insurance policy providing insurance cover both to the Trust and the officers of the Responsible Entity. The Trust reimburses the Responsible Entity a portion of the premium based on the benefit it receives under the policy. So long as the officers of the Responsible Entity act in accordance with the Trust Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

9. Fees paid to and interests held in the Trust by the Responsible Entity or its associates

The interests in the Trust held by the Responsible Entity or its related entities as at 30 June 2010 and fees paid to its related entities during the financial year are disclosed in note 23 to the financial statements.

10. Interests in the Trust

The movement in units of the Trust during the year is set out below:

	2010	2009
Units on issue at the beginning of the year	**943,203,042**	929,460,855
Units issued during the year	**3,757,087,826**	13,742,187
Units on issue at the end of the year	**4,700,290,868**	943,203,042

11. Value of assets

	2010	2009
	\$'000	\$'000
Value of Group assets	**1,582,694**	406,602

The value of the Group's assets is derived using the basis set out in note 1 to the financial statements.

The current volatility in the global real estate markets and a significant reduction in the number of real estate transactions has meant there is less certainty with regards to investment property valuations and the assumptions applied to valuation inputs. Further details are provided in note 1(h).

12. Environmental regulations

To the best of the Directors' knowledge, the operations of the Group have been undertaken in compliance with the applicable environmental regulations of the Commonwealth and each Australian State or Territory where the Group operates.

Directors' Report to Unitholders
for year ended 30 June 2010

13. Information on current directors

Director	Experience	Special responsibilities	Interest in units of the Trust
Alexander Berman	Appointed 18 June 2010 Age: 50 Mr Berman serves as CEO and the managing senior officer of a recently formed entity, EPN Investment Management LLC, an affiliate of the Cornerstone Investor EPN GP, LLC. He is responsible for strategic decisions and overall management including personnel and transactions. Mr Berman started his career as a CPA. He has over 25 years of management, investment, finance, and business development experience in the US and internationally. From 1999 to March 2009, Mr Berman was an executive with General Growth Properties, Inc. ("GGP"), one of the most prominent US mall developers, owners and operators, where he was a Corporate Officer. He most recently led GGP's international expansion as Founder and Head of GGP International and previously held the position of GGP's Senior Vice President of Capital Markets and Finance. Mr Berman holds an MBA degree in finance from the University of Pennsylvania's Wharton School. He is a member of the International Council of Shopping Centres. Current listed directorships: None Former listed directorships in last three years: None	Executive Chairman	Nil
Steven Guttman	Appointed 12 January 2004 Age: 63 Steven has extensive real estate experience with specific expertise in community shopping centres and mixed-use urban property acquisition, development and management in the US. He retired in January 2003 as chairman and Chief Executive Officer of Federal Realty Investment Trust following a thirty year career with the company, twenty years of which he served as Chief Executive Officer. Additionally, in 1998 Steven founded Storage Deluxe Management Corporation, a US based owner, developer and manager of self storage properties. Since 1973, Steven has been a member of the National Association of Real Estate Investment Trusts, having served on its board of governors, executive committee and also as chairman in 1997-98, and continues as ex-officio member of its board. He held active membership in the International Council of Shopping Centers for more than 35 years. He is currently on the executive committee of the Center Pompidou Foundation and also co-chairman of Miami Art Museum's international committee and was previously on the board of advisors of the George Washington University Law School. Steven has a BA from the University of Pittsburgh, a Juris Doctorate from George Washington University, both with honours, and is a member of the Trust's audit committee. Current listed directorships: None Former listed directorships in last three years: None	Member of audit committee	693,333

Directors' Report to Unitholders
for year ended 30 June 2010

13. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
David Spruell	Appointed 12 January 2004 Age: 61 David is the Lead Independent director and has forty years experience in investment management and financial services in both the UK and Australia. He held a number of senior roles at Prudential in Australia including head of Investment Management and Chief Executive of Prudential's Investment Dealer group. He was an Executive Director of Prudential (Australia) as well as a number of its subsidiaries. He was CEO of Allianz Asset Management Australia and was a director of many of the subsidiaries of Allianz Australia Limited. David is chairperson of the Workers Compensation Insurance Fund Investment Board in New South Wales and a Non-Executive Director of Orchard Funds Limited and Growthpoint Properties Australia Limited. He is a fellow of the Australian Institute of Company Directors and the Financial Services Institute of Australasia. David has a BCom (Hons) from the University of Birmingham and is chairman of the Trust's audit committee. Current listed directorships: Growthpoint Properties Australia Limited Former listed directorships in last three years: Orchard Property Limited, manager of Orchard Industrial Property Fund (now Growthpoint Australia Trust).	Chairman of audit committee Lead independent director	1,053,168
David Oakes	Appointed 10 December 2007 Age: 32 David was promoted to Senior Executive Vice President and Chief Financial Officer of Developers Diversified Realty in February 2010. Prior to that, he served as Senior Executive Vice President of Finance and Chief Investment Officer since December 2008. Mr Oakes joined Developers Diversified Realty as Executive Vice President of Finance and Chief Investment Officer in April 2007. He oversees the company's capital markets, transactions, budgeting, tax, investor relations, funds management, property and corporate accounting, audit, and external reporting functions. He serves on the company's executive, compensation, and management committees, and chairs the investment committee. David is also a member of the Developers Diversified/Sonae Sierra Brasil advisory committee that oversees all venture activities in Brazil. Prior to joining Developers Diversified Realty, David served as Senior Vice President and Portfolio Manager at Cohen & Steers Capital Management. In his role, he oversaw the firm's global and international real estate securities portfolios for the oldest and largest dedicated real estate securities fund manager. Previously he worked as a Research Analyst in global investment research at Goldman Sachs, where he covered US REITs. David earned his bachelor's degree at Washington University in St. Louis and is a CFA charterholder. He is a member of the Zell-Lurie Real Estate Center, the National Association of Real Estate Investment Trusts (NAREIT), the International Council of Shopping Centers (ICSC), the New York Society of Securities Analysts, and is a member of the Trust's audit committee. Current listed directorships: None Former listed directorships in last three years: None	Member of audit committee	Nil

Directors' Report to Unitholders
for year ended 30 June 2010

13. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Daniel Hurwitz	Appointed 8 October 2003 Age: 46 Daniel was appointed President & Chief Executive Officer of Developers Diversified Realty on January 1, 2010. He had served as President & Chief Operating Officer of the company from May 2007 through December 2009, as Senior Executive Vice President & Chief Investment Officer from May 2005 to May 2007, and as Executive Vice President from June 1999 through April 2005. Daniel joined the Developers Diversified board of directors in June 2009, and previously served on the board from May 2002 to May 2004. Daniel is responsible for developing, refining and executing Developers Diversified's corporate strategy, policies, goals and objectives. This role is accountable for company performance and reports to the Board of Directors. Also, he is a member of the Company's executive, management and investment committees. Prior to joining Developers Diversified, Daniel served as Senior Vice President and Director of Real Estate and Corporate Development for Boscov's Department Store, Inc. Prior to Boscov's, Mr. Hurwitz served as Development Director for the Shopco Group, a New York City-based developer and acquirer of regional and super regional shopping malls. Daniel is a graduate of Colgate University and the Wharton School of Business Management Program at the University of Pennsylvania. He is a frequent speaker at real estate industry functions, including the International Council of Shopping Centers (ICSC), Urban Land Institute (ULI), and The University of Wisconsin-Madison James A. Graaskamp Center for Real Estate. Professionally, Daniel is a member of the Board of Trustees of U-Store-It Trust (NYSE: YSI), where he serves on the audit committee and as chair of the executive compensation committee; a member of the Developers Diversified/Sonae Sierra Brasil advisory committee that oversees all venture activities in Brazil; a member of International Council of Shopping Centres (ICSC), a member of the ICSC Board of Trustees, co-chair of ICSC's open-air centers committee and a member of the ICSC Political Action Committee. He is also a member of ULI and serves as Vice Chairman of the CRC Blue Council. In addition, Daniel is a member of The Samuel Zell and Robert Lurie Real Estate Center at The Wharton School, University of Pennsylvania, where he serves in the Career Mentor Program. Additionally, Daniel is a member of the Colgate University Board of Trustees; a member of the Board of Trustees of Hawken School; and a member of the Leadership Board for the Neurological Institute at the Cleveland Clinic. He has also served as a member of the Board of Regents for the University System of Ohio and the Board of Directors of the Colgate University Alumni Corporation, Colgate University Maroon Council, Boscov's Department Store, Inc., The Network, Applewood Centers and the Cleveland Children's Museum. Current listed directorships: None Former listed directorships in last three years: None		Nil
Karlis Cerbulis	Appointed 18 June 2010 Age: 51 Mr Cerbulis is a Latvia based executive with an affiliate of Eastgate. Mr Cerbulis manages the firm's activities in the Baltics, including strategic land accumulations, real estate restructurings and developments and direct investments. Mr Cerbulis has managed a diversified portfolio of real estate projects in Latvia, including mixed-use office space, warehouse / logistical complexes, planned residential / retail developments and the strategic acquisition, rezoning and permitting of land for mixed-use facilities. Mr Cerbulis was co-founder and first President of the Riga Stock Exchange. He has served as an adviser to the Minister of Economy in Latvia. Mr Cerbulis received a BS in Agronomy with highest distinction from Pennsylvania State University and an MBA from Harvard Business School. Current listed directorships: None Former listed directorships in last three years: None		Nil

Directors' Report to Unitholders
for year ended 30 June 2010

13. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Gregory Katz	Appointed 18 June 2010 Age: 59 Mr Katz is General Counsel of a private fund manager which is an affiliate of Eastgate. Mr Katz is responsible for overseeing all the legal affairs of this fund manager across its global offices. Previously, Mr Katz was a partner at a New York and San Francisco based law firm. Mr Katz has experience in the areas of mergers and acquisitions, securities law, corporate finance, corporate governance and commercial real estate transactions. Mr Katz is a graduate of the University of Pennsylvania and Harvard Law School. Current listed directorships: None Former listed directorships in last three years: None		Nil
Zvi Maayan	Appointed 18 June 2010 Age: 43 Mr Maayan is General Counsel of Elbit Imaging, a position he has held since October 2008. He has previously served as Assistant General Counsel from 2007 to 2008. Prior to joining Elbit Imaging Mr Maayan was Assistant General Counsel for Israel Aerospace Industries. Mr Maayan was a senior associate in a law firm specialising in commercial and civil law, international commerce, banking and financing, bankruptcy, bio-pharmaceutical industry, real estate and litigation. Mr Maayan is a graduate of the Bar Ilan University (LLB, LLM, cum laude). Current listed directorships: None Former listed directorships in last three years: None		Nil
David Machloof	Appointed 18 June 2010 Age: 38 Mr Machloof is co-CEO of Elbit Imaging, a position he has held since January 2010. He previously served as Chief Financial Officer from 2006 to 2009 and head of the company's accounting department from 2003 to 2005. Prior to joining Elbit Imaging, Mr Machloof was a manager at Deloitte & Touche, Certified Public Accountants. Mr Machloof holds a BA in Economics and an LLM, both from Bar Ilan University and is a Certified Public Accountant. Current listed directorships: None Former listed directorships in last three years: None		Nil

Directors' Report to Unitholders
for year ended 30 June 2010

13. Information on current directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Luke Petherbridge	Appointed 18 June 2010 Age: 30 Luke was appointed Chief Executive Officer of the Trust in August 2008 having served as General Manager since joining Macquarie in April 2008. Luke has spent the last nine years in the Australian asset management industry. Prior to joining Macquarie, Luke worked with boutique property investment company and asset manager Rubicon as Director of Transactions. While in this role, Luke worked on transactions focusing on US, European and Japanese real estate and real estate backed structured finance. Luke holds a BCom (Economics) from Macquarie University. Current listed directorships: None Former listed directorships in last three years: None	Chief Executive Officer	Nil
Joan Allgood (alternate)	Appointed 12 January 2004 Age: 57 As executive vice president of corporate transactions and governance and secretary of Developers Diversified Realty, Joan's responsibilities include the execution of the company's external growth strategy through document negotiation and management of the closing process for mergers, acquisitions and dispositions, and the compliance with corporate governance policies and practices. She also serves as corporate secretary to Developers Diversified's board of directors. Joan was Developers Diversified's senior vice president and general counsel since its organisation as a public company in 1993 and general counsel of its predecessor entities since 1987. She was promoted to senior vice president in 1999. Joan practised law with Thompson Hine from 1983 to 1987 and has a BA from the Denison University and a Juris Doctorate from Case Western Reserve University. She is a member of the American Bar Association, the Ohio Bar Association, Cleveland Bar Association, the International Council of Shopping Centers (ICSC) and the American College of Real Estate Lawyers. Current listed directorships: None Former listed directorships in last three years: None		Nil

Directors' Report to Unitholders
for year ended 30 June 2010

14. Meetings of directors

Name	Full meetings of directors		Meetings of audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Steven Guttman	16	14	3	3
David Spruell	16	16	3	3
David Oakes	16	14	-	-
Daniel Hurwitz	16	10	-	-
Alexander Berman (appointed 18 June 2010)	-	-	-	-
Karlis Cerbulis (appointed 18 June 2010)	-	-	-	-
Gregory Katz (appointed 18 June 2010)	-	-	-	-
Zvi Maayan (appointed 18 June 2010)	-	-	-	-
David Machloof (appointed 18 June 2010)	-	-	-	-
Luke Petherbridge (appointed 18 June 2010)	-	-	-	-
Simon Jones (resigned 18 June 2010)	16	16	-	-
Stephen Girdis (resigned 18 June 2010)	16	14	-	-
Scott Wolstein (resigned 18 June 2010)	16	9	-	-
Richard Sheppard (resigned 18 June 2010)	16	14	-	-
Robert Joss (resigned 18 June 2010)	16	14	3	3
Joan Allgood (alternate for Hurwitz and Wolstein)	2	2	-	-
John Wright (alternate for Sheppard and Girdis) (resigned 19 March 2010)	-	-	-	-

15. Company secretaries

The company secretary is Christine Williams. Christine Williams was appointed to the position of company secretary on 19 March 2010.

John Wright and Natalie Allen resigned as company secretaries on 19 March 2010.

16. Non-audit services

The Responsible Entity of the Trust may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Trust are important.

Details of the amounts paid to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are disclosed in note 4 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors of the Responsible Entity are satisfied that the provision of non-audit services by the auditor, or as set out in note 4 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

— all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and

— none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board (APES) 110, Code of Ethics for Professional Accountants.

17. 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 15.

Directors' Report to Unitholders

for year ended 30 June 2010

18. Rounding of amounts to the nearest thousand dollars

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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

David Spruell
Director

Sydney
24 August 2010

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of EDT Retail Trust (formerly Macquarie DDR Trust) for the year ended 30 June 2010, 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 EDT Retail Trust and the entities it controlled during the year.

J A Dunning
Partner
PricewaterhouseCoopers

Sydney
24 August 2010

Directors' declaration to unitholders
for year ended 30 June 2010

Income Statement

		Consolidated	
	Note	2010 $'000	2009 $'000
Income			
Property rental income		**113,056**	-
Property expenses		**(39,773)**	-
Net property income		**73,283**	-
Share of net loss from investments in jointly controlled entities	10(ii)	**(2,785)**	(732,412)
Property valuation losses - investment properties		**(99)**	-
Interest income		**96**	119
Net foreign currency gains		**5,224**	-
Total income / (loss) net of property expenses		**75,719**	(732,293)
Expenses			
Management base fee		**4,728**	-
Interest expense		**41,692**	49
Amortisation of borrowing costs		**6,112**	347
Net loss from derivative financial instruments	2(a)	**18,278**	23,444
Net foreign currency losses		**-**	35,533
Other expenses	2(b)	**7,034**	1,802
Loss on sale of assets		**344**	-
Total expenses		**78,188**	61,175
Loss before tax		**(2,469)**	(793,468)
Tax (expense) / benefit	3	**(941)**	177,112
Loss for the year		**(3,410)**	(616,356)
Attributable to:			
Owners of EDT Retail Trust		**(3,411)**	(616,356)
Non-controlling interests		**1**	-
Loss for the year		**(3,410)**	(616,356)
Basic earnings per unit (cents)	6	**(0.31)**	(65.50)
Diluted earnings per unit (cents)	6	**(0.31)**	(65.50)

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

Directors' declaration to unitholders

for year ended 30 June 2010

Statement of Comprehensive Income

		Consolidated	
		2010	2009
	Note	**$'000**	$'000
Loss for the year		**(3,410)**	(616,356)
Other comprehensive income			
Net investment hedges	16	**-**	(73,488)
Cash flow hedges	16	**12,547**	(9,674)
Exchange rate differences on translation of foreign operations	16	**(17,542)**	206,152
Other comprehensive income for the year		**(4,995)**	122,990
Total comprehensive loss for the year		**(8,405)**	(493,366)
Total comprehensive loss is attributable to:			
Owners of EDT Retail Trust		**(8,406)**	(493,366)
Non-controlling interests		**1**	-
Total comprehensive loss for the year		**(8,405)**	(493,366)

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

Directors' declaration to unitholders
for year ended 30 June 2010

Statement of Financial Position

		Consolidated	
		2010	2009
	Note	**$'000**	$'000
Current assets			
Cash and cash equivalents	7	**39,157**	958
Receivables	8	**20,559**	674
Other assets	9	**10,628**	13
Total current assets		**70,344**	1,645
Non-current assets			
Investment properties	11	**1,508,050**	-
Interest in jointly controlled entities:			
Investment properties / property held for sale		**95,557**	1,787,909
Less: Share of interest bearing liabilities		**(92,274)**	(1,443,137)
Add: Share of other net assets		**1,017**	60,185
Total interest in jointly controlled entities		**4,300**	404,957
Total non-current assets		**1,512,350**	404,957
Total assets		**1,582,694**	406,602
Current liabilities			
Payables	12	**28,855**	1,786
Derivative financial instruments	13	**-**	45,645
Interest bearing liabilities	14	**298,113**	1,296
Total current liabilities		**326,968**	48,727
Non-current liabilities			
Interest bearing liabilities	14	**709,442**	-
Total non-current liabilities		**709,442**	-
Total liabilities		**1,036,410**	48,727
Net assets		**546,284**	357,875
Equity			
Contributed equity	15	**1,141,756**	945,040
Reserves	16	**(170,512)**	(165,517)
Accumulated losses	17	**(425,060)**	(421,648)
Capital and reserves attributable to owners of EDT Retail Trust		**546,184**	357,875
Non-controlling interests		**100**	-
Total equity		**546,284**	357,875

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Directors’ declaration to unitholders

for year ended 30 June 2010

Statement of Changes in Equity

Consolidated	Contributed Equity $’000	Reserves $’000	Accumulated Losses $’000	Total $’000	Non-Controlling Interest $’000	Total Equity $’000
Total equity at 1 July 2009	**945,040**	**(165,517)**	**(421,648)**	**357,875**	**-**	**357,875**
Total comprehensive income	**-**	**(4,995)**	**(3,412)**	**(8,407)**	**1**	**(8,406)**
Transactions with owners in their capacity as owners						
Contributions of equity net of equity issue costs	**196,716**	**-**	**-**	**196,716**	**-**	**196,716**
Non-controlling interests recognised upon consolidation of controlled entities	**-**	**-**	**-**	**-**	**99**	**99**
Total equity at 30 June 2010	**1,141,756**	**(170,512)**	**(425,060)**	**546,184**	**100**	**546,284**
Total equity at 1 July 2008	939,657	(288,507)	214,459	865,609	-	865,609
Total comprehensive income	-	122,990	(616,356)	(493,366)	-	(493,366)
Transactions with owners in their capacity as owners						
Distributions reinvested net of transaction costs	5,383	-	-	5,383	-	5,383
Distributions paid or payable	-	-	(19,751)	(19,751)	-	(19,751)
Total equity at 30 June 2009	945,040	(165,517)	(421,648)	357,875	-	357,875

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

Directors' declaration to unitholders
for year ended 30 June 2010

Statement of Cash Flows

	Note	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Property rental income received		**119,966**	-
Property expenses paid		**(29,362)**	-
Distributions received from investments in jointly controlled entities		**6,928**	28,052
Interest income received		**96**	119
Net (payments) / proceeds for derivative financial instruments		**(85,729)**	11,932
Other operating expenses paid		**(11,735)**	(2,145)
US withholding tax paid		**(941)**	(7,827)
Net cash flows from operating activities	21 (a)	**(777)**	30,131
Cash flows from investing activities			
Payments for investments in jointly controlled entities		**-**	(16,218)
Capital expenditure on investment properties		**(6,057)**	-
Proceeds from sale of investment properties		**6,143**	-
Net cash acquired upon consolidation of investment in controlled entities	21(c)	**34,762**	-
Net cash flows from investing activities		**34,848**	(16,218)
Cash flows from financing activities			
Proceeds from borrowings		**-**	679
Repayment of borrowings		**(135,014)**	-
Proceeds from issues of units		**208,338**	-
Equity issue costs paid		**(11,621)**	(11)
Finance costs		**(56,657)**	(375)
Distributions paid to unitholders		**-**	(14,357)
Net cash flows from financing activities		**5,046**	(14,064)
Net increase / (decrease) in cash and cash equivalents		**39,117**	(151)
Cash and cash equivalents at the beginning of the year		**958**	533
Effect of exchange rate changes on cash and cash equivalents		**(918)**	576
Cash and cash equivalents at the end of the year	7	**39,157**	958

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Directors' declaration to unitholders

for year ended 30 June 2010

Notes to the financial statements

1. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements for the financial year ended 30 June 2010 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of EDT Retail Trust (formerly known as Macquarie DDR Trust) and its controlled entities.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards and the *Corporations Act 2001*.

Compliance with IFRS as issued by IASB

Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, these financial statements have also been prepared in accordance with and comply with IFRS as issued by the IASB.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments held at fair value.

Critical accounting estimates

The preparation of the financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgment in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in notes 1(h) and 1(w) and assumptions relating to deferred tax liabilities, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

Financial statement presentation

The Trust has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of an income statement and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Trust had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

During the year, the Trust completed the redemption of Developers Diversified Realty's (DDR) ownership in the largest of its three jointly controlled entities with the Trust, DDR Macquarie Fund LLC (US LLC), which prior to the redemption was owned by the Trust and DDR, indirectly through their mutual interest in Macquarie DDR US Trust Inc. (US REIT I) and DDR's direct interest in US LLC. DDR's direct and indirect ownership in the US LLC Joint Venture was redeemed in exchange for three jointly owned properties and a cash payment of US$1.6 million from DDR to the Trust. The redemption was approved by unitholders at a General Meeting held on 19 October 2009.

Prior to the redemption, the Trust did not have the ability to make the strategic financial and operating decisions, including final investment and divestment decisions, for any of its three joint venture entities with DDR (US LLC, DDR MDT PS LLC (PS LLC), DDR MDT MV LLC (MV LLC)) without the need for an affirmative vote by representatives of DDR.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

While the Trust had ownership interests of 85.48% in US LLC and 90.24% in PS LLC, all major decisions for each of US LLC, PS LLC and MV LLC were required to be approved by members of the LLC's which included the respective US REITS (US REIT I in the case of US LLC and Macquarie DDR Trust US Trust II (US REIT II) in the case of PS LLC and MV LLC) and DDR. The US REIT boards consisted of 3 DDR representatives and 3 Trust representatives. On the basis that joint control existed, the Trust's investments in US REIT I, US REIT II, US LLC, PS LLC and MV LLC were all equity accounted.

As part of the redemption transaction the US REIT boards were reconstituted to comprise only directors selected by the Trust and the US Manager was now obligated to comply with the directions of the board of directors of US REIT I with regard to all matters related to US LLC. The Trust now controlled US REIT I and US REIT II as it had sole voting rights on the US REIT boards and the Trust now controlled US LLC as it now had the ability to make the strategic financial and operating decisions, including the final investment and divestment decisions relating to US LLC's assets, without the need for any approval from DDR. As a result the equity method of accounting is no longer appropriate for the Trust's interest in US REIT I, US REIT II and US LLC and these investments have been consolidated from 19 October 2009, being the date that control was obtained.

Post the redemption transaction, for as long as DDR maintains an ownership in PS LLC and MV LLC (currently 9.66% in PS LLC and 50.0% in MV LLC), the previously existing management arrangements for major decisions remain. As these entities remain jointly controlled by the Trust and DDR, they continue to be equity accounted.

The consolidated financial statements incorporate the assets and liabilities of the Trust's controlled entities as at 30 June 2010 and their results for the year then ended from the date control was obtained. EDT Retail Trust (formerly known as Macquarie DDR Trust) and its controlled entities together are referred to in these financial statements as the consolidated entity or the Group. The effects of all transactions between entities in the consolidated entity have been eliminated in full.

Controlled entities are those entities over which the Trust has the power to govern the financial and operating policies.

Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by the Trust.

Where control of an entity is obtained during a financial year, its results are included in the 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 period during which control existed (see note 10).

As a result of the DDR redemption, the investments in US REIT I, US REIT II and US LLC were consolidated into the Trust from 19 October 2009. The effect on the Trust's financial statements on 19 October 2009 was an increase in investment properties of $1.37 billion, an increase in interest bearing liabilities of $1.05 billion, and an increase in net working capital of $19 million.

(c) Trust formation

The Trust was established on 29 September 2003. The operations of the Trust commenced with the purchase of property investments in the United States on 21 November 2003, through its then jointly controlled entities.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(d) Excess of current liabilities over current assets

The financial statements for the Group as at 30 June 2010 have been prepared on a going concern basis as the directors of the Responsible Entity, after reviewing the Group's going concern status, have concluded that the Group has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

As at 30 June 2010 the Group had a net current asset deficiency of $256.6 million. Included in current liabilities are the following facilities which mature within the next 12 months:

- The US$145.1 million ($172.6 million) Longhorn II Commercial Mortgage Backed Securities (CMBS) facility which currently matures on 5 October 2010; and
- The US$107.5 million ($127.8 million) Bison facility which matures in June 2011.

The Longhorn II CMBS facility matures, after a short term extension option was exercised, on 5 October 2010. The Group is in advanced negotiations with new lenders and has entered into a non-binding signed term sheet to refinance the existing facility with a long term facility. It is expected this refinancing will be completed prior to the maturity date. In the event that the refinancing is not completed the directors would pursue other refinancing options.

The Bison CMBS facility originally matured on 11 June 2009. In December 2009, the servicer of the facility agreed to provide an extension to June 2011. This US$107.5 million facility which is non-recourse to the Trust is separately secured on thirteen properties which have a book value of US$181.0 million at 30 June 2010. The loan to value ratio is 59.4% and, assuming no deterioration in market conditions, the Group intends to complete the refinancing of this facility with another lender prior to its maturity date.

Investment properties in the controlled entities and jointly controlled entities are valued based on a price which would be achieved between willing parties in an arm's length transaction. If the Group were unable to refinance the above facilities before maturity the lender may enforce repayment of an amount owing and the Group would become a distressed seller of certain assets. The amounts recoverable from the sale of such investment properties may materially differ to that recorded in the financial statements.

The Trust's investment in the MV LLC joint venture entity was equity accounted to nil in the six months ended 31 December 2009. The Trust has no obligation to provide further funding of this portfolio. As a result, the Group no longer recognises further losses from this portfolio as part of the equity accounted profit or loss from jointly controlled entities and the portfolio provides no contribution to the Group's Net Tangible Assets (NTA).

Due to the likelihood of not being able to retrieve any equity value from this portfolio and significant additional capital being required, the Trust, DDR and the loan servicer are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the portfolio.

In December 2008, Mervyns (the tenant of the properties in this portfolio) entered Chapter 11 and all 37 stores in this portfolio were closed. To date 10 of these stores have been sold and 7 stores have been leased to new tenants.

The Mervyn's facility is a non-recourse first mortgage facility of US$158.8 million (EDT share US$79.3 million) secured against 27 assets as at 30 June 2010 valued at US$140.1 million (EDT share US$70.0 million).

The loan is non-recourse and there is no obligation for any entities in the Group to provide further equity to the lender or joint venture.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(e) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, 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 interest bearing liabilities in current liabilities in the Statement of Financial Position.

(f) Receivables

Receivables are carried at the amounts due to the Group and are generally received within 30 days of becoming due and receivable. Receivables due from tenants are expected to be collected within 30 to 60 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Trust will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

The amount of any impairment loss is recognised in the Income Statement in other expenses if the receivable is held by the Trust or in net property income if the receivable is held in the controlled entities. When a trade receivable for which a provision has been recognised becomes uncollectable in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement for those trade receivables held by the Trust or net property income for those trade receivables held by controlled entities.

(g) Interest in jointly controlled entities

The Trust also holds property investments through its jointly controlled entities. The Trust exercises joint control over its jointly controlled entities but neither the Trust nor its joint venture partner has control in their own right, irrespective of their ownership interest.

Accordingly, interests in jointly controlled entities are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, the Trust's share of the profits or losses of each jointly controlled entity is recognised as income in the Income Statement, and its share of movements in reserves is recognised in the Statement of Comprehensive Income.

During the six months ended 31 December 2009, the investment in MV LLC was equity accounted to nil and the Trust has no obligation to provide further funding of this portfolio. As a result, no additional losses are recognised with respect to MV LLC, with profits only being recognised to the extent they exceed the previously unrecognised loss.

Details of the jointly controlled entities are set out in note 10.

(h) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

At each reporting date, the fair values of the investment properties are assessed by the Responsible Entity by reference to independent valuation reports or through appropriate valuation techniques adopted by the Responsible Entity. Fair value is determined assuming a long term investment period. Specific circumstances of the owner are not taken into account.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(h) Investment properties (continued)

The factors taken into account in assessing internal valuations may include:

— Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
— Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
— Capitalisation rates used to value the asset, market rental levels and lease expiries;
— Changes in interest rates;
— Asset replacement values;
— Discounted cash flow models;
— Available sales evidence; and
— Comparisons to valuation professionals performing valuation assignments across the market.

The approach adopted for valuing the investment property portfolio at 30 June 2010 was consistent with that adopted at previous reporting periods and was as follows:

— If the most recent independent valuation was more than 3 years old, a new external valuation was obtained; and
— Internal valuations were performed by Macquarie Real Estate Inc. (MREI) (formerly known as Macquarie Asset Services Limited (MASL)) on all other properties primarily using net operating income and a capitalisation rate as assessed by using market research reports and the valuations that were undertaken by the external valuers where appropriate. If this internal valuation significantly differed from the current book value of the property, an external valuation was also obtained for this property.

Due to the volatility in the real estate markets, application of the policy has resulted in 21 investment properties being independently valued at 30 June 2010.

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

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regards to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

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

The carrying amount of investment properties recorded in the Statement of Financial Position includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods.

Directors' declaration to unitholders
for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(h) Investment properties (continued)

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

At each reporting date the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Trust determines a property's value within a range of reasonable fair value estimates.

The below table illustrates the key valuation assumptions used in the determination of the investment properties fair value.

	2010	2010	2009	2009
	Core shopping centre	Single Box Portfolio	Core shopping centre	Single Box Portfolio
	%	%	%	%
Weighted average capitalisation rate	8.5%	12.6%	8.4%	12.9%
Weighted average lease expiry (years)	5.1*	11.3**	5.1*	N/A
Vacancy	11.5%	77.3%	11.9%	93.8%

*Weighted by ABR (Annual Base Rate)
**Weighted by GLA (Gross Lettable Area)
***PS LLC properties (in Core shopping centre portfolio) and MV LLC (Single Box Portfolio) are included within interests in jointly controlled entities.

The above key assumptions have been taken from the latest independent valuation reports for the 21 investment properties that were independently valued at 30 June 2010, which includes investment property in both controlled entities and jointly controlled entities.

In addition to the key assumptions set out in the table above, vacancy and let up period ranges from 6 to 24 months and tenant retention ranges from 60% to 75%.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(j) 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 balance 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. The Trust may designate certain derivatives as either hedges of net investments in foreign operations (net investment hedges) or hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges).

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(j) Derivatives (continued)

The Trust documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust 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) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting is recognised immediately in the Income Statement.

(ii) 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 the foreign currency translation reserve. This amount will be reclassified into the Income Statement on disposal of the foreign operations. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Gains and losses accumulated in equity are included in the Income Statement when the foreign operation is partially disposed of or sold.

(iii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge 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 period when the hedged item impacts the Income Statement.

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.

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 or 60 days of recognition.

(l) Distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(m) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred and 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 borrowing using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

(i) Rental income

The Group leases real estate to its customers under long-term net leases that are classified as operating leases. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease origination fees and internal direct lease origination costs, including employee compensation directly related to time spent performing successful lease origination activities, are deferred and amortised over the related lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

The leases generally provide for rent escalations throughout the lease term. For these leases, the revenue is recognised on a straight line basis so as to produce a constant periodic rent over the term of the lease. Accordingly, accrued rental revenue recognised on a straight line basis, represents unbilled rent receivables that the Group will receive only if the tenant makes all rent payments required through the expiration of the initial term of the lease.

The leases may also provide for contingent rent based on a percentage of the lessee's gross sales or contingent rent indexed to further increases in the Consumer Price Index (CPI). For contingent rentals that are based on a percentage of the lessee's gross sales, the Group recognises contingent rental revenue when the change in the factor on which the contingent lease payment is based actually occurs.

Rental revenues for lease escalations indexed to future increases in the CPI are recognised only after the changes in the index have occurred.

(ii) Interest income

Interest Income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(o) Finance costs

Finance costs, excluding interest expense, are recognised as prepayments and amortised on a straight line basis over the term of the related borrowing facility.

(p) Income tax

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its taxable income (including assessable realised capital gains) is fully distributed to unitholders, by way of cash or reinvestment.

US REIT I and US REIT II have elected to be taxed as Real Estate Investment Trusts (REITs) under US federal taxation law, and on this basis, will generally not be subject to US income taxes on that portion of the US REITs' taxable income or capital gains which are distributable to the US REITs' shareholders, provided that the US REITs comply with the requirements of the US Internal Revenue Code of 1986 and maintain their REIT status.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(p) Income tax (continued)

The US REITs may ultimately realise a capital gain or loss on disposal which may attract a US income tax liability if the proceeds from disposal are not reinvested in a qualifying asset. If the capital gain is realised, it may give rise to a foreign tax credit which would be available to unitholders. A deferred tax liability is recognised based on the temporary difference between the carrying amount of the assets in the Statement of Financial Position and their associated tax cost bases.

A current tax liability is recognised in the financial statements for realised gains on disposals of US investments, except where the proceeds of such disposals are reinvested in a qualifying asset.

(q) Goods and services tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO). The non-recoverable GST is recognised as part of the income, expense, asset or liability.

Receivables and payables are stated at amounts inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included in receivables or payables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

(r) Equity transaction costs

Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

(s) Reserves

In accordance with the Trust Constitution, amounts may be transferred from reserves to fund distributions.

(t) Foreign currency translation

(i) Functional and presentation currencies

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year 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 or are attributable to part of the net investment in a foreign operation.

(iii) Foreign operations

Transactions of foreign equity accounted jointly controlled entities are measured using the currency of the primary economic environment in which those entities operate. Assets and liabilities of foreign equity accounted jointly controlled entities are translated at exchange rates ruling at balance date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign equity accounted jointly controlled entities are taken directly to the foreign currency translation reserve.

At 30 June 2010, the spot rate used was \$1.00 = US\$0.8411 (2009: \$1.00 = US\$0.8068). The average spot rate during the year ended 30 June 2010 was \$1.00 = US\$0.8824 (2009: \$1.00 = US\$0.7445).

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(t) Foreign currency translation (continued)

iv) Controlled entities

The result and financial position of the controlled entities 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 the balance sheet
- income and expenses for each Income Statement and Statement of Comprehensive Income item are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

At 30 June 2010, the spot rate used was $1.00 = US$0.8411. The average spot rate during the year ended 30 June 2010 was $1.00 = US$0.8824.

(u) Segment information

During the period the Trust adopted AASB 8 *Operating Segments* which replaces AASB 114 *Segment Reporting.* The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a review of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors as they are responsible for the strategic decision making within the Trust. Apart from the additional disclosures and measures reflected in the operating segments note (note 24), the adoption of AASB 8 has not had an impact on the measurements reflected in the Trust's financial statements. Comparative information has been adjusted.

(v) Earnings per unit

Basic earnings per unit are determined by dividing the profit attributable to owners of the Trust by the weighted average number of ordinary units on issue during the financial period.

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per share to take into account the effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values.

Directors' declaration to unitholders

for year ended 30 June 2010

1. Summary of significant accounting policies (continued)

(w) Fair value estimation (continued)

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

(x) New standards and Urgent Issues Group Interpretations

In December 2009, the AASB issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the Trust's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact.

(y) Parent entity financial information

The financial information for the parent entity, EDT Retail Trust, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and jointly controlled entities

Investments in subsidiaries and jointly controlled entities are accounted for at cost in the financial statements of EDT Retail Trust. Dividends received from subsidiaries are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(z) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(aa) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

2. Profit for the year

	Consolidated	
	2010	2009
	$'000	$'000
(a) Net loss from derivative financial instruments		
Gain / (loss) on derivative financial instruments - unrealised	**66,554**	(37,933)
Gain on capital hedging derivative financial instruments - realised	**-**	15,675
(Loss) / gain on income hedging derivative financial instruments - realised	**(11,362)**	4,836
Loss on other derivative financial instruments - realised	**(73,470)**	(6,022)
Net loss from derivative financial instruments	**(18,278)**	(23,444)

Directors' declaration to unitholders

for year ended 30 June 2010

2. Profit for the year (continued)

	Consolidated	
	2010	2009
	$'000	$'000
(b) Other expenses		
Amortisation of lease costs	**1,235**	-
Audit committee fees – independent directors	**28**	28
Compliance fees – independent directors	**90**	90
Custodian fees	**55**	56
Legal fees	**1,618**	110
Professional fees*	**3,071**	475
Registry fees	**115**	115
Travel	**123**	285
Unitholder communications costs	**153**	188
Other	**546**	455
Total other expenses	**7,034**	1,802

* Professional costs include audit and taxation fees detailed in note 4.

Other expenses have been paid in accordance with the Trust Constitution.

Included within other expenses are $3.7 million of costs attributable to US LLC which was consolidated from 19 October 2009. In the prior year these expenses were included in share of net profits from jointly controlled entities.

3. Income tax

	Consolidated	
	2010	2009
	$'000	$'000
US withholding tax expense	**(941)**	(1,374)
US capital gains tax benefit	**-**	178,486
Total tax (expense) / benefit	**(941)**	177,112
(a) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense / (benefit)	**(2,469)**	(793,468)
Prima facie income tax on profit from continuing activities at the Australian tax rate of 0% (2009:0%)*	**-**	-
US withholding tax expense	**(941)**	(1,374)
US capital gains tax benefit	**-**	178,486
Income tax (expense) / benefit	**(941)**	177,112
(b) Income tax (expense) / benefit		
Income tax (expense) / benefit comprises:		
Current tax	**(941)**	(7,481)
Deferred tax	**-**	184,593
Income tax (expense) / benefit	**(941)**	177,112

* Tax effect of Australian trust income is nil (refer note 1(p)).

Directors' declaration to unitholders
for year ended 30 June 2010

4. Remuneration of auditors

During the financial year, the auditor of the Trust, PricewaterhouseCoopers, earned the following remuneration:

	Consolidated 2010 $	2009 $
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:		
Audit services	**211,300**	220,340
Other services		
Taxation services	**15,796**	32,757
Transaction services	**235,860**	-
Amounts paid or payable to PricewaterhouseCoopers overseas firm for:		
Audit services	**319,566**	-
Other services		
Taxation services	**74,792**	-
	857,314	253,097

In addition to the above fees, PricewaterhouseCoopers, US firm, earned $105,231 (2009: $278,731) in connection with the audit of the Trust's jointly controlled entities and $28,985 (A$238,237) in connection with tax services for the Trust's jointly controlled entities. These amounts represent the fees charged to the jointly controlled entities. The Trust's share of the fees is recorded as share of net profits from jointly controlled entities.

The decrease in fees charged to the jointly controlled entities and subsequent increase in the fees charged to the Group is partly as result of US LLC being consolidated from 19 October 2009. Fees in the prior year paid or payable to PricewaterhouseCoopers overseas firm was included in share of net profits from jointly controlled entities.

5. Distributions paid and proposed

There were no distributions paid or proposed for the year ended 30 June 2010 (2009: nil).

6. Earnings per unit

	Consolidated 2010	2009
Basic earnings per unit (cents)	**(0.31)**	(65.50)
Diluted earnings per unit (cents)	**(0.31)**	(65.50)
Core earnings per unit (cents)	**2.61**	7.32
Earnings used in the calculation of basic and diluted earnings per unit ($'000)	**(3,411)**	(616,356)
Earnings used in the calculation of core earnings per unit ($'000) (refer to note 24)	**28,402**	68,843
Weighted average number of units used in the calculation of basic, diluted and core earnings per unit ('000)*	**1,088,818**	941,057

* Weighted average number of units is calculated from the date of issue of the units.

Directors' declaration to unitholders

for year ended 30 June 2010

7. Cash and cash equivalents

	Consolidated	
	2010	2009
	$'000	$'000
Australian dollar accounts	**3,893**	30
US dollar accounts	**35,264**	928
	39,157	958

Surplus funds of the Group are held at call in the Group's operating accounts and treasury accounts. Interest is receivable monthly in arrears. As at 30 June 2010, the weighted average interest rate on the Australian dollar accounts was 3.75% per annum (2009: 1.94% per annum) and on the US dollar accounts was 0.38% per annum (2009: 0.12% per annum).

(a) Cash not available for use

US dollar accounts include amounts that have restrictions on their use. Certain balances may no longer be able to be distributed or utilised by the Group as lender restrictions may limit or require that the funds be used in a certain manner. Total restricted amounts are $8.5 million.

8. Receivables

	Consolidated	
	2010	2009
	$'000	$'000
Trade receivable	**21,802**	-
GST receivable	**423**	4
Withholding tax receivable	**-**	110
Sundry debtors	**2,921**	560
Provision for impairment of trade receivables (note (a))	**(4,587)**	-
	20,559	674

The Group's receivables are carried at amounts that approximate their fair value.

(a) Impaired trade receivables

As at 30 June 2010 current trade receivables of the Group and its controlled entities with a nominal value of $11,830,387 (2009: nil) were impaired. The amount of the provision was $4,587,000 (2009: nil). In the prior year trade receivables and the provision for impaired receivables were included in the total interest in jointly controlled entities. There were no impaired trade receivables for the Trust in 2010 or 2009.

The ageing of these impaired receivables is as follows:

1 to 3 months	**1,794**	-
3 to 6 months	**122**	-
Over 6 months	**9,914**	-
	11,830	-

Directors' declaration to unitholders

for year ended 30 June 2010

8. Receivables (continued)

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

	Consolidated	
	2010	2009
	$'000	$'000
Provision at the beginning of the year	**-**	-
Transfer upon consolidation of investments in jointly controlled entities	**(3,557)**	-
Provision for impairment recognised during the year	**(1,429)**	-
Receivables written off during the year as uncollectible	**399**	-
Provision at the end of the year	**(4,587)**	-

The creation and release of the provision for impaired receivables has been included in net property income in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering further cash.

(b) Past due but not impaired

As at 30 June 2010, trade receivables of $9,715,398 (2009: nil) were past due but not impaired. These relate to tenants that have no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Up to 3 months	**8,852**	-
3 to 6 months	**56**	-
Over 6 months	**807**	-
	9,715	-

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on 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. Other assets

	Consolidated	
	2010	2009
	$'000	$'000
Prepayments	**2,012**	13
Other assets	**8,616**	-
	10,628	13

Directors' declaration to unitholders
for year ended 30 June 2010

10. Interest in jointly controlled entities

The Trust has an interest in certain jointly controlled entities with Developers Diversified Realty (DDR). The Trust exercises joint control over the jointly controlled entities, as neither the Trust nor its joint venture partner has control in their own right, irrespective of their ownership interest. The investments are accounted for in the financial statements using the equity method of accounting (refer to note 1(g)).

Information relating to the jointly controlled entities is detailed below.

Jointly controlled entities	Country of incorporation	Principal activity	Ownership interest 2010 %	2009 %
EPN US Trust Inc. (US REIT I)*	United States	Property investment	**99.98**	97.32
EDT Fund LLC (US LLC)*	United States	Property investment	**99.98** **	85.48 **
EPN US Trust II Inc. (US REIT II)*	United States	Property investment	**99.91**	99.90
DDR MDT MV LLC (MV LLC)	United States	Property investment	**49.95** ***	49.95 ***
DDR MDT PS LLC (PS LLC)	United States	Property investment	**90.25** ***	90.24 ***

* As a result of the DDR redemption, the investments in US REIT I, US REIT II and US LLC were consolidated by EDT from 19 October 2009, (see note 1(b)). These entities are no longer accounted for as jointly controlled entities (see note 1(b)).

** Represents indirect interest held through US REIT I.

*** Represents indirect interest held through US REIT II.

(i) Carrying amount of interest in jointly controlled entities

	Note	Consolidated 2010 $'000	2009 $'000
Carrying amount at the beginning of the year		**404,957**	952,677
Additions during the year		**-**	16,218
Share of profit before property valuation losses	10(ii)	**2,243**	49,070
Share of property valuation losses	10(ii)	**(5,028)**	(781,482)
Movement in share of cash flow hedge reserve		**319**	(9,674)
Distributions paid or payable for the year		**(6,928)**	(28,052)
Exchange rate differences on translation		**(52,269)**	206,200
Transfer to investment in controlled entities on consolidation	1(b)	**(338,994)**	-
Carrying amount at the end of the year		**4,300**	404,957

Directors' declaration to unitholders
for year ended 30 June 2010

10. Interest in jointly controlled entities (continued)

(ii) Results attributable to jointly controlled entities (Trust's share)

	Consolidated 2010 $'000	Consolidated 2009 $'000
Property income		
Property income	**60,873**	254,647
Property expenses	**(23,478)**	(81,219)
Net property income	**37,395**	173,428
Management fees		
Management base fee	**(2,567)**	(10,071)
Total management fee	**(2,567)**	(10,071)
Finance costs		
Interest expense	**(25,618)**	(78,228)
Borrowing establishment costs - amortisation	**(984)**	(5,338)
Total finance costs	**(26,602)**	(83,566)
Loss on sale of property		
Loss on sale of property*	**(862)**	(7,904)
Total loss on sale of property	**(862)**	(7,904)
Other income and expenses		
Interest income	**12**	320
Derivative financial instrument loss	**(2,973)**	(14,363)
Other operating expenses	**(2,160)**	(8,774)
Total other income and expenses	**(5,121)**	(22,817)
Share of net profit from investments in jointly controlled entities before property valuation losses	**2,243**	49,070
Property valuation gains / (losses)		
Revaluation of investment properties	**-**	13,202
Devaluation of investment properties	**(4,824)**	(795,113)
Revaluation of investment properties - adjustment for straight lining of fixed rent increases	**(204)**	429
Total property valuation losses	**(5,028)**	(781,482)
Share of net loss from investments in jointly controlled entities	**(2,785)**	(732,412)

* During the year, the Trust sold five properties within MV LLC for US$30.5 million (approximately $35.7 million). The Trust's interest in the properties was 49.95%. A loss on sale was recorded in the year of $3.6 million. Trust's share was $0.2 million as no further losses have been recognised after the six months ended 31 December 2009 when MV LLC was equity accounted to nil.

Prior to the date that US LLC was consolidated, the Trust sold four properties for US$91.0 million (approximately $107.6 million). The Trust's interest in the properties was 85.48%. A loss on sale was recorded in the period of $0.8 million. Trust's share was $0.7million.

Directors' declaration to unitholders

for year ended 30 June 2010

10. Interest in jointly controlled entities (continued)

(iii) Share of jointly controlled entities' assets and liabilities

	Consolidated	
	2010	2009
	$'000	$'000
Current assets		
Cash and restricted cash*	**2,326**	80,792
Property held for sale	**1,746**	99,343
Other assets	**14,574**	28,064
Total current assets	**18,646**	208,199
Non-current assets		
Investment properties	**176,779**	1,688,566
Total non-current assets	**176,779**	1,688,566
Total assets	**195,425**	1,896,765
Current liabilities		
Derivative financial instruments	**-**	23,518
Interest bearing liabilities	**106,775**	716,055
Other liabilities	**3,037**	25,153
Total current liabilities	**109,812**	764,726
Non-current liabilities		
Interest bearing liabilities	**92,274**	727,082
Total non-current liabilities	**92,274**	727,082
Total liabilities	**202,086**	1,491,808
Net assets **	**(6,661)**	404,957

* Restricted cash of $nil (2009: $39.7 million) is funds released from the Mervyns Letter of Credit placed in a lender's controlled account to be applied against fitout costs to re-lease the property. In May 2010, this letter of credit has been applied against the loan facility.

** The investment in MV LLC has a net assets deficiency of $11.0 million at 30 June 2010. The Trust's investment in MV LLC was equity accounted to nil in the six months ended 31 December 2009. This increases the value of Investments in joint venture entities in the Statement of Financial Position to $4.3 million when the deficiency is added back to the value of $6.7 million above.

As a result of the DDR redemption, the assets and liabilities of US LLC, US REIT I and US REIT II are no longer included in the share of joint venture entities' assets and liabilities at 30 June 2010, as they have been consolidated with the assets and liabilities of the Trust. Refer to note 10(i) for a reconciliation of the movement in the carrying amount of interest in jointly controlled entities during the year.

The jointly controlled entities have no contingent liabilities or capital commitments at 30 June 2010 (2009: $nil).

Directors' declaration to unitholders
for year ended 30 June 2010

11. Investment properties

		Consolidated	
		2010	2009
	Note	**$'000**	$'000
At Fair value			
Balance at the beginning of the year		**-**	-
Additions during the period		**6,057**	-
Transfer to investment properties upon consolidation of investments in jointly controlled entities*		**1,367,199**	-
Disposals during the period		**(6,143)**	-
Net property devaluations		**(99)**	-
Exchange rate differences on translation		**141,036**	-
Balance at the end of the year		**1,508,050**	-

* As a result of the DDR redemption, the investment properties held in US LLC were consolidated by EDT from 19 October 2009. The impact of $1.37 billion is shown in the table above. Refer to note 1(h) for investment property valuation basis.

(i) Valuation basis

The Trust obtains independent valuations in accordance with the policy set out in note 1(h). The directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. Please refer to note 1(h).

At the end of the reporting period, the key assumptions used in determining fair value were in the following ranges for the Group's portfolio of properties:

	Independent Valuations	Directors Valuations
	Range	Range
Discount Rate	8.50% - 12.50%	N/a
Terminal yield	8.0% - 9.75%	N/a
Capitalisation rate	7.50% - 9.25%	7.50% - 14.25%
Expected vacancy rate	3.00% - 11.00%	0.00% - 10.00%
Rental growth rate	0% - 1%	0%

(ii) Non-current assets pledged as security

Refer to note 14 for information on non current assets pledged as security.

(iii) Contractual obligations

There are no contractual obligations related to investment properties at the end of the period.

Directors' declaration to unitholders

for year ended 30 June 2010

11. Investment properties (continued)

(iv) Leasing arrangements

Some of the investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Minimum lease payments under non-cancellable operating lease of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	**103,574**	-
Later than one year but not later than 5 years	**301,324**	-
Later than 5 years	**150,967**	-
	555,865	-

12. Payables

	Consolidated	
	$'000	$'000
Trade payable	**783**	-
Custodian fees	**28**	14
Real estate taxes payable	**13,918**	-
Interest payable	**3,285**	-
Withholding tax payable	**195**	-
Amounts payable to settle derivative contracts closed before year end	**-**	1,292
Sundry creditors and accruals	**10,646**	480
	28,855	1,786

13. Derivative financial instruments

	Consolidated	
	2010	2009
	$'000	$'000
Liabilities		
Current		
Forward foreign exchange contracts	**-**	11,148
Interest rate swaps	**-**	28,289
Callable interest rate swaps	**-**	6,208
	-	45,645

Forward foreign exchange contracts

The Trust entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars. The last of these forward contracts had a maturity date of August 2013.

Directors' declaration to unitholders

for year ended 30 June 2010

13. Derivative financial instruments (continued)

On 9 January 2009, the Trust entered into offsetting foreign exchange forward agreements for 96% of its currency income hedge exposures. Accordingly, changes in the fair value of these contracts from 9 January 2009 are recorded in the Income Statement. The change in fair value up to 9 January 2009 of $73.5 million was recorded in the foreign currency translation reserve, while the remainder was recognised in the Income Statement in the prior period.

On 13 May 2010, the Trust cancelled the remaining foreign exchange forward contracts resulting in a loss of $11.1 million. As at 30 June 2010, the Trust has no forward foreign exchange contracts.

Cross currency swaps

During the prior year, the Trust cancelled its cross currency swaps resulting in a realised gain of $15.7 million.

Interest rate swaps

The Trust entered into interest rate swaps agreements on 30 June 2009 totalling US$150 million that entitled the Trust to receive and pay fixed rates on the notional principal amount. The Trust received a fixed rate from 3.49% to 3.5% while it paid a fixed rate from 5.53% to 5.54% per annum. The interest rate swaps contracts had maturity dates ranging from July 2017 to October 2017.

On 13 May 2010, the Trust cancelled the interest rate swaps resulting in a loss of $25.1 million being recognised in the Income Statement. As at 30 June 2010, the Trust has no interest rate swaps.

As a result of the DDR redemption, five interest rate swaps with a fair value of US$25.2 million were consolidated by EDT from 19 October 2009. The interest rate swaps totalling US$514.8 million had maturity dates ranging from 17 November 2010 to 2 June 2014. During the period, the interest rate swaps were cancelled resulting in a loss of $39.0 million being recognised in the Income Statement. As at 30 June 2010, the controlled entities have no interest rate swaps.

Callable interest rate swaps

In a prior period the Trust entered into interest rate swap agreements totalling US$50 million that entitled the Trust to receive interest at a floating rate on a notional principal amount and obliged it to pay interest at a fixed rate on the same amount. The counterparties had the option to cancel these swaps at the end of each quarter. The interest rate swap contracts had a maturity date of August 2014.

During the year, the Trust cancelled the callable swaps resulting in a loss of $6.3 million being recognised in the Income Statement. As at 30 June 2010, the Trust has no callable interest rate swaps.

Directors' declaration to unitholders

for year ended 30 June 2010

14. Interest bearing liabilities

	Consolidated	
	2010	2009
	$'000	$'000
Secured Loans		
Current		
Borrowings	**300,361**	-
Less: Unamortised transaction costs	**(2,248)**	-
	298,113	-
Non-current		
Borrowings	**717,430**	-
Less: Unamortised transaction costs	**(7,988)**	-
	709,442	-

Unsecured Loans		
Current		
Borrowings	**-**	1,456
Less: Unamortised transaction costs	**-**	(160)
	-	1,296

As a result of the DDR redemption, the interest bearing liabilities of $1.05 billion held in US LLC and US REIT I were consolidated into EDT from 19 October 2009.

The debt facilities held in the US LLC are secured by registered charges over investment properties.

At 30 June 2010, total interest bearing liabilities on a 'look through' basis were $1,204 million (2009: $1,449 million) with a total facility limit of $1,204 million (2009: $1,449 million). Refer to note 22(d) for the Trust's debt maturity profile.

(b) Secured liabilities and assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated	
	2010	2009
	$'000	$'000
Current		
Investment properties	**432,663**	-
Non-current		
Investment properties	**1,075,387**	-
	1,508,050	-

Directors' declaration to unitholders

for year ended 30 June 2010

15. Contributed equity

	Consolidated	
	2010	2009
	$'000	$'000
Balance at the beginning of the year	**945,040**	939,657
DRP issue	**-**	5,394
Placement	**9,479**	-
Entitlement Offer	**198,858**	-
Equity issue costs	**(11,621)**	(11)
Balance at the end of the year	**1,141,756**	945,040

	Consolidated	
	2010	2009
Units on issue at the beginning of the year	**943,203,042**	929,460,855
DRP issue*	**-**	13,742,187
Placement**	**141,480,000**	-
Entitlement offer	**3,615,607,826**	-
Units on issue at the end of the year	**4,700,290,868**	943,203,042

* The DRP units were issued on 26 August 2008 but were entitled to income from 1 July 2008

**Units were issued to the Cornerstone Investor EPN GP, LLC

As stipulated in the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Trust.

Each unit confers the right to vote at meetings of unitholders, subject to any voting restrictions imposed on a unitholder under the *Corporations Act 2001*.

On 7 May 2010 the Trust invited its unitholders to subscribe to a rights issue of 3,615,607,826 units at an issue price of $0.055 per unit on the basis of 10 units for every 3 existing units held, with such units being issued on 18 June 2010.

Distribution reinvestment plan

The Trust has established a DRP under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. As permitted under the DRP Rules, the directors of the Responsible Entity suspended the Trust's DRP commencing with the quarter ended 30 September 2006. The DRP was reinstated from the quarter ended 30 June 2008. As per note 5, the Trust has not declared any distributions for the years ended 30 June 2010 and 30 June 2009.

Directors' declaration to unitholders

for year ended 30 June 2010

16. Reserves

	Consolidated 2010 $'000	2009 $'000
Foreign currency translation reserve		
Opening balance	**(133,487)**	(266,151)
Exchange rate differences on translation of foreign operations	**(17,542)**	206,152
Movement in fair value of effective net investment hedges	**-**	(73,488)
Closing balance	**(151,029)**	(133,487)
Capital reserve		
Opening balance	**(3,212)**	(3,212)
Closing balance	**(3,212)**	(3,212)
Cash flow hedge reserve		
Opening balance	**(28,818)**	(19,144)
Movement in effective cash flow hedges	**12,547**	(9,674)
Closing balance	**(16,271)**	(28,818)
Total reserves	**(170,512)**	(165,517)

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of the interest in jointly controlled entities and controlled entities are taken to the foreign currency translation reserve, as described in note 1(t).

Capital reserve

The capital reserve represents the amounts transferred to the reserve for pari pasu distribution.

Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(j). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

17. Accumulated losses

	Consolidated 2010 $'000	2009 $'000
Accumulated losses		
Realised items	**25,257**	85,540
Investment property revaluations	**(463,451)**	(463,455)
Unrealised derivative revaluations	**14,767**	(48,813)
Other unrealised items	**(1,633)**	5,080
Total accumulated losses	**(425,060)**	(421,648)

Directors' declaration to unitholders

for year ended 30 June 2010

18. Net tangible assets

	Consolidated	
	2010	2009
	$'000	$'000
Total tangible assets	**1,582,694**	406,602
Less: Total liabilities	**(1,036,410)**	(48,727)
Less: non-controlling interests	**(100)**	-
Net tangible assets	**546,184**	357,875
Total number of units on issue	**4,700,290,868**	943,203,042
Net tangible asset backing per unit	**$0.12**	$0.38

19. Tax liabilities

Capital gains on the future sales of the Trust's investments are subject to US withholding tax pursuant to the Foreign Investment in Real Property Tax Act, at a withholding tax rate of 35%. If the capital gain is not distributed, but the proceeds from the disposal are reinvested in a qualifying asset, the tax payable can be deferred and 'rolled over' into the tax cost base of the qualifying asset. Refer to note 1(p). All deferred tax movements meeting recognition criteria are recorded through the Income Statement.

Due to the difference between the tax cost base and carrying value of the investment property at 30 June 2010, a deferred tax asset of $63.5 million (2009: $71 million) could be recognised. Due to the uncertainty over the recoverability of this deferred tax asset, this balance has not been recognised at 30 June 2010 or 30 June 2009.

20. Significant contract terms and conditions

If the Responsible Entity is removed, or there is a change in control of DDR or the US REITs or other defined events occur, then DDR or the US REITs may exercise its pre-emptive right to acquire the properties held by the jointly controlled entities at fair market value.

Directors' declaration to unitholders

for year ended 30 June 2010

21. Cash flow information

	Consolidated	
	2010	2009
	$'000	$'000
(a) Reconciliation of profit / (loss) to net cash flows from operating activities		
Loss	**(3,410)**	(616,356)
Non-cash items		
Share of jointly controlled entities net loss / (profit) less distributions	**9,713**	(21,018)
Property valuation losses	**99**	781,482
Unrealised gain on derivatives	**(63,582)**	-
Loss on sale of investment property	**344**	-
Exchange rate differences on translation	**5,597**	(576)
Classified as financing activities		
Interest paid	**48,324**	375
Changes in assets and liabilities		
Decrease/(increase) in assets		
Receivables	**4,029**	(432)
Increase / (decrease) in liabilities		
Payables	**3,735**	(4,220)
Derivative financial instruments not recognised in the foreign currency translation reserve	**(5,626)**	38,656
Deferred tax liability	**-**	(147,780)
Net cash flows from operating activities	**(777)**	30,131

(b) Non-cash financing and investing activities

The following items are not reflected in the Statement of Cash Flows

Distributions by the Trust satisfied during the financial year by the issue of units under DRP	**-**	5,394

(c) Obtaining control of subsidiary

Interest in US LLC as jointly controlled entity prior to consolidation	**338,994**	-
Cash	**33,038**	-
Receivables	**26,492**	-
Other assets	**8,004**	-
Investment properties	**1,367,199**	-
Derivative financial instruments	**(27,168)**	-
Payables	**(23,674)**	-
Interest bearing liabilities	**(1,046,621)**	-
Net assets of US LLC on consolidation	**337,270**	-
Cash received by EDT upon DDR redemption	**1,724**	-
		-
Cash received by EDT upon DDR redemption	**1,724**	-
Cash of US LLC	**33,038**	-
Net cash acquired upon consolidation of US LLC	**34,762**	-

Directors' declaration to unitholders

for year ended 30 June 2010

22. Capital and financial risk management

(a) Capital risk management

The Trust's objectives when managing capital is to optimise unitholder value through the mix of available capital sources whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing and interest cover ratios within approved limits and continuing to operate as a going concern.

The Trust assesses its capital management approach as a key part of the Trust's overall strategy and it is continuously reviewed by management and the board.

The Trust is able to alter its capital mix by issuing new units, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buy-back programme or selling assets to reduce borrowings.

The Trust has a target gearing of 45% to 55% calculated as total liabilities to total assets on a 'look through' basis. In calculating 'look though' gearing, the Trust's interests in jointly controlled entities are proportionately consolidated based on the Trust's ownership percentage. At 30 June 2010, gearing was 69.4% (2009: 81.2%).

The Trust now has capital hedging in place in the form of natural hedging. All borrowings of the Group are denominated in USD which is financed by net property income also denominated in USD.

Subsidiaries and jointly controlled entities obtain property insurance with creditworthy insurers in order to protect the Group's assets.

(b) Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables and interest bearing liabilities.

The Group's activities expose it to a variety of financial risks: market risk (currency risk and interest rate risk), liquidity risk and credit risk.

The Group manages its exposure to these financial risks in accordance with the Trust's Financial Risk Management (FRM) policy as approved by the board.

The policy sets out the Trust's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Group uses various measures to manage exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis of debtors and counterparty credit assessment and the use of future rolling cash flow forecasts.

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to manage its financial risk as permitted under the FRM policy. Such instruments are used exclusively for hedging purposes, i.e. not for trading for speculative purposes.

(c) Market risk

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates will change the Australian dollar value of the Group's net assets or its Australian dollar earnings. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Trust's functional currency.

The Group is exposed to foreign exchange risk through investing in overseas investment property and deriving rental income from those properties. The Group manages this exposure on a 'look though' basis including those held through jointly controlled entities.

Directors' declaration to unitholders

for year ended 30 June 2010

22. Capital and financial risk management (continued)

(c) Market risk (continued)

Foreign investment

The table below sets out the Group's US dollar exposure, and how, through the use of debt, this exposure is reduced. It also provides an analysis of the effect of reasonably possible movements of the US dollar against the Australian dollar, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit or equity, while a positive amount reflects a net potential increase. The US dollar amounts in the table below have been converted to Australian dollars at the year-end exchange rate.

	Australian dollar exposure		US dollar exposure	
	2010	2009	**2010**	2009
	$'000s	$'000s	**$'000s**	$'000s
Assets				
Cash and cash equivalents	**3,893**	30	**35,369**	928
Receivables and other assets	**451**	577	**30,630**	110
Interest in jointly controlled entties	**-**	-	**4,300**	404,957
Investment properties	**-**	-	**1,508,050**	-
Total assets	**4,344**	607	**1,578,349**	405,995
Liabilities				
Payables	**824**	494	**28,034**	1,292
Derivative financial instruments	**-**	11,148	**-**	34,497
Interest bearing liabilities	**-**	-	**1,007,555**	1,296
Total liabilities	**824**	11,642	**1,035,589**	37,085
Net assets	**3,520**	(11,035)	**542,760**	368,910
Notional value of derivatives to hedge foreign exchange exposure	**-**	-	**-**	-
Net exposure to foreign exchange movements	**3,520**	(11,035)	**542,760**	368,910

The sensitivity of the Group to foreign exchange rate movements is shown in the table below:

	Profit		Core earnings		Total equity movement	
	2010	2009	**2010**	2009	**2010**	2009
	$'000s	$'000s	**$'000s**	$'000s	**$'000s**	$'000s
AUD:USD - AUD increase 10%	**(255)**	3,159	**(4,576)**	-	**(49,342)**	(33,537)
AUD:USD - AUD decrease 10%	**312**	(3,475)	**5,593**	-	**60,307**	40,990

Foreign income

Through investing in overseas assets, the Group earns foreign denominated income. Net rental income derived is naturally offset by local denominated expenses including interest and tax.

Until January 2009, The Group used forward foreign exchange contracts to convert net foreign denominated currency exposure back to Australian dollars at predetermined rates out into the future. As discussed in note 13, offsetting contracts were taken out on 9 January 2009.

The majority of the Group's forecast profits for the next four years are in USD. The Group is however partially hedged to the extent that all borrowings and the majority of expenses are in USD.

Directors' declaration to unitholders

for year ended 30 June 2010

22. Capital and financial risk management (continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Group.

The Group is exposed to interest rate risk predominantly through borrowings. The Group manages this exposure on a 'look through' basis including the borrowings of jointly controlled entities. The Group applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps, to exchange floating interest rates to fixed interest rates, to manage its exposure between these bands. Compliance with the policy is reviewed regularly by management and is reported to the board each meeting.

The Group has exposures to interest rate risk on its monetary assets and liabilities. During the period this was mitigated by the use of interest rate swaps which were closed out in June 2010. The table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit, core earnings or equity, while a positive amount reflects a net potential increase.

	Consolidated			
	Australian interest rates		US interest rates	
	2010	2009	**2010**	2009
	$'000s	$'000s	**$'000s**	$'000s
Fixed rate				
Interest bearing liabilities	**-**	-	**(754,729)**	(1,012,328)
Total fixed rate	**-**	-	**(754,729)**	(1,012,328)
Floating rates				
Cash and cash equivalents	**3,893**	30	**35,369**	928
Interest bearing liabilities	**-**	-	**(252,826)**	(432,105)
Total floating rate (before interest rate swaps)	**3,893**	30	**(217,457)**	(431,177)
Interest rate swaps	**-**	-	**-**	61,975
Net floating interest rate exposure	**3,893**	30	**(217,457)**	(369,202)

The sensitivity of the Group to interest rate movements is shown in the table below:

	Consolidated					
	Profit		Core earnings		Total equity movement	
	2010	2009	**2010**	2009	**2010**	2009
	$'000s	$'000s	**$'000s**	$'000s	**$'000s**	$'000s
1.0% p.a increase in AUD rates	**39**	267	**39**	-	**-**	267
1.0% p.a decrease in AUD rates	**(39)**	(267)	**(39)**	-	**-**	(267)
1.0% p.a increase in USD rates	**(2,175)**	12,617	**(2,175)**	(3,692)	**11**	16,309
1.0% p.a decrease in USD rates	**2,175**	(12,617)	**2,175**	3,692	**(11)**	(16,309)

At balance date, the consolidated entity has fixed 80.9% (2009: 74.5%) of its net interest exposure.

Directors' declaration to unitholders
for year ended 30 June 2010

22. Capital and financial risk management (continued)

(d) Liquidity risk

Liquidity risk arises if the Group has insufficient liquid assets to meet its short-term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Group were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Group.

The following tables provide the contractual maturity of the Group's fixed and floating rate financial liabilities as at 30 June 2010. The amounts presented represent the future contractual undiscounted principal and interest cash flows and may not equate to the value shown in the Statement of Financial Position. Repayments that are subject to notice are treated as if notice were given immediately.

Consolidated	**Book value**	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
30 June 2010	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities								
Payables	**28,855**	**28,855**	**-**	**-**	**-**	**-**	**-**	**28,855**
Interest bearing liabilities	**1,017,792**	**344,799**	**177,810**	**285,945**	**20,392**	**20,392**	**320,452**	**1,169,790**
Total undiscounted financial liabilities	**1,046,647**	**373,654**	**177,810**	**285,945**	**20,392**	**20,392**	**320,452**	**1,198,645**

	Book value	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
30 June 2009	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	1,786	1,786	-	-	-	-	-	1,786
Interest bearing liabilities	1,296	1,477	-	-	-	-	-	1,477
Derivative financial instruments*	45,645	45,645	-	-	-	-	-	45,645
Total undiscounted financial liabilities	48,727	48,908	-	-	-	-	-	48,908

* The derivative financial instruments at 30 June 2009 included callable interest rate swaps where the counterparties had the option to cancel the swaps at the end of each quarter.

Directors' declaration to unitholders

for year ended 30 June 2010

22. Capital and financial risk management (continued)

(d) Liquidity risk (continued)

The table below shows the debt maturity profile of the Group on a 'look through' basis:

	2010 $'000	2009 $'000
Less than 1 year	**394,683**	717,511
1 to 2 years	**141,167**	147,037
2 to 3 years	**257,647**	159,277
3 to 4 years	**92,274**	7,863
4 to 5 years	**-**	98,284
More than 5 years	**318,616**	319,115
Total debt before unamortised borrowing costs	**1,204,387**	1,449,087
Borrowing costs to be amortised	**(10,236)**	(4,654)
Total debt after unamortised borrowing costs	**1,194,151**	1,444,433

As at 30 June 2010, total interest bearing liabilities before unamortised borrowing costs are $1,204 million (2009:$1,449 million) with total facilities of $1,204 million (2009: $1,449 million).

(e) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all of its financial assets included in the Group's Statement of Financial Position.

For derivative financial instruments and cash, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a close out. The Group had policies that limit the amount of credit exposure to any one financial institution. Derivative counterparties and cash transactions are limited to investment grade counterparties in accordance with the Trust's FRM policy. The Group monitors the public credit rating of its counterparties.

The controlled entities manage credit risk exposure from trade receivables by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on tenant arrears.

In addition to the credit exposure shown above, the Group has an indirect credit exposure relating to the assets held by its jointly controlled entities. The jointly controlled entities manage this risk by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on tenant arrears.

As at 30 June 2010, the Trust's share of the trade debtors of the jointly controlled entities are $1,308,837 (2009: $13,805,448) and the provision held against these is $388,990 (2009: $3,560,884).

(f) Fair value measurements

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant.

Directors' declaration to unitholders

for year ended 30 June 2010

23. Related party disclosures

(a) Directors

The following persons were directors of the Responsible Entity during the financial year:

— Steven Guttman
— David Spruell
— David Oakes
— Daniel Hurwitz
— Alexander Berman (appointed 18 June 2010)
— Karlis Cerbulis (appointed 18 June 2010)
— Gregory Katz (appointed 18 June 2010)
— Zvi Maayan (appointed 18 June 2010)
— David Machloof (appointed 18 June 2010)
— Luke Petherbridge (appointed 18 June 2010)
— Simon Jones (resigned 18 June 2010)
— Stephen Girdis (resigned 18 June 2010)
— Scott Wolstein (resigned 18 June 2010)
— Richard Sheppard (resigned 18 June 2010)
— Robert Joss (resigned 18 June 2010)
— Joan Allgood (alternate for Daniel Hurwitz)
— John Wright (alternate for Richard Sheppard, Mark Baillie and Stephen Girdis) (resigned 19 March 2010).

Compliance fees and board audit committee fees totalling $118,000 (2009: $118,000) were paid or payable by the Trust to the independent directors, Steven Guttman, Robert Joss and David Spruell, for the financial year. These amounts are reviewed from time to time in consultation with external experts to ensure that remuneration reflects the service expected to be performed.

(b) Responsible entity

The Responsible Entity of EDT Retail Trust (formerly known as Macquarie DDR Trust) is EDT Retail Management Limited (formerly known as Macquarie DDR Management Limited),a wholly owned subsidiary of EDT Management LLC, a company incorporated in Delaware and from 18 June 2010, ultimately owned 50% by EPN GP LLC and 50% by Developers Diversified Realty (DDR). The Responsible Entity's registered office and principal place of business is 1 Martin Place, Sydney, NSW 2000.

(c) Parent entity

The parent entity of the Group is EDT Retail Trust (formerly known as Macquarie DDR Trust).

Directors' declaration to unitholders

for year ended 30 June 2010

23. Related party disclosures (continued)

(d) Transactions with related parties

A Macquarie Group Limited (MGL) subsidiary owned 50% of ERML's parent entity up until 18 June 2010 at which point the 50% interest was sold to EPN. The remaining 50% of ERML continues to be held by DDR.

The Trust has paid or accrued as payable $220,000 (2009: $215,000) to MGL for the reimbursement of accounting services provided to the Trust for the year ended 30 June 2010.

MGL executed foreign exchange transactions for the Trust during the year. Foreign exchange transactions were executed at market rates including any applicable margins. During the year the Trust also cancelled the remaining foreign exchange hedging contracts that were in place, this resulted in a payment to MGL for $11,060,539 (2009: $nil).

The Group had funds totalling $4,746,495 (2009: $957,767) in operating bank accounts with MGL at 30 June 2010. The Group earned interest at commercial rates. Interest income from these accounts totalling $105,764 (2009: $119,218) is included in the determination of profit for the Group for the year ended 30 June 2010.

The Group paid Macquarie Investment Management Limited $774 (2009: $3,503) for the provision of call centre services during the year.

MGL and related entities of MGL held 1,300,000 units as at 30 June 2010 (2009: 16,410,795 units). DDR and related entities of DDR held 4,590,000 units as at 30 June 2010 (2009: 93,301,647 units). EPN and related entities of EPN held 2,247,828,466 units as at 30 June 2010.

The Trust received distributions from US REIT I and US REIT II in the current and prior financial years.

DDR received fees for providing property management, construction management, leasing and maintenance services of US$10,358,017 (2009: US$12,372,342) during the year. These fees are received under the terms of the Property Management and Leasing Agreements.

DDR provides tax preparation services to the US LLCs (being US LLC, PS LLC and MV LLC) and the US REITs. During the year, the US LLCs and the US REITs recorded US$95,985 and US$36,500 respectively (2009: US$48,075 and US$36,500) for taxation fees paid or payable to DDR.

DDR provides legal and other professional services to the US LLCs and the US REITs. During the year, the US LLCs and the US REITs recorded US$214,695 and US$nil respectively (2009: US$342,358 and US$nil) for legal fees paid or payable to DDR.

DDR received disposition fees totalling US$779,760 (2009: US$nil) during the year. MBL received disposition fees of US$227,500 (2009: US$nil) during the year. These fees are received under the terms of the Partnership Agreement. Disposition fees are for arranging the sale of any property by the US LLCs to a third party and are calculated as 1% of the sale price of such property.

MGL received a US$175,000 (2009: $nil) and DDR received a US$75,000 (2009: $nil) Bison loan extension fee from US LLC. This fee was calculated as approximately 0.25% of the outstanding loan balance at the time of the extension.

Macquarie Capital Advisers Limited received a success based fee for the work undertaken as part of the Strategic Review announced in December 2008. For the year ended 30 June 2010, Macquarie Capital Advisers Limited received $533,236 (2009: $nil). Macquarie Capital Advisers Limited is owned 100% by MGL.

Macquarie Capital Advisers Limited received an advisory and an underwriting fee for the work undertaken as part of the capital raising transaction in June 2010 of $2,310,000 and $5,951,833 respectively.

The above fees and transactions were all based on market rates and on normal commercial terms and conditions and have been approved by the directors of the Responsible Entity (excluding those directors that are related to the counterparty of the related party transaction being approved).

Directors' declaration to unitholders
for year ended 30 June 2010

23. Related party disclosures (continued)

(e) Base fee and performance fee

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive the following remuneration from the Trust, comprising a base fee and a performance fee:

The base fee is calculated at 0.45% per annum of the Trust's interest in the fair market value of the properties and any other assets in the US LLCs.

The base fee is calculated six monthly and is paid quarterly in arrears with the first quarterly payment being a part payment on account for the six-month period.

The base fee payable to the Responsible Entity is reduced to the extent that management fees are paid or payable to the US Manager under the relevant operating agreements.

In addition to the base fee, the Responsible Entity is entitled to a performance fee, payable in Trust units and/or shares in the US REITs (REIT Performance Shares) or in cash in certain circumstances, where the performance of the Trust in any six-month period ending 30 June or 31 December exceeds that of the S&P/ASX 200 Property Accumulation Index (Index).

If the Trust's performance during the six-month period is higher than the percentage increase in the Index for the relevant period, then the Responsible Entity is entitled to new Trust units or REIT Performance Shares with a total value equal to:

(i) 5% of the total Increased Unitholder Value from outperformance; plus

(ii) 15% of the Increased Unitholder Value above 2% nominal outperformance per annum (1% per half year).

The Increased Unitholder Value is measured as the market capitalisation of the Trust at the commencement of the relevant period, multiplied by the nominal percentage outperformance of the Trust relative to the Index for that period.

The performance fee is calculated and payable, if entitled, each half year at December and June. The first performance fee period was from 26 November 2003 to 30 June 2004. Units and/or REIT Performance Shares issued in satisfaction of the performance fee (if any) are subject to an annual cap, whereby total base and performance fees paid in any one year must not exceed 80 basis points of the Trust's interest in the fair market value of the properties and other assets in the US LLCs (Cap Calculation Assets). Where REIT Performance Shares are issued, the annual cap is calculated using the US dollar value of the Cap Calculation Assets. Any performance fees which have been unable to be satisfied by the issue of units and/or REIT Performance Shares because of the operation of the cap, will be able to be issued on the three-year anniversary of the end of the period in which they were earned, or any time thereafter if the accumulated performance of the Trust for the three-year (or longer) period exceeds the benchmark return for the same period. Any unpaid fees will continue to be paid up to 80 basis points in any future period.

Any performance fee payable to the Responsible Entity is reduced to the extent that performance fees are received by the US Manager under the relevant operating agreements.

The Responsible Entity / US Manager total base and performance fees for the financial year is detailed as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Base fee	**7,295**	10,071
Performance fee	**-**	-
	7,295	10,071

No performance fee was earned by the Responsible Entity during the year. In the calculation of the performance fee, outperformance will be assessed on a cumulative basis and accordingly, underperformance for the period from 26 November 2003 to 30 June 2010 will need to be recovered before the Responsible Entity is entitled to any future performance fees.

Directors' declaration to unitholders

for year ended 30 June 2010

23. Related party disclosures (continued)

(e) Base fee and performance fee (continued)

The Trust does not provide any other benefits to the Responsible Entity or directors of the Responsible Entity other than those described in note 23.

(f) Key management personnel and remuneration

Key management personnel (KMP) are defined in *AASB 124 Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity meets the definition of KMP as it has this authority in relation to the activities of the Trust. These powers have not been delegated by the Responsible Entity to any other person. Accordingly, the Chief Executive Officer (CEO) of the Trust is not considered to be KMP as he does not have sufficient individual authority and responsibility for planning, directing and controlling the activities of the Trust.

Details of management fees charged to the Trust by the Responsible Entity and its related entities are included in note 23(e).

No payments were made by the Trust or by the Responsible Entity on behalf of the Trust to the executive directors or the CEO during the year.

(g) Directors' interest in Trust units

The number of units held directly, indirectly or beneficially by the directors of the Responsible Entity or their director related entities are:

	Units held 2010	Units held 2009
Steven Guttman	693,333	160,000
David Spruell	1,053,168	243,039
David Oakes	-	-
Daniel Hurwitz	-	-
Alexander Berman (appointed 18 June 2010)	-	n/a
Karlis Cerbulis (appointed 18 June 2010)	-	n/a
Gregory Katz (appointed 18 June 2010)	-	n/a
Zvi Maayan (appointed 18 June 2010)	-	n/a
David Machloof (appointed 18 June 2010)	-	n/a
Luke Petherbridge (appointed 18 June 2010)	-	n/a
Simon Jones (resigned 18 June 2010)	n/a	-
Stephen Girdis (resigned 18 June 2010)	n/a	239,662
Scott Wolstein (resigned 18 June 2010)	n/a	100,000
Richard Sheppard (resigned 18 June 2010)	n/a	1,566,775
Robert Joss (resigned 18 June 2010)	n/a	250,000
Joan Allgood (alternate for Daniel Hurwitz)	-	-
John Wright (alternate for Richard Sheppard and Stephen Girdis) (resigned 19 March 2010)	n/a	120,000

Directors' declaration to unitholders

for year ended 30 June 2010

23. Related party disclosures (continued)

(g) Directors' interest in Trust units (continued)

The aggregate number of units of the Trust acquired or disposed of by the directors of the Responsible Entity or their director related entities was:

	Units 2010	Units 2009
Acquisitions		
Richard Sheppard	-	554,775
Steven Guttman	533,333	100,000
David Spruell	810,129	12,478
John Wright	-	100,000

There were no disposals during the year ended 30 June 2010.

No options in the Trust are held by directors of the Responsible Entity.

24. Segment information

The directors of the Responsible Entity have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the board of the Responsible Entity.

The board considers the business from the aspect of each core portfolio and the Trust operations and has identified 3 operating segments. The segments are: MV LLC investment properties (Single Box Portfolio), shopping centres, and other operations. Other operations include all non property related activities including derivative financial instruments, debt, expenses, and minority interests.

The operating segment note discloses each core portfolio in both their respective local currencies and in Australian dollars. The other operations are presented in Australian dollars only. This information is presented on a 'look through' basis. The term 'look through' refers to assets, liabilities, revenue, and expenses of the controlled entities and the assets, liabilities, revenue and expenses held through jointly controlled entities. The value of assets, liabilities, revenue, and expenses held in jointly controlled entities are included based on the Trust's ownership percentage. This is consistent with the manner in which the information is presented to the board in its capacity as chief operating decision maker. Total segment assets and total segment liabilities have been reconciled to total assets and total liabilities reported in the Statement of Financial Position.

Directors' declaration to unitholders
for year ended 30 June 2010

24. Segment information (continued)

Segment result	Single Box Portfolio $'000	Shopping Centres $'000	Other $'000	Total $'000
Year ending 30 June 2010				
Net property income (USD)	(1,551)	99,670	-	98,119
Net property income (AUD)	(1,939)	112,455	-	110,516
Interest income	13	(18)	115	110
Interest expense	(3,752)	(63,507)	(56)	(67,315)
Management base fees	(301)	(6,992)	-	(7,293)
Administration/other expenses	(309)	(5,563)	(3,333)	(9,205)
Loss on derivatives	-	-	(2,288)	(2,288)
Realised foreign currency loss	-	-	(1,470)	(1,470)
Mervyns investment adjustment *	6,288	-	-	6,288
Withholding tax expense	-	-	(941)	(941)
Core earnings	-	36,375	(7,973)	28,402
Year ending 30 June 2009				
Net property income (USD)	9,446	118,611	-	128,057
Net property income (AUD)	12,166	162,084	-	174,250
Interest income	215	104	119	438
Interest expense	(8,655)	(74,911)	(6,071)	(89,637)
Management base fees	(908)	(9,163)	-	(10,071)
Administration/other expenses	(730)	(7,238)	(2,149)	(10,117)
Gain on derivatives	-	-	4,836	4,836
Realised foreign currency gain	-	-	518	518
Withholding tax expense	-	-	(1,374)	(1,374)
Core earnings	2,088	70,876	(4,121)	68,843

* Adjustment to add back the non-cash equity accounted losses (excluding property valuation losses and amortisation of borrowing costs which have been adjusted separately) associated with the Single Box Portfolio. The investment in this portfolio was equity accounted to nil in the six months ended 31 December 2009 and there is no obligation to provide further funding of this portfolio.

The Trust has investments in retail properties located in the United States and investments in other assets in Australia.

Core earnings is a financial measure that is not prescribed by Australian Accounting Standards and represents the net profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers and significant one-off items that are not in the ordinary course of business. In addition to profit determined in accordance with Australian Accounting Standards, core earnings is a key measure used for internal reporting purposes.

Directors' declaration to unitholders

for year ended 30 June 2010

24. Segment information (continued)

A reconciliation of core earnings to the loss for the financial year is provided as follows:

	2010 $'000	2009 $'000
Loss for the year	(3,410)	(616,356)
Property valuation losses	4,923	781,482
Mervyns investment adjustment*	6,115	-
Unrealised (gain) / loss on derivative financial instruments	(63,582)	52,296
Unrealised foreign exchange (gains) / losses	(75)	36,051
One off realised foreign exchange gain on recapitalisation**	(6,619)	-
US capital gains tax benefit	-	(184,593)
Amortisation of borrowing costs	7,096	1,198
Straightlining of fixed rent increases	204	429
Realised loss / (gain) on derivatives close out	82,544	(15,675)
US capital gains tax paid on sale of investment property	-	6,107
Realised loss on sale of investment property	1,206	7,904
Core earnings	28,402	68,843

* Adjustment to add back the non-cash equity accounted losses (excluding property valuation losses and amortisation of borrowing costs which have been adjusted separately) associated with the Single Box Portfolio. The investment in this portfolio was equity accounted to nil in the six months ended 31 December 2009 and there is no obligation to provide further funding of this portfolio.

** One off realised foreign exchange gain when hedging AUD denominated entitlement offer proceeds which were subsequently used to repay USD denominated liabilities

Directors' declaration to unitholders
for year ended 30 June 2010

24. Segment information (continued)

Segment assets and liabilities	Single Box Portfolio $'000	Shopping Centres $'000	Other $'000	Total $'000
As at 30 June 2010				
Investment properties	**82,968**	**1,603,607**	**-**	**1,686,575**
Other assets	**14,083**	**67,816**	**5,344**	**87,243**
Total segment assets	**97,051**	**1,671,423**	**5,344**	**1,773,818**
Less: Liabilities of jointly controlled entities	**(108,012)**	**(94,073)**	**-**	**(202,085)**
Add back: Mervyn's net asset deficiency*	**10,961**	**-**	**-**	**10,961**
Total assets	**-**	**1,577,350**	**5,344**	**1,582,694**
Total segment liabilities	**108,012**	**1,129,498**	**985**	**1,238,495**
Less: Liabilities of jointly controlled entities	**(108,012)**	**(94,073)**	**-**	**(202,085)**
Total liabilities	**-**	**1,035,425**	**985**	**1,036,410**
As at 30 June 2009				
Investment properties	214,982	1,572,927	-	1,787,909
Other assets	44,599	64,257	1,645	110,501
Total segment assets	259,581	1,637,184	1,645	1,898,410
Less: Liabilities of jointly controlled entities	(246,923)	(1,244,885)	-	(1,491,808)
Total assets	12,658	392,299	1,645	406,602
Total segment liabilities	246,923	1,244,885	48,727	1,540,535
Less: Liabilities of jointly controlled entities	(246,923)	(1,244,885)	-	(1,491,808)
Total liabilities	-	-	48,727	48,727

* The investment in the MV LLC portfolio was equity accounted to nil in the six months ended 31 December 2009 and there is no obligation to provide further funding of this portfolio.

Directors' declaration to unitholders

for year ended 30 June 2010

25. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2010 $'000	2009 $'000
Balance Sheet		
Current assets	**5,343**	1,645
Total assets	**538,933**	406,602
Current liabilities	**985**	48,727
Total liabilities	**985**	48,727
Equity		
Contributed equity	**1,141,756**	945,040
Accumulated losses	**(434,689)**	(421,648)
Reserves		
Capital Reserve	**(3,212)**	(3,212)
Cash flow hedge reserve	**(15,228)**	(28,818)
Foreign currency translation reserve	**(150,679)**	(133,487)
Total equity	**537,948**	357,875
Loss for the year	**(13,043)**	(616,356)
Total comprehensive loss for the year	**(16,644)**	(493,366)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2010 or 30 June 2009.

26. Commitments

The consolidated group has no commitments at the end of the financial year.

27. Contingent liabilities

The consolidated group has no contingent liabilities at the end of the financial year.

28. Events occurring after reporting date

Due to the likelihood of not being able to retrieve any equity value from the Single Box Portfolio and significant additional capital being required, the Trust, DDR and the loan servicer are now progressing to jointly request that a court appoint a third party receiver to manage and liquidate the remaining assets within the portfolio. There is no obligation for the Group to provide further equity to the lender or the joint venture. The Trust's investment in the MV LLC joint venture entity was equity accounted to nil in the six months ended 31 December 2009. As a result, the Group no longer recognises further losses from this portfolio and the portfolio provides no contribution to the Group's Net Tangible Assets (NTA).

Subsequent to year end the Group has entered into a non-binding signed term sheet to refinance the existing Longhorn II facility with a long term facility. As at the date of this report these advanced negotiations are continuing.

Since the end of the financial year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2010.

Directors' declaration to unitholders

for year ended 30 June 2010

In the opinion of the directors of EDT Retail Management Limited (formerly known as Macquarie DDR Management Limited):

(a) the financial statements and notes set out on pages 16 to 60 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 Trust's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

(b) Whilst there is significant uncertainty as to the Group's ability to continue to control assets secured against certain borrowings as outlined in note 1(d), there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer required by section 295A of the *Corporations Act 2001*.

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

David Spruell

Director

Sydney

24 August 2010

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the Unitholders of EDT Retail Trust (formerly Macquarie DDR Trust)

Report on the financial report

We have audited the accompanying financial report of EDT Retail Trust (the Trust), which comprises the balance sheet as at 30 June 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the EDT Retail Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

The responsibility of the directors of the responsible entity for the financial report

The directors of EDT Retail Management Limited (the responsible entity - formerly Macquarie DDR Management Limited) 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(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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.

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Independent auditor's report to the Unitholders of EDT Retail Trust (formerly Macquarie DDR Trust) (continued)

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 opinion.

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 EDT Retail Trust is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity'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;* and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

PricewaterhouseCoopers

PricewaterhouseCoopers

J A Dunning

J A Dunning
Partner

Sydney
24 August 2010