ANNUAL REPORT 2010

EDT RETAIL

ARSN 106 570 352

48 property assets

718 leases with over 455 tenants

88.5% Shopping Centre portfolio leased rate

10.9 million sq ft of gross lettable area (GLA)

1.3 million sq ft successfully leased during the financial year

The Trust is managed by EDT Retail Management Limited, which is a subsidiary of EDT Retail Management LLC, a joint venture between EPN GP, LLC, (**EPN**) and Developers Diversified Realty (**DDR**). In addition, DDR is the property manager and provides the Trust's leasing services. This structure enables unitholders to benefit from each party's expertise – EPN in capital and funds management and DDR in the management and development of community shopping centres.

DDR owns and manages approximately 620 retail operating and development properties in 42 states, Brazil, Canada and Puerto Rico. Totalling more than 137 million sq ft, the Company's shopping centre portfolio features open-air, value-oriented neighbourhood and community centres, mixed-use centres and lifestyle centres located in prime markets with stable populations and high growth potential. DDR is the largest landlord in Puerto Rico and owns a premier portfolio of regional malls in and around Sao Paulo, Brazil. DDR is a self-administered and self-managed REIT operating as a fully integrated real estate company.

EPN is a real estate investment joint venture between Elbit Plaza USA, LP and Eastgate Property, LLC. Elbit Plaza USA, LP is a subsidiary of an Israeli public limited liability company, which engages in construction, operation, management and sale of shopping and entertainment centres in Central and Eastern Europe, India, and the United States. Eastgate Property, LLC is an established US based international fund manager with over US$3.0 billion of assets under management, of which approximately US$800 million are dedicated to real estate.

EPN is EDT's largest unitholder owning approximately 47.8% of the outstanding units on issue.

About the Trust

EDT Retail Trust (ASX:EDT), formerly Macquarie DDR Trust (ASX:MDT) invests exclusively in US community shopping centres, giving investors exposure to a portfolio of US retail real estate in the value and convenience sector. As of 30 June 2010, EDT had ownership interests in 48 shopping centres covering 10.9 million sq ft and valued at US$1.4 billion. The portfolio is diversified across the major regions of the US with assets located in 20 states.

Key Financial Results

	Year ended 30 June 2010	Year ended 30 June 2009
Operational [1]		
Number of properties	48	56
Average capitalisation rate	8.6%	8.9%
Leased rate	88.5%	89.0%
Leases executed for the year	1.3m sq ft	1.2m sq ft
Financial		
Net property income	US$99.8m	US$128.1m
Core earnings	A$28.4m	A$68.8m
Core earnings per unit	2.61 cents	7.32 cents

	As at 30 June 2010	As at 30 June 2009
Total assets (look-through)	$1,676.8m	$1,898.4m
Total debt (look-through)	$1,099.8m	$1,444.4m
Trust gearing (debt:total assets)	65.6%	76.1%
Interest cover ratio [2]	2.1x	2.1x
Net tangible assets per unit	$0.116	$0.379
Units on issue	4,700,290,868	943,203,042

(1) Number of individual property assets, excluding the Single Box Portfolio.
(2) Based on pro-forma recapitalised basis, excluding the Single Box Portfolio.

TURNER HILL MARKETPLACE, LITHONIA, GEORGIA

As this is my first annual report, I would like to start by thanking unitholders for their support of the Trust during a challenging period.

As noted in the Chief Executive Officer's message, the past 12 months have been a transformative period for the Trust. Many initiatives were successfully completed that allowed the Trust to begin to simplify, deleverage and stabilise its balance sheet.

Board of directors

As part of the Recapitalisation and change in management ownership, the Board of directors has been reconstituted to include new members appointed by EPN. The combined Board has significant experience in financial services, real estate and capital markets.

Strategy and outlook

The strategy of the Trust is focused on enhancing the portfolio's value.

Although significant progress has been made, there is more work to be done. This will take commitment and time but with incremental progress, we remain cautiously optimistic.

We look forward to providing further updates on our progress during the year and thank our investors for their ongoing support.

Alexander L. Berman

Alexander L. Berman
Executive Chairman

The 2010 financial year has been a challenging and transformative, period for the Trust.

This time last year, the Trust faced significant near-term challenges from the combined effect of a weakening US consumer market and declining commercial real estate values, which had material impacts to the Trust's capital structure and our ongoing ability to operate.

During the year we undertook various capital management initiatives that improved our position incrementally, with the single largest initiative being the A$208 million equity raising we completed in June 2010 and the introduction of our new capital and management partner, EPN.

This significant transaction has enabled the Trust to greatly improve its capital structure, with proceeds from the Recapitalisation used to eliminate the Trust's unsecured debt facilities and derivative contracts and to reduce the Trust's Revolver debt facility.

On completion of the Recapitalisation in June 2010, the Trust was renamed and rebranded EDT Retail Trust and is now trading under its new ASX code: EDT.

Although the Trust is now trading under a new name and ASX code, the business strategy remains unchanged.

In the months since the completion of the Recapitalisation, the existing management team of the Trust has been working closely and productively with DDR to actively manage the Trust's portfolio of assets.

The Management team along with EPN and DDR are working together to develop an ongoing management strategy for the Trust independent of Macquarie.

I would like to welcome EPN as our new capital and management partner and largest unitholder. EPN and its affiliates have a vast amount of experience in real estate and capital markets, which will over time assist with initiatives we plan to undertake.

EPN has a strong alignment with all unitholders and they are committed to restoring and building value for the Trust's unitholders. This has been demonstrated by their investment of A$126 million to acquire a 47.8% holding in the Trust.

Together with EPN and DDR we are excited about the opportunities that lie ahead and we are looking forward to leveraging their combined property expertise for the benefit of the Trust's investors.

Financial highlights

For the 12 months to 30 June 2010, the Trust's statutory accounting result was a net loss of $3.4 million after taking into account unrealised, non-cash or non-recurring items including asset valuation movements and repayment of all unsecured liabilities.

The compares to a net loss of $616 million in 2009 and the improvement is primarily driven by the reduction in unrealised losses from lower asset values.

The Trust's portfolio of properties have retained strong cash flows throughout the period, with core earnings of $28.4 million, or 2.61 cents per unit.

The Trust's net asset backing as at 30 June 2010 was 11.6 cents per unit, based on the fair value of investment properties following revaluation.

A$208 million raised through the Recapitalisation

US$127 million of gross proceeds through asset sales

US$600 million of near-term liabilities repaid, refinanced or extended

1.3 million sq ft of Shopping Centre portfolio leased

Increased ownership of core portfolio to 100%

Operational highlights

Notwithstanding the continued uncertainty in global equity markets, the operational results of the properties have been solid and overall leasing volume remained strong.

As at 30 June 2010, the Trust's shopping centre portfolio, consisting of 48 assets covering 10.9 million sq ft, was 88.5% leased and the weighted average lease maturity was 5.1 years. Leasing activity was robust, and during the year the Trust successfully leased 1.3 million sq ft, or 12.2% of the portfolio.

The weighted average rental rates on new leases and renewals decreased 7.6% during the year; however, pleasingly we saw these rates return to positive in the June 2010 quarter. Our key focus remains on stabilising the leased rate and portfolio net operating income to enhance the overall value of the portfolio.

Asset revaluations as at 30 June 2010 resulted in a 0.6% increase in portfolio value to US$1.419 billion, up from US$1.410 billion as at 31 December 2009.

Capital management

During the year we have undertaken various capital management initiatives that have simplified the Trust's structure and stabilised its balance sheet.

In October 2009, the Trust completed the redemption of DDR's ownership in the largest of its three joint ventures. This transaction was an important step towards simplifying the ownership structure of the Trust and providing increased flexibility to undertake selected asset disposals and repay debt.

In addition, 10 assets were sold, resulting in combined gross proceeds of US$127 million, with all proceeds used to retire debt and deleverage the balance sheet.

Post year end, the Trust completed a US$174 million non-recourse financing with a maturity date of September 2017. With this refinancing, the Trust has repaid US$175 million of short-term mortgage debt with a weighted average duration of less than a year and increased its current Shopping Centre debt maturity profile from 2.7 years to 3.9 years.

As a result of these specific initiatives and the Recapitalisation in June 2010, the Trust has extended, repaid or refinanced approximately US$600 million of near-term debt liabilities since June 2009. The Trust has no head trust debt or liabilities and all financings are asset-specific and non-recourse, improving the funding structure of the Trust.

Outlook

We acknowledge the position that the Trust was in less than six months ago and are focused on reducing the risk of our business and to focus on the core elements. The US market remains challenging with persistent high unemployment and signs that the economic recovery will be staggered and uneven.

The Trust will continue to focus on progressively deleveraging its balance sheet and investing capital into leasing initiatives, which will preserve and enhance the value of the individual portfolios. Management will continue to seek to refinance near term debt obligations prior to their maturities. This includes the Trust's US$108 million non-recourse mortgage loan maturing in June 2011.

As such, the Board has determined that distributions will remain on hold in the short term until the Trust has successfully refinanced its near-term liabilities.

We acknowledge that this year has been challenging for investors, however, we are pleased to have achieved some significant milestones during the period and we look forward to continuing to maximise the performance of our assets and to rebuilding value for our investors.

On behalf of the Board and the management team, we would like to thank you for your ongoing support.

Luke Petherbridge
Chief Executive Officer

WOODFIELD VILLAGE GREEN, CHICAGO, ILLINOIS

Property Portfolio

A diverse portfolio of quality assets

The Trust has interests in 48 quality Shopping Centres covering 10.9 million sq ft and valued at US$1.4 billion at 30 June 2010 (US$1.3 billion EDT share). The portfolio is diversified across the major regions of the United States with assets located in 20 individual states.

The Trust's portfolio consists of a niche asset type and its focus is on attracting national tenants that provide value and convenience to consumers. It is these retailers, including discount retailers, that continue to provide relative resilience in the current economic environment.

The Trust's rental revenue remains relatively stable with over 80% of its annual base rent derived from large anchor or junior anchor retailers, which predominately have a national presence and are secured on long-term leases.

Revaluations

Due to the volatility of the real estate markets, all assets not held for sale were revalued as at 30 June 2010.

Asset revaluations as at 30 June 2010 resulted in a 0.6% increase in portfolio value to US$1.419 billion, up from US$1.410 billion as at 31 December 2009 including the Single Box Portfolio.

A successful retail format

Assets in the Shopping Centre portfolio are typically "open-air" complexes, surrounding a central carpark, with a number of retail "boxes" housing tenants. This format has proven to be a popular retail concept in the US. The centres are often located near major highways and thoroughfares and have been specifically designed to offer consumers convenience and accessibility.

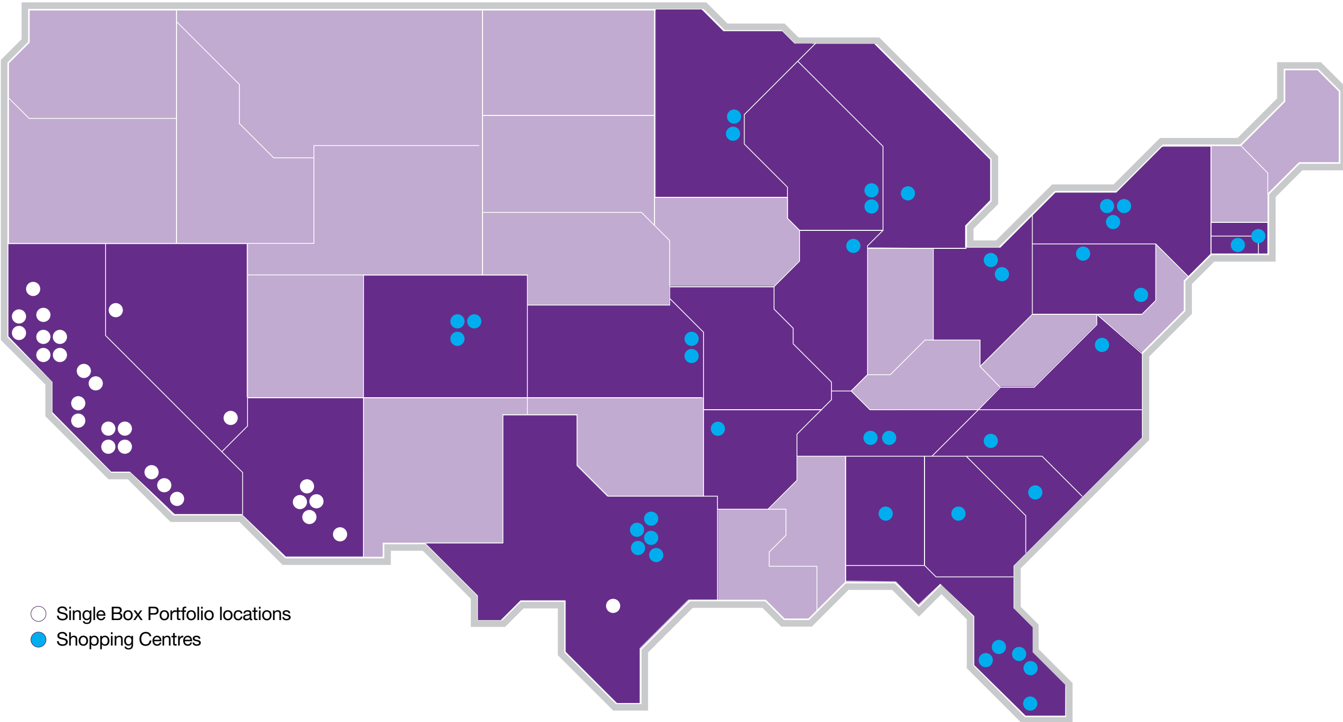
Assets in the portfolio are modestly fitted, have straightforward construction and design and generally have a single entrance and checkout. The simplicity in design results in lower operating and ongoing costs relative to traditional enclosed shopping mall formats.

Merchants are attracted to the low costs associated with the format, which has gained popularity among discount and value-oriented retailers. Shoppers enjoy the convenience of being able to drive up to a retailer's entrance, walk inside, make a purchase and leave with relative ease.

The popularity of these shopping centres for both consumers and retailers is evident in their success, particularly through continued growth in merchandise sales for these outlets, compared with conventional and national department stores for general merchandise.

Typically, tenants have shown relatively low historic volatility in sales and have generally gained market share in more challenging environments.

Location of properties



Single Box Portfolio locations
Shopping Centres

Annual base rent by tenant type

- ANCHOR 62%
- JUNIOR ANCHOR 20%
- SPECIALTY 18%

Annual base rent by region

- MID ATLANTIC 11%
- MIDWEST 33%
- NEW ENGLAND 20%
- SOUTH 22%
- SOUTHWEST 6%
- WEST 8%

UNION CONSUMER SQUARE, CHEEKTOWAGA, NEW YORK

Property Portfolio

Property	Book value (US$m)	Total GLA (sq ft, '000)	% of NOI [1] (%)	Valuation cap rate (%)	Leased rate (%)	WALE (years)
Homart II						
Shoppers' World	203.8	778.5	12.2%	7.0%	100.0%	4.2
Woodfield Village Green	99.4	509.0	5.9%	8.2%	90.5%	4.2
Fairfax Towne Center	55.4	253.3	3.9%	7.9%	98.7%	5.9
Carillon Place	37.4	267.8	2.6%	8.4%	98.7%	4.1
Total/average – Homart II	**396.0**	**1,808.6**	**24.6%**	**7.6%**	**96.9%**	**4.4**
Revolver						
The Plaza's at Great Northern	74.4	628.2	5.9%	9.9%	82.5%	4.4
Belden Park Crossings	55.5	478.1	5.1%	8.4%	98.0%	5.5
Merriam Town Center	45.0	351.2	3.5%	8.3%	100.0%	6.1
Riverdale Village Inner [2]	43.7	280.4	4.1%	8.5%	97.7%	6.7
Midway Marketplace	32.0	324.4	2.7%	7.5%	90.7%	8.7
Township Marketplace	27.0	298.6	2.3%	8.9%	84.0%	6.7
Cool Springs Pointe	27.0	201.4	1.6%	9.3%	81.0%	3.4
Lake Walden Square	14.9	261.9	0.7%	9.6%	49.1%	2.8
Piedmont Plaza	8.6	148.1	0.6%	10.3%	81.8%	7.1
Winter Park Palms	6.5	112.3	0.2%	13.7%	55.4%	1.2
Total/average – Revolver	**334.6**	**3,084.5**	**26.8%**	**9.0%**	**85.3%**	**5.5**
Longhorn II						
Connecticut Commons	68.8	566.5	5.9%	8.5%	92.7%	7.7
Riverdale Village Outer	54.7	497.7	3.5%	9.6%	81.5%	4.5
Brown Deer Center	23.1	261.7	1.9%	7.8%	100.0%	5.2
Shoppers World of Brookfield	12.6	182.7	1.3%	8.5%	100.0%	3.0
Marketplace at Brown Deer	10.7	143.4	0.9%	10.9%	64.6%	3.2
Lake Brandon Village	13.0	114.0	0.9%	9.0%	100.0%	7.7
Total/average – Longhorn II	**183.0**	**1,766.0**	**14.3%**	**8.9%**	**89.6%**	**5.9**
Longhorn I						
Harbison Court	31.8	255.6	2.5%	8.0%	85.0%	3.2
Lakepointe Crossing	22.4	315.0	2.3%	14.8%	71.1%	3.0
Pioneer Hills	25.1	139.5	2.0%	8.5%	94.8%	4.4
MacArthur Marketplace	23.5	248.8	1.7%	8.0%	100.0%	6.4
Total/average – Longhorn I	**102.8**	**958.9**	**8.6%**	**9.6%**	**85.8%**	**4.2**

WOODFIELD VILLAGE GREEN, CHICAGO, ILLINOIS

Property	Book value (US$m)	Total GLA (sq ft, '000)	% of NOI [1] (%)	Valuation cap rate (%)	Leased rate (%)	WALE (years)
Bison						
Cheektowaga – Union Consumer Square	36.6	386.5	3.1%	9.3%	85.1%	6.9
Fayetteville – Spring Creek	31.7	262.8	2.0%	9.1%	86.7%	3.3
Cheektowaga – Walden Consumer Square	21.2	256.5	1.8%	9.0%	100.0%	4.3
River Hills Shopping Center	16.5	191.0	1.2%	10.1%	69.6%	5.0
Towne Center	12.5	107.9	1.0%	9.6%	94.1%	3.6
Erie Marketplace	12.5	113.0	0.9%	8.5%	97.1%	2.7
Clarence – Premier Place	11.4	141.6	0.8%	8.4%	73.0%	6.9
Fayetteville – Steele Crossings	10.9	136.9	0.8%	8.9%	97.5%	6.0
Batavia BJ	8.2	95.8	0.8%	9.7%	100.0%	5.4
Cheektowaga – Dicks Plaza	7.9	170.5	0.7%	7.6%	38.0%	4.4
Cheektowaga – Walden Place	4.8	68.0	0.5%	9.3%	81.3%	3.4
Cheektowaga – Borders	4.0	26.5	0.6%	14.3%	100.0%	5.2
Batavia Commons	2.9	49.4	0.3%	8.2%	88.7%	2.2
Total/average – Bison	**181.0**	**2,006.7**	**14.5%**	**9.2%**	**83.8%**	**4.9**
Venice						
The Marketplace at Town Center	22.4	178.9	1.6%	8.9%	82.2%	4.9
FlatAcres MarketCenter	20.3	133.0	1.5%	8.0%	96.2%	5.1
McKinney Marketplace	13.2	119.0	1.0%	8.8%	95.5%	7.4
Turner Hill Marketplace	11.2	125.0	0.7%	8.5%	100.0%	5.2
Overland Pointe Marketplace	8.9	80.0	0.7%	9.0%	98.8%	3.8
Frisco Marketplace	8.0	107.5	0.6%	8.3%	97.9%	7.1
Shops at Turner Hill	5.0	38.7	0.3%	8.5%	56.1%	3.4
Total/average – Venice	**89.1**	**782.2**	**6.4%**	**7.9%**	**92.0%**	**5.3**
Longhorn III						
Grandville Marketplace	22.3	216.8	1.6%	8.5%	92.5%	5.2
Parker Pavillions	20.5	96.2	1.2%	8.6%	83.9%	4.2
Total/average – Longhorn III	**42.8**	**313.0**	**2.7%**	**8.5%**	**89.9%**	**4.8**
Individual assets						
Riverchase Promenade	20.2	120.1	1.4%	8.3%	96.0%	5.5
Clarence – Jo-Ann Store	8.2	92.7	0.7%	9.0%	100.0%	4.5
Total/average – Shopping Centre Portfolio	**1,357.5**	**10,932.7**	**100%**	**8.6%**	**88.5%**	**5.1**

Excludes all assets sold during the year.
With the exception of % of NOI, all figures represent 100% of each property in which the Trust holds interest.

[1] Percentage contribution to Trust share of Shopping Centre Portfolio NOI (i.e. excluding Single Box Portfolio).
[2] Riverdale Village Inner part of Longhorn II asset portfolio from 20 September 2010.

MERRIAM TOWN CENTER, KANSAS CITY, KANSAS

Leasing update

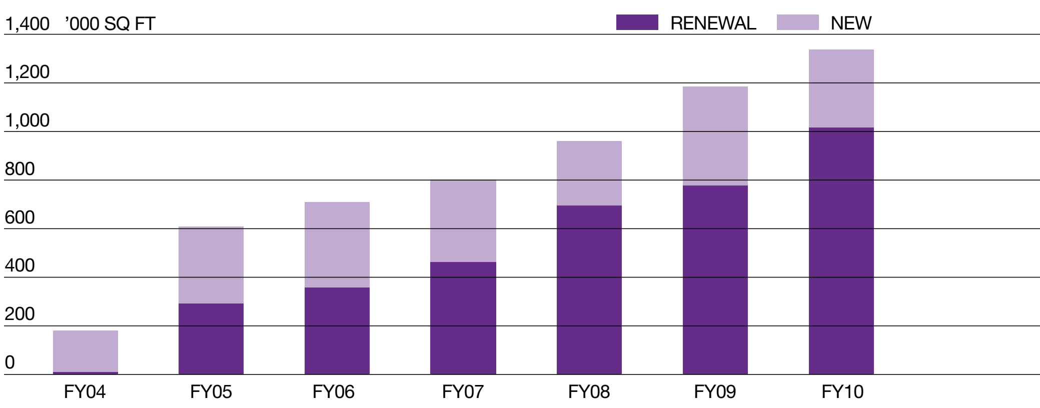
The leasing results achieved during the year reflect the Trust's continued emphasis on securing long-term income streams across its real estate portfolio.

During the year, the Trust leased approximately 1.3 million sq ft, or 12.2% of the Shopping Centre portfolio. Approximately 420,000 sq ft was leased in the June 2010 quarter alone, making this the strongest leasing period since the Trust's inception.

Rental rates on new leases remained challenging during the year.

Management remains focused on leasing space to strong and best in class retailers who will enhance the income security of the portfolio and its value. Despite difficult market conditions, the Trust is confident that US consumers continuing to trade down to less expensive goods will support the value and convenience retailers within the Trust's portfolio.

Annual Shopping Centre leasing activity



Highlights for the 12 months

Strong tenant demand across the portfolio resulted in over 140 leases for 1.3 million sq ft

Significant progress to reduce vacancies with approximately 320,000 sq ft leased to new tenants

The portfolio weighted average lease term remains stable at 5.1 years

Minimal short-term expiries with 9.2% of portfolio expiring in FY2011

Over 85% of annual base rent is derived from national retailers

Shopping Centre leasing update

At 30 June 2010, the Trust's Shopping Centre portfolio consists of 48 assets and had a leased rate of 88.5% and a weighted average term of 5.1 years.

Key leasing transactions completed included 43 new leases for 319,342 sq ft, including those with national retailers such as HH Gregg, Jo-Ann, Buy Buy Baby and Michaels.

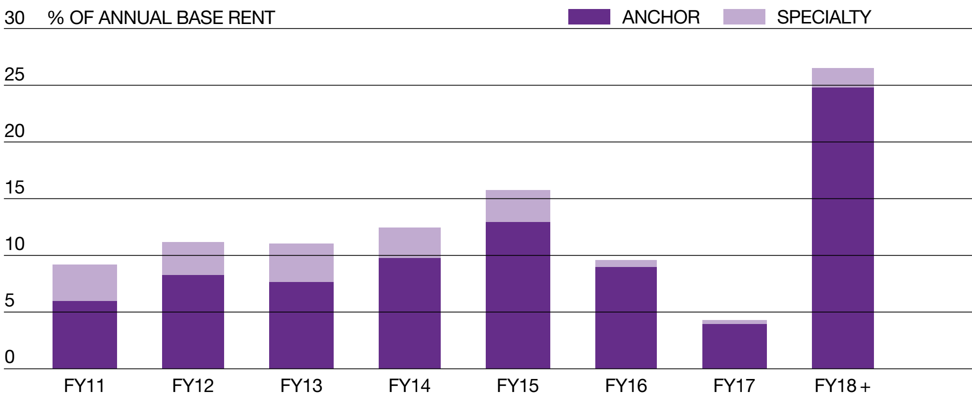
The 98 renewals secured during the year covered 1,016,321 sq ft with an average term of 4.6 years with existing retailers including Publix, Marshalls, Office Max, TJ Maxx, Best Buy, Dick's Sporting Goods, Jo-Ann and Pier 1.

These results highlight the resilience of the discount retailer sector in challenging economic conditions.

Single Box Portfolio update

Due to the uncertainty of being able to retrieve any equity value from the Single Box Portfolio and significant additional capital being required, EDT, 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 Single Box Portfolio.

Lease expiry profile



Top 10 tenants

Tenant	Category	GLA (sq ft)	% of ABR [1]
TJX Companies	Discount Apparel	655.4	5.9%
PetsMart	Pet Supplies	389.1	4.7%
Kohl's	Department Store	811.1	4.7%
Best Buy	Electronics	328.2	3.3%
Dick's Sporting Goods	Sporting Goods	254.9	2.6%
Bed Bath & Beyond	Homeware	246.3	2.5%
Wal-Mart	Discount Store	304.9	2.2%
Jo-Ann Stores	Fabrics	200.9	2.1%
Home Depot	Home Improvement	219.0	2.0%
Schottenstein Stores	Discount Shoes	153.3	2.0%
Total		**3,562.9**	**32.1%**

[1] Annual base rent.

HARBISON COURT, COLUMBIA, SOUTH CAROLINA

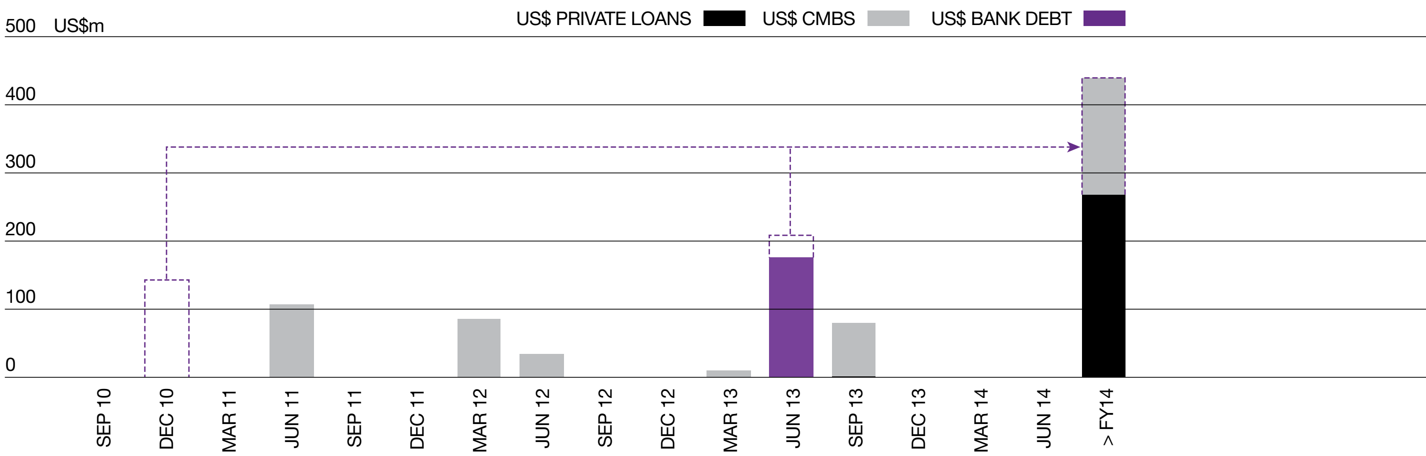
US$600 million of near-term liabilities repaid, refinanced or extended

10.5% reduction in look through gearing

3.9 years weighted average debt maturity

Removed all head trust debt, liabilities and financial covenants

Debt maturity profile



Debt update
Since June 2009, the Trust has focused on stabilising its balance sheet through the repayment, refinancing or extension of approximately US$600 million of near-term debt facilities.

Additionally, through the Recapitalisation, the Trust has repaid and removed all head trust debt, liabilities and financial covenants.

At 30 June 2010, the Trust's debt profile includes a diversity of funding sources with a weighted average term to maturity of 2.7 years. The Trust's debt funding comprises nine discrete asset-secured facilities which are non-recourse. The only facility subject to covenants was compliant at 30 June 2010.

Post year end, the Trust completed a US$174 million non-recourse financing with a maturity date of September 2017. With this refinancing, the Trust has repaid US$175 million of short-term mortgage debt with a weighted average duration of less than a year and increased its current Shopping Centre debt maturity profile from 2.7 years to 3.9 years.

The Trust has one non-recourse facility due to expire at the end of financial year 2011, representing less than 12% of the Trust's overall Shopping Centre debt. Management is currently exploring refinancing options for this facility with the aim to finalise longer term funding prior to maturity.

Gearing
As at 30 June 2010, debt to total assets was 65.6% and interest cover was 2.1 times interest expense.

Foreign exchange and interest rate management
The Trust has no foreign exchange hedging in place. Therefore A$ earnings are subject to fluctuations in the AUD/USD exchange rate.

The Trust is currently operating within its capital hedging policy, which targets natural hedging of between 60% and 100% of total offshore assets through raising debt finance in US dollars.

As at 30 June 2010, the Trust's total fixed portion of debt is approximately 78% with an average debt cost, including margin, of 5.5% with a weighted maturity of 2.7 years. After the completion of the US$174 million refinancing, approximately 81% of the Trust's debt is fixed with an average debt cost, including margin, of 5.7% and a weighted average maturity of 4.2 years.

Alexander Berman

Executive Chairman
Appointed 18 June 2010

Mr Berman serves as CEO and the managing senior officer of EPN Investment Management LLC, an affiliate of the Cornerstone Investor (EPN). 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 Centers.

Luke Petherbridge

Director and Chief Executive Officer
Appointed 18 June 2010

Luke was appointed Chief Executive Officer of the Trust in August 2008, having served as General Manager since joining Macquarie in April 2008. Since June 2008, Luke has been responsible for the sale of US$245 million of assets and over US$1 billion of debt refinanced or restructured. 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.

Karlis Cerbulis

Director
Appointed 18 June 2010

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 and logistical complexes, planned residential and 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.

Steven Guttman

Independent Director

Appointed 12 January 2004

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 30 year career with the company, 20 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.

Daniel Hurwitz

Director

Appointed 8 October 2003

Daniel was appointed President and Chief Executive Officer of DDR on 1 January 2010. He had served as President and Chief Operating Officer from May 2007 through to December 2009. He previously served as senior Executive Vice President and Chief Investment Officer since May 2005, and as Executive Vice President of DDR from June 1999 through April 2005. Daniel's experience in real estate development has been built over the many years he has worked in the industry. He was Senior Vice President and director of real estate and corporate development for Boscov's Department Store, Inc., a privately held department store company in Reading, Pennsylvania and prior to that, development director for the Shopco Group, a New York City-based developer and acquirer of regional and super-regional shopping malls. Daniel is a member of the board of trustees of U-Store-It Trust (NYSE: YSI); and a member of the Developers Diversified/Sonae Sierra Brazil Advisory Committee that oversees all venture activities in Brazil. Professionally, he is a member of International Council of Shopping Centers (ICSC) serves on ICSC's board of trustees and co-chairs the ICSC's Open Air Centers Committee. Daniel is also a member of the Urban Land Institute (ULI). He has also served on the board of the Colgate University Alumni Corporation, Colgate University Maroon Council, Boscov's Department Store, Inc., Applewood Centers and the Cleveland Children's Museum. Daniel is a graduate of Colgate University and the Wharton School of Business Management Program at the University of Pennsylvania.

Gregory Katz
Director
Appointed 18 June 2010

Mr Katz is General Counsel of a private fund manager that 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.

Zvi Maayan
Director
Appointed 18 June 2010

Mr Maayan is General Counsel of Elbit Imaging, a position he has held since October 2008. He 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).

David Machloof
Director
Appointed 18 June 2010

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.

David Oakes

Director
Appointed 10 December 2007

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.

David Spruell

Lead Independent Director
Appointed 12 January 2004

David is the Lead Independent director and has nearly 40 years of 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.

Joan Allgood

Alternative Director for David Oakes and Daniel Hurwitz
Appointed 12 January 2004

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.

Structure

EDT Retail Trust (the Trust) is an Australian registered managed investment scheme which invests in community shopping centres in the US. Its responsible entity, EDT Retail Management Limited (ERML) (the Manager) is wholly owned by EDT Management LLC (the US Manager), which is jointly owned by EPN GP, LLC (EPN) and DDR MDT Holdings II Trust, a wholly owned subsidiary of Developers Diversified Realty Corporation (DDR). EPN is a joint venture between Elbit Plaza USA, LP (Elbit Plaza) and Eastgate Property, LLC (Eastgate). The joint venture partners have US and Central and Eastern European retail property interests. DDR is a real estate investment trust listed on the New York Stock Exchange.

Prior to 18 June 2010, the US Manager was jointly owned by Macquarie Group and DDR. EPN replaced Macquarie Group as the joint owner on that date in conjunction with a Recapitalisation transaction undertaken by EDT by way of a placement to EPN as a cornerstone investor to raise \$9.5 million and an entitlement offer to raise \$198.9 million which was sub-underwritten by EPN and others (Recapitalisation Transaction).

As a result of the Recapitalisation Transaction, EPN also became a significant unitholder in the Trust with a 47.8% unitholding. The majority of ERML directors are now appointed by EPN. Additionally, the name of the Manager has changed from Macquarie DDR Management Limited to EDT Retail Management Limited, the Trust from Macquarie DDR Trust to EDT Retail Trust, and the US Manager from Macquarie DDR Management LLC to EDT Management LLC.

All of the Trust's real estate investments are located in the US and are held indirectly through two US domiciled Real Estate Investment Trusts (US REIT I and US REIT II and together, US REITs). The US REITs in turn hold their investments via three US limited liability companies (LLCs). The individual properties are held by the LLCs through a series of individual property owning entities. The management arrangements for the US REITs and LLCs are set under the role of the US Manager below.

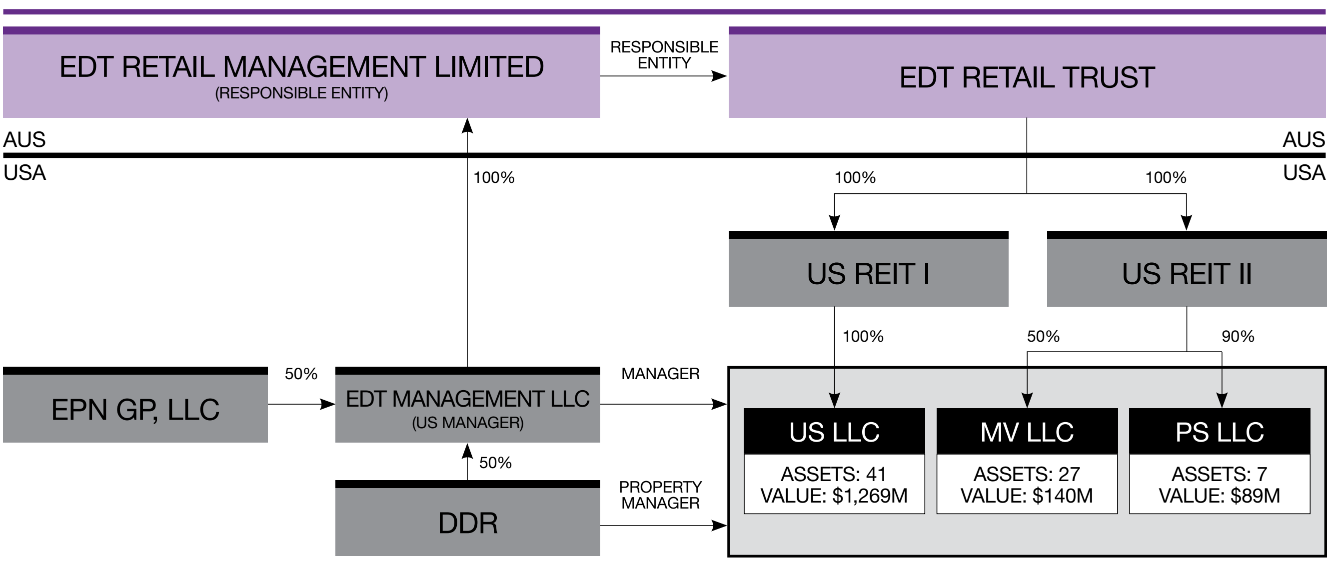
DDR also provides property management services for all of the Trust's properties as set out under Role of the Property Manager below.

As at 30 June 2010, DDR owned and managed approximately 620 retail operating and development properties (totalling approximately 137 million sq ft) located across 42 US states and certain other regions (including Puerto Rico, Brazil and Canada). DDR is a self-administered and self-managed real estate investment trust operating as a fully integrated real estate company that acquires, develops and leases shopping centres.

Prior to 18 June 2010, Macquarie provided all the in-house Australian-based resources for the management and administration of the Trust including the provision of senior executives such as the chief executive officer (CEO), through formal resourcing arrangements, at Macquarie's expense. Macquarie continues to provide these services to the Trust under a transitional services agreement at the expense of ERML in its personal corporate capacity. As part of the transitional services, the CEO has been seconded directly to ERML and reports to the Executive Chairman. ERML will announce further details regarding the Trust's ongoing management team and strategy in the coming months.

EPN and DDR between them also appoint appropriately skilled executive and independent directors and monitor their performance to ensure that the Trust continues to be managed appropriately.

The Trust structure is represented diagrammatically as follows:



Role of the Manager

Under the *Corporations Act 2001* (Cth) (Corporations Act) and the general law of trusts, the Manager has a duty to manage the Trust in the best interests of members. The Corporations Act requires the Manager to, among other duties, act honestly, act in accordance with a duty of care and diligence and, if there is a conflict between the members' interests and its own interests, give priority to the members' interests.

To conduct its activities, the Manager holds an Australian Financial Services Licence (AFSL) issued by the Australian Securities & Investments Commission (ASIC). To retain its AFSL, the Manager must comply with specific requirements. These include maintaining a required minimum level of solvency and properly training and supervising its employees and agents.

Under the Corporations Act, the Manager must administer the Trust in accordance with a written Constitution and must also prepare and lodge with ASIC a detailed compliance plan.

The Constitutions of the Trust and of the Manager govern, among other things, how the Trust must operate, the rights of members, and how remuneration of the Manager is calculated. The compliance plan sets out the mechanisms in place to ensure compliance with the Trust Constitution and the Corporations Act.

The Manager can be removed by unitholders by ordinary resolution.

Role of the US Manager

EDT Management LLC (US Manager), provides general administrative services to the US REITs and their controlled entities pursuant to various service or operating agreements.

The US REITs have boards comprised of three EPN representatives, appointed by EPN and elected by the Trust in its capacity as the sole voting shareholder of US REITs.

Under the LLC agreements for each of the US LLCs in which the US REITs have an ownership stake, being US LLC, Mervyns LLC (MV LLC) and PS LLC, the US Manager has been established as the sole manager and is responsible for day-to-day operations. However, all major decisions such as investments, divestments, financing and setting risk management policies must be approved by the owners of the relevant LLC. The joint owners of Mervyns LLC and PS LLC are US REIT II and DDR. Accordingly, the Trust and DDR effectively each have a blocking vote for all significant decisions involving Mervyns LLC or PS LLC.

As a result of the ownership redemption transaction approved by unitholders and undertaken in late 2009, DDR no longer has any interest in the US REIT or the US LLC and the Trust effectively controls the decision-making for these entities. The US Manager is required to comply with the directions of the board of directors of US REIT I with regard to US LLC matters.

The US Manager may delegate obligations under each LLC agreement that do not constitute major decisions, to any person approved by the owners of the relevant US LLC. However, owner consent is not required where such obligations are delegated to DDR or affiliates or such other persons to whom DDR customarily delegates such obligations in the operation of other community shopping centre properties owned and managed by DDR.

The appointment of the US Manager as manager of the LLCs is not for a fixed term; the appointment is for an indefinite period and there are no built-in termination rights for that particular appointment. If the US Manager were to materially breach its duties under the LLC Agreement, then non-defaulting members (including the US REIT member) could elect to liquidate the LLC or purchase the US Manager's interest (at which time it would cease to be managing member). Separately, the US REIT service agreements have a one-year term with automatic one-year renewals unless notice of non-renewal is provided 45 days prior to the expiration of a renewal term.

Both EPN and DDR provide resources to the US Manager at their expense.

Under the operating agreement, for each LLC the US Manager effectively earns base management fees (based on the fair market value of assets) and performance fees based on trust returns, and fees for providing due diligence services in connection with acquisitions, disposals, financings or refinancings by the US LLCs and their controlled entities. The right of the US Manager to receive base management fees and performance fees would continue in the event that the Manager is replaced as the responsible entity of the Trust.

The Manager's entitlement to base management fees and performance fees is reduced by any amounts the US Manager receives from the US LLCs as the base management fees or performance fees as the case may be.

Role of the Property Manager

There are property management agreements in place between DDR (Property Manager) and the US LLCs owning properties or groups of properties pursuant to which DDR provides property management and leasing services to all of the Trust's properties in return for various fees and commissions.

The term of each of the property management agreements is 10 years (with expiry dates for these agreements ranging from 2013 to 2016, depending on the property), subject to an option for extension of the term for two additional periods of five years, which may be exercised by written notice at the Property Manager's sole option at least 90 days prior to the expiration of the then current term. The property management agreements can be terminated among other things, with cause (for example, gross negligence, fraud or wilful misconduct or material breach of the agreement which has not been cured within 60 days or insolvency of the Property Manager) or if DDR no longer has an interest in the US Manager, or on a change of control of DDR (Property Manager) (includes a change in the majority of the board of directors of DDR or DDR ceasing to be an owner of the US LLC). The property management agreements do not terminate if the Manager is replaced as responsible entity of the Trust.

The property management fees earned by DDR are additional to fees earned at the Trust level and US Manager fees.

DDR also receives structuring and advisory fees in connection with acquisitions by the Mervyns LLC and PS LLC.

Single Box Portfolio and PS Redemption Rights

US REIT II may redeem for cash all or a portion of its interest in Mervyns LLC at any time after 31 October 2010. DDR may redeem for cash all or a portion of its interest in Mervyns LLC at any time after 7 June 2013 or, if earlier, after US REIT II exercises its redemption right.

DDR may also redeem for cash its interest in PS LLC at any time after DDR or US REIT II triggers a recapitalisation event under the PS LLC operating agreement. US REIT II may not trigger a recapitalisation event until after 7 July 2011 and DDR may not trigger a recapitalisation event until after 7 July 2013. US REIT II does not have an equivalent right to redeem its interest in PS LLC.

If, at the time DDR elects to redeem its interest in one of PS LLC or Mervyns LLC, it has previously exercised or is currently permitted to exercise its redemption right in the other entity, then DDR may only redeem its interest in PS LLC or Mervyns LLC to the extent that it also redeems (or has previously redeemed) its proportionate interest in the other entity. However, US REIT II may in its discretion waive the requirement that DDR simultaneously redeem its interests in PS LLC and Mervyns LLC.

In the event of any election by DDR to redeem its interest in Mervyns LLC or PS LLC, US REIT II may elect to purchase the interest being redeemed by DDR in exchange for cash, properties from the Mervyns LLC or PS LLC portfolio, some combination of cash and properties or shares of Class B-2 common stock of US REIT II. If US REIT II elects to redeem its Mervyns LLC interest, DDR may elect to purchase the interest being redeemed by US REIT II in exchange for cash, properties from the PS LLC portfolio, or some combination of cash and properties. If no such election is made, the redemption is required to be paid in cash by Mervyns LLC or PS LLC, as applicable.

What you can find on our website:

- Trust Constitution;
- Manager Constitution;
- a description of the LLC, US REITs and property management and other general management arrangements in the material contracts section of the 2004 IPO prospectus (see publications and presentations);
- updated description of the general management arrangements for the US REITs and LLCs in the Notice of Meeting on 19 October 2009 following the exercise of DDR's redemption rights (see publications and presentations); and
- updated description of the general management arrangements following the Recapitalisation Transaction in the Entitlement Offer Product Disclosure Statement dated 7 May 2010 (see publications and presentations).

ASX corporate governance principles and recommendations

The following description of the governance arrangements in place for the Trust during the year to 30 June 2010 is in the order of the principles set out in the second edition of the ASX corporate governance principles and recommendations (ASX Recommendations). For most of the reporting period (i.e. 1 July 2009 to 18 June 2010) the Manager was indirectly owned by Macquarie and DDR and the reporting reflects the corporate governance arrangements under that ownership.

In conjunction with the Recapitalisation Transaction, EPN and DDR advised in the Product Disclosure Statement that they considered corporate governance an important aspect of the Trust's operations. Accordingly they would be undertaking a review of the corporate governance arrangements to address the change in ownership structure (Review) and advise any material changes to investors following the Review. The Review is expected to be complete in early 2011. In the meantime references to material on the EDT website in this corporate governance reporting is to the existing charters and policies which are being applied to the extent possible pending the outcome of the Review.

The ASX principles are not prescriptive. Listed entities are required to disclose the extent of their compliance and to explain why if they have not adopted a recommendation.

Other than where specifically stated to the contrary, the corporate governance structure as described below complies with the amended ASX principles.

For information on the Trust's corporate governance, please visit our website www.edtretail.com.

The Trust complies with most of the recommendations contained in the ASX principles that are relevant.

Several of the recommendations are either not relevant to the Trust or the Manager has decided not to implement them. These are:

- ASX Recommendations 1.2 and 1.3 as the Manager does not choose its senior executives (currently provided by Macquarie) and has not disclosed its process for evaluating the performance of senior executives as the Trust does not have its own employees. Details have, however, been provided in Principle 1 and the remuneration report in respect of Macquarie's performance evaluation arrangements for Macquarie staff who did work for the Trust during the reporting period;
- ASX Recommendations 2.1, 2.2, 2.4, 2.5 and 2.6 as a majority of the board are not independent, the chairman is not an independent director and the Manager has not established a nomination committee; and
- ASX Recommendations 8.1 and 8.3 as the Manager has not established a remuneration committee.

Principle 1: Lay solid foundations for management and oversight
The board charter details the composition, roles and responsibilities of the board and its relationship with management to accomplish the board's primary role of promoting the long-term health and prosperity of the Trust.

As set out in the board charter, the board of the Manager (Board) may delegate authority to Board committees and approve delegations to management. All major decisions in respect of investments and divestments of properties are made at the US REIT level (see above for further detail). The Board is responsible for decision-making in respect of capital raisings to fund investments, other financing transactions carried out at Trust level and related party transactions to be undertaken by the Trust or its controlled entities. The management delegations of authority typically enable implementation of decisions by the CEO in respect of capital expenditure, due diligence and administration. (ASX Recommendation 1.1)

Performance of key executives
The Trust has no employees of its own. Trust staff were provided and paid for by Macquarie, and the Board did not participate in evaluating their performance. (ASX Recommendations 1.2 and 1.3)

This represents a departure from ASX Recommendations 1.2 and 1.3 as the Manager does not choose its senior executives and does not disclose its process for evaluating performance.

Macquarie evaluates the performance of key executives semi-annually. Employees are assessed against a set of behavioural and technical competencies. The assessment criteria used in determining remuneration are outlined in the remuneration report included in this report.

There are no changes in respect of key executive performance review, as the Manager is still relying on Macquarie for staff and will continue to do so under its transitional services agreement with Macquarie (which includes the separate secondment of the CEO to the Manager to act at the direction of the Executive Chairman) until December 2010.

What you can find on our website:
— the Board charter.

Principle 2: Structure the board to add value
The Board charter reflects the objectives, roles and responsibilities of the Board.

The Board considers that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to:

— discharge their responsibilities and duties under the law effectively and efficiently;
— understand the business of the Trust and the environment in which it operates so as to be able to agree with management the objectives, goals and strategic direction which will maximise investor value; and
— assess the performance of management in meeting those objectives and goals.

Appointment criteria
The following guidelines apply to director selection and nomination.

Candidates for directorship must possess:

— integrity;
— particular expertise (sector and functional) and the degree to which they complement the existing board;
— reputation and standing in the market; and
— in the case of prospective independent directors, independence from EPN (previously Macquarie) and DDR.

A letter of appointment is issued to new directors to ensure they are advised of their responsibilities and are aware of the resources the Manager can provide.

All directors are appointed by one or both (in the case of the independent directors) joint owners of the US Manager taking into account the above criteria. Membership of the Board is set out below. Details of each individual director's background are set out in detail in the Directors' Report. (ASX Recommendation 2.6)

Principle 2: Structure the board to add value (continued)

Board composition

Richard Sheppard Chairman	*Appointed 8 October 2003* *(Macquarie appointee)* *Resigned 18 June 2010*
Steven Guttman Independent Director	*Appointed 12 January 2004* *(DDR appointee until 18 June 2010,* *EPN and DDR appointee from 18 June 2010)*
Robert Joss Independent Director	*Appointed 19 August 2004* *(Macquarie and DDR appointee)* *Resigned 18 June 2010*
David Spruell Independent Director	*Appointed 12 January 2004* *(Macquarie appointee until 18 June 2010,* *EPN and DDR appointee from 18 June 2010)*
Scott Wolstein Director	*Appointed 8 October 2003* *(DDR appointee)* *Resigned 18 June 2010*
David Oakes Director	*Appointed 10 December 2007* *(DDR appointee)*
Daniel Hurwitz Director	*Appointed 8 October 2003* *(DDR appointee)*
Simon Jones Director	*Appointed 28 May 2009* *(Macquarie appointee)* *Resigned 18 June 2010*
Stephen Girdis Director	*Appointed 18 March 2005* *(Macquarie appointee)* *Resigned 18 June 2010*
Alexander Berman Executive Chairman	*Appointed 18 June 2010* *(EPN appointee)*
Karlis Cerbulis Director	*Appointed 18 June 2010* *(EPN appointee)*
Gregory Katz Director	*Appointed 18 June 2010* *(EPN appointee)*
Zvi Maayan Director	*Appointed 18 June 2010* *(EPN appointee)*
David Machloof Director	*Appointed 18 June 2010* *(EPN appointee)*
Luke Petherbridge Director and CEO	*Appointed 18 June 2010* *(EPN and DDR appointee)*
Joan Allgood Alternate Director for David Oakes and Daniel Hurwitz	*Appointed 12 January 2004*
John Wright Alternate Director for Richard Sheppard and Stephen Girdis	*Appointed 18 March 2005* *(Resigned 19 March 2010)*

Where EPN holds a greater than 30% interest in the Trust (as it does currently), it has the right to appoint a sixth representative to the Board of the Manager, but has not done so to date.

The Manager's Constitution provides that the maximum number of directors shall be 11 unless amended by a resolution of members. The number of directors necessary to constitute a quorum at a Board meeting varies depending on the nature of the decision.

Attendance at Board meetings is set out in the Directors' Report.

Independent directors

The Manager recognises that independent directors are important in assuring investors that the board is properly fulfilling its role and is diligent in holding management accountable. The Manager's independence criteria provide that independent directors must be independent not only of the Manager but also of its joint owners and their affiliates. There is not a majority of independent directors on the Board.

This represents a departure from ASX Recommendation 2.1 as a majority of the board is not independent.

Independence of directors, determined by objective criteria, is acknowledged as being desirable to protect investor interests and optimise the financial performance of the Trust and returns to investors.

Prior to 18 June 2010, the independence of directors was assessed in accordance with the following criteria.

A director will be considered independent if not a member of management and if he/she meets the following criteria (to the satisfaction of the Manager):

- must be appointed in a non-executive capacity and therefore must not be a director, officer or employee of any Macquarie Group or DDR entity;
- must not be a substantial shareholder of Macquarie, DDR or the Trust, or of a company holding more than 5% of the voting securities of Macquarie, DDR or the Trust;
- must not be an officer of, or otherwise associated directly or indirectly with, a shareholder holding more than 5% of the voting securities of Macquarie, DDR or the Trust (other than the responsible entity of the relevant Trust);
- must not, within the last three years, have been employed in an executive capacity by the responsible entity and/or special purpose vehicle, or by another Macquarie Group or DDR entity, or a director of any such entity after ceasing to hold any such employment;
- must not be, and has not within the last three years been, a principal or employee of a professional adviser whose billings to the Trust, the Macquarie Group, DDR or other Macquarie or DDR managed vehicles over the previous full year, in aggregate, exceed 5% of the adviser's total revenues over that period. A director on the Board who is or within the last three years has been a principal, director or employee of a professional adviser must not participate in any consideration of the possible appointment of that firm as professional adviser to the Trust and must not participate in the provision of any service by that firm to the Trust, another Macquarie or DDR managed vehicle, or the Macquarie Group or DDR more generally;

Principle 2: Structure the board to add value (continued)

Independent directors (continued)

— must not be a "significant supplier" or "significant customer" of the Trust, the Macquarie Group, DDR or other Macquarie or DDR managed vehicles, or an officer of, or otherwise associated directly or indirectly with, a significant supplier or customer. A "significant supplier" is defined as one whose aggregate revenues over the previous full year from the Trust, the Macquarie Group, DDR and other Macquarie or DDR managed vehicles exceed 5% of the supplier's total revenue over that period. A "significant customer" is one whose amounts payable to the Trust, the Macquarie Group, DDR and other Macquarie or DDR managed vehicles exceed 5% of the customer's total operating costs;

— must not, other than as a director of the Board, have any contractual relationship with the Trust or any member of the Macquarie Group, DDR or other Macquarie or DDR managed vehicles that is material to that director;

— must not be a director on more than two Macquarie or DDR managed vehicles boards;

— must not have served for a term exceeding 12 years, subject to any approved transitional provisions relevant to service prior to 2003; and

— must not have any other interest or relationship that could interfere with the director's ability to act in the best interests of investors in the Trust and independently of the Macquarie Group or DDR.

However, where an individual may not meet one or more of the above criteria, the Manager may make a specific determination that, in the circumstances of that individual, the fact that these criteria have not been met would not prevent the individual from exercising judgement on the Board.

The main areas of difference from the independence criteria set out in the Principles are:

— the independence criteria are designed to ensure that directors are not only independent from the Trust but that they are also independent from Macquarie Group, DDR and their managed vehicles. Accordingly, the independence criteria must be satisfied in respect of relationships with each of the Trust, Macquarie, DDR and other Macquarie or DDR managed vehicles; and

— there is a catch-all provision, not included in the principles, which gives the Board discretion to determine that a director is independent even if they do not meet all the other independence criteria.

Each year, independent directors are required to provide the Trust with written confirmation of their independence status and they have each undertaken to inform the Trust if they cease to satisfy the independence criteria at any time. The company secretary also monitors compliance with the independence criteria and seeks information from the independent directors in this regard if necessary and reports to the Board. (ASX Recommendation 2.6)

The Manager considers that the independence of its directors, each of whom is a highly qualified and reputable business person and professional who satisfies the above criteria, does not depend on who appoints them but on their independence of mind, including an ability to constructively challenge and independently contribute to the Board.

The criteria used to assess independence, including the materiality thresholds referred to above, are reviewed from time to time. Independence was assessed following the Recapitalisation Transaction on the basis of being independent of EPN, DDR and their affiliates.

Chairman

The Manager does not have an independent Chairman. Richard Sheppard, an executive director of Macquarie and managing director and chief executive officer of Macquarie Bank Limited, served as chairman of the Manager for most of the reporting period.

Richard Sheppard does not satisfy the independence criteria in the ASX principles. However, for the reasons set out below, Richard Sheppard was regarded as an appropriate person to act as chairman. (ASX Recommendations 2.2 and 2.6)

This represents a departure from ASX Recommendations 2.2 and 2.6 as the chairman is not an independent director.

Given the Trust's diverse, complex and highly specialised activities, it is important that the Board is chaired by someone with a deep understanding of its operations. Richard Sheppard's experience is highly regarded and assisted with ensuring that management provided the Board with adequate information to facilitate effective decision-making. His wide experience enabled him to provide support and advice to the CEO while respecting executive responsibility.

Principle 2: Structure the board to add value (continued)

Chairman (continued)

Following the Recapitalisation Transaction, EPN has appointed Alex Berman as Executive Chairman of the Manager. As with the departed Chairman, Alex's wide experience enables him to provide valuable support and advice to the CEO. The Manager has adopted a number of practices to regulate the division of responsibilities between the Board and management, and the accountability of management to the Board, including:

- separate individuals perform the roles of chairman and CEO; (ASX Recommendation 2.3)
- the appointment of a lead independent director to act as a conduit for issues that the independent directors may have as a group. The current lead independent director is David Spruell;
- having independent directors on the Board;
- the independent directors meet at least once per year in the absence of management with the lead independent director chairing such meetings;
- the delegation of certain responsibilities to the audit committee, of which the chairman is not a member. The audit committee charter states that the chairman of the Board shall not be eligible to be chairman; and
- the ability of directors to seek independent professional advice for Trust-related matters, at the Trust's expense, subject to the estimated costs being approved by the chairman in advance as being reasonable. (ASX Recommendation 2.6)

Board committees

One standing Board committee, the audit committee, has been established to assist in the execution of the Board's responsibilities. All Board members are free to attend any meeting of the audit committee.

Membership of the audit committee is outlined under the heading Principle 4 in this statement.

The audit committee has a charter that includes a description of its duties and responsibilities.

The Board may establish other committees.

Nomination of directors and board renewal

There is no nomination committee as directors were appointed by the joint owners of the US Manager using their own resources and the criteria outlined in the Board Charter.

This represents a departure from ASX Recommendation 2.4 as the Manager has not established a nomination committee.

Performance of the Board

Directors are encouraged to pursue continuing education to update and improve their skills and knowledge.

The performance of the Board is assessed each year in accordance with the process described below. (ASX Recommendation 2.6)

The process for conducting the Board's performance review consists of the chairman offering to conduct individual interviews with each of the independent directors. Prior to that, the independent directors complete a written performance evaluation and are able to make other comments or raise any issue that they have relating to the Board's or a Board committee's operation. Performance evaluations are required to be completed at least annually (ASX Recommendation 2.5). However this evaluation in respect of the Board was not undertaken this year due to the change in ownership of the US Manager and reconstitution of the Board of the Manager on 18 June 2010. The audit committee undertakes a periodic review of its composition in accordance with its charter which requires at least annual review. The audit committee's review of its composition during the year was undertaken after year end. (ASX Recommendation 2.5 and 2.6) The audit committee was reconstituted on 18 June 2010 due to the change of ownership of the US Manager and for the same reason no performance review has been undertaken for the reporting period.

What you can find on our website:

— the Board charter.

Principle 3: Promote ethical and responsible decision-making

The Trust is committed to being a good corporate citizen and has a framework of policies in place to achieve this.

Managing conflicts

The Board has established protocols for identifying and managing conflicts.

Procedures in place during the reporting period to resolve any conflicts that may arise from related party and shareholder transactions were as follows.

The Manager will not enter into transactions with a member of Macquarie or where Macquarie has an interest (other than its role as Manager) unless that transaction has been approved, in accordance with the Constitutions, or by a majority of the independent and DDR directors. Where a proposed transaction involves a member of DDR, that transaction must be approved, in accordance with the Constitution, or by a majority of the independent and Macquarie directors. Where a proposed transaction involves the Trust and the Manager, that transaction must be approved, in accordance with the Constitutions, or by a majority of the independent directors. In this context, "transactions" may include approvals, consents, waivers and agreements.

Principle 3: Promote ethical and responsible decision-making (continued)

Managing conflicts (continued)
In addition, directors are under a fiduciary duty to act in the best interests of members in relation to decisions when they are voting as a member of the Board and may be required under the Corporations Act to absent themselves from the meeting as well as the voting if they have a material personal interest in the transaction. Further, the ASX Listing Rules may require member approval in relation to the acquisition and disposal of assets or transactions with persons in a position of influence.

Related party transactions with Macquarie and DDR entities are clearly identified and governed by rules such as being tested by reference to market standards or agreed guidelines or being benchmarked to independent third parties.

Examples of areas in which Macquarie and DDR may provide resources or services to the Trust or its investments are: financial advisory, equity underwriting, property due diligence, property management, property agency services (including facility management and leasing), property sales and acquisition, project management, debt arrangement, accounting, and corporate development management and property compliance.

In the course of normal activity, Macquarie and DDR may also have an interest in properties owned or acquired by the Trust.

Following the Recapitalisation Transaction these protocols are being applied to any transactions between the Trust and EPN and its affiliates as well as to DDR and affiliate transactions. Pursuant to changes to the Manager's Constitution made as part of the Recapitalisation Transaction, related party transactions only require a majority resolution of the non-conflicted directors and there is no requirement as in the past that a majority of the independent directors must also vote in favour of the transaction.

Ethical conduct
The Manager's Code of Conduct (Code) during the reporting period was similar to that of the wider Macquarie Group and covers the Manager's and the Trust's dealing with external parties and how they operate internally. The Code sets the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour. The Code includes whistleblower, anti-corruption and dealing with governments and anti-money laundering policies.

The Code is periodically reviewed and endorsed by the Manager. The Code is distributed to all directors and staff and reinforced at induction and other training programs.

Staff and director trading
The Manager's securities trading policy restricts directors and staff involved in the management of the Trust in their ability to deal in Trust securities. It also applies generally to "associates" of directors and staff which include persons or entities over whom a staff member has investment control (such as spouses, dependent children, self-managed super funds and private and family-controlled companies and trusts). The policy only allows unit trading by the Manager's directors, officers and staff during six-week special trading windows following the release of the Trust's half yearly and yearly financial results, following the annual meeting or lodgement with ASIC and ASX of a disclosure document for a capital raising or a cleansing statement for a rights issue.

When the trading window is not opened following results announcements, pending disclosure of significant transactional activity being undertaken by the Trust, a special six-week trading window may apply following an ASX release in respect of the transaction.

What you can find on our website:
— the Code of Conduct; and
— a summary of the main provisions of the trading policy.

Principle 4: Safeguard integrity in financial reporting

Financial reporting
The Board has responsibility for the integrity of financial reporting. To assist the Board in fulfilling its responsibility, the processes discussed below have been adopted. The processes are aimed at providing assurance that the financial statements and related notes are complete, are in accordance with applicable accounting standards, and provide a true and fair view.

Financial assurance
Until 18 June 2010 the audit committee was comprised of three independent directors and thereafter its composition has been two independent directors and one non-executive director. (ASX Recommendations 4.1 and 4.2)

Attendance at audit committee meetings is set out in the directors' report. (ASX Recommendation 4.4)

The audit committee is made up of the following members:

— David Spruell – *Chairman and lead independent director;*
— Steven Guttman – *independent director;*
— Robert Joss – *independent director (resigned 18 June 2010); and*
— David Oakes – *non-executive director (appointed 18 June 2010).*

The main objective of the audit committee is to assist the Board in fulfilling its responsibility for overseeing the review of any matters affecting financial reporting and compliance including:

— exercising oversight over accuracy and completeness of the financial statements with legislative and other mandatory professional reporting requirements;
— making informed decisions regarding accounting policies, practices and disclosures; and
— reviewing the scope and results of external audits.

Principle 4: Safeguard integrity in financial reporting (continued)

Financial assurance (continued)
The responsibilities of the audit committee are set out in its charter.

The audit committee meets at least three times a year, with additional meetings as required. It also meets privately with the external auditor at least annually in separate sessions excluding management to discuss any matters that the audit committee or the parties believe should be discussed privately.

The audit committee has unlimited access to the external auditor, the compliance manager, company secretary and senior management. The audit committee also has the power to institute and oversee special investigations and to consult with independent experts.

CEO declaration
As the Trust has no Chief Financial Officer (CFO), the CEO provides the Board with written confirmation that the financial statements present a true and fair view, in all material respects, of the Trust's financial condition and operational results and are in accordance with relevant accounting standards.

Auditor independence
The audit committee is responsible for overseeing the external audit.

The Manager has an auditor independence policy that applies to services supplied by the external auditor and their related firms. Under the Manager's policy, the external audit engagement partner and review partner must be rotated every five years. The Trust's lead audit engagement partner will rotate at the conclusion of the 2011 financial reporting period.

What you can find on our website:
— the audit committee charter; and
— the auditor independence policy.

Principle 5: Make timely and balanced disclosure
It is the Trust's policy to provide timely, open and accurate information to all stakeholders, including unitholders, regulators and the wider investment community.

The Trust has an external communications policy that includes policies and procedures in relation to disclosure and compliance with the disclosure requirements in the ASX Listing Rules.

These policies include procedures for dealing with potentially price-sensitive information, which includes referral to the CEO and company secretary for a determination as to disclosure required. The ASX liaison person is the company secretary of the Manager.

What you can find on our website:
— external communications policy summary.

Principle 6: Respect the rights of shareholders
Communications (ASX Recommendations 6.1 and 6.2)

It is the Manager's policy that all external communications will:

— be factual and subject to internal vetting and authorisation before issue;
— not omit material information; and
— be timely and expressed in a clear and objective manner.

The Manager is dedicated to the provision and delivery of timely and relevant information to investors.

Investors may choose to receive an annual report, half yearly update and other investor communication electronically or in hard copy.

The Trust's website contains recent material ASX announcements, media releases, past and current communications to investors and answers to frequently asked questions. Analyst and investor forum presentations may be released to the ASX and where appropriate are posted on the Trust's website.

Investors may also register on the Trust website to receive copies of significant announcements by email.

Annual meetings
Annual meetings may be convened in November or December. The Trust is not required under the Corporations Act to hold an annual meeting. If there is no formal business to be considered, the Trust may hold an informal briefing.

The external auditor will be invited to attend any annual meeting and will be available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.

For formal meetings, an explanatory memorandum including the proposed motions is included with, and forms part of, the notice of meeting. The notice of meeting is mailed out and placed on the Trust's website.

Unless specifically stated in a notice of meeting, all holders of fully paid ordinary units are eligible to vote on all resolutions. If members cannot attend formal meetings, they may lodge a proxy in accordance with the Corporations Act. Proxy forms can be delivered, mailed or sent by facsimile.

Members are encouraged to attend the meeting or, if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with a notice of meeting will seek to clearly explain how the proxy form is to be completed and submitted.

The formal addresses at annual meetings may be webcast for the benefit of those investors unable to attend in person.

Principle 6: Respect the rights of shareholders (continued)

Complaints

The Manager has a formal complaints handling policy. In the event that the matter cannot be resolved within a reasonable period (usually not more than 45 days), a unitholder can seek assistance from the Financial Ombudsman Service Limited, which provides a free and independent dispute resolution service for investors. Its contact details are included in the Investor Relations section of the annual report.

Privacy Policy

The Manager has a formal privacy policy in order to protect and maintain the confidentiality of the personal information provided by unitholders.

What you can find on our website:

— external communications policy summary;
— Privacy Policy; and
— the latest annual report and full financial statements.

Principle 7: Recognise and manage risk

Identifying significant business risks

There are many risks in the markets in which the Trust operates. A range of factors, some of which are beyond the Manager's control, can influence performance. The board has in place limits and a range of policies and procedures to monitor risk in its activities. These limits, policies and procedures are periodically reviewed by the Board. (ASX Recommendation 7.2)

Risk management framework

The Board is committed to focusing appropriate attention on the risk management framework and the particular significance of risk to performance.

Risks managed include:

— market, regulatory and reporting risks;
— financial risks (such as liquidity, interest rate, tax, valuation, currency, investment and credit);
— legal risks (such as contract enforceability, covenants and litigation);
— operational risks (such as people, processes, infrastructure, technology and systems);
— occupational health and safety risks;
— reputation risks (such as investor relations and media management); and
— strategic risk.

Risk management framework (continued)

As part of its risk monitoring duties, the Board (or audit committee in the case of financial reporting risks) is required to:

— enquire of management and the external auditor about significant risks or exposures and assess the steps which management or other service providers have taken to minimise such risk to the Trust or company as applicable;
— consider and review with the external auditor:
 — the adequacy of the Trust's/company's internal controls including computerised information system controls and security; and
 — any related significant findings and recommendations of the external auditor on the matter of internal controls together with management's responses thereto;
— monitor and review (at least annually) the effectiveness of the Trust's/company's operational risk management framework and compliance with key risk management policies; and
— review the scope of any internal audit to be conducted and the independence of any internal audit team.

A separate compliance committee has not been established because Corporations Act section 601JA does not require it. The Board and designated compliance staff oversee the Trust's risk management framework by monitoring compliance with the compliance plan and ensuring that there is an underlying compliance framework including detailed policies and procedures, staff training and supervision and appropriate compliance reporting.

Compliance officers have been appointed for the Trust and are responsible for reviewing and monitoring the efficiency of compliance systems on an ongoing basis so that appropriate compliance procedures, staff education and compliance committee reporting arrangements are in place to enable observance of the compliance plans.

During the year, management has reported to the Board as to the effectiveness of the Trust's management of its material risks. (ASX Recommendation 7.2)

CEO declaration

As the Trust has no CFO, the CEO provides the Board with written confirmation that:

— his statement given to the Board on the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
— the Manager's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received the CEO declaration described above for this financial year. (ASX Recommendation 7.3)

What you can find on our website:

— the Trust's risk management framework; and
— the Trust compliance plan.

Principle 8: Remunerate fairly and responsibly

Disclosure of remuneration
The Manager is entitled to be paid base and performance fees in accordance with the Trust Constitution.

To date, all executives involved in management of the Trust have been employees of Macquarie and are not remunerated by the Trust or the Manager. Full details of fees paid and a discussion of Macquarie remuneration arrangements, alignment of interest and staff incentives for those of its staff involved in management of the Trust up until the sale of its ownership interest in the US Manager on 18 June 2010, are set out in the Remuneration Report later in this report.

Responsible entity fees
The Manager, as responsible entity of the Trust, is entitled to be paid base management fees and performance fees for discharging the management function.

These fees are calculated in accordance with a defined formula under the Trust Constitution. The fee arrangements were fully disclosed to investors on fund inception and continue to be disclosed on the Trust's website and in annual reports, and investors continue to invest on this basis. The structure and level of the fee arrangements are consistent with those paid in the market in respect of similar externally managed vehicles and are not subject to review. Any changes to the fee provisions which would have the effect of increasing the fees must be approved by unitholders.

Any amounts the US Manager receives from the US LLCs as the base management fee or a performance fee under the relevant operating agreements reduces the equivalent of the Manager's entitlement to base management fees at the Trust level.

US Manager fees
The US Manager, as manager of the US REITs and LLCs, is entitled to receive (a) base management fees based on the fair market value of the assets, (b) performance fees calculated in the same manner for performance fees payable to the Manager and (c) fees for providing due diligence services in connection with acquisitions, disposals, financings or refinancings by the US LLCs and their controlled entities. The US Manager is also entitled to reimbursement of costs and expenses incurred by it in the performance of its duties and prior to 18 June 2010 quarterly distributions of net operating cash based on its percentage ownership interest in the US LLCs being 0.0048% in the case of US LLC and 0.0100% in each of PS LLC and MV LLC. As from 18 June 2010 the US Manager no longer has an interest in the US LLCs other than as the Manager.

Structuring and advisory fees
In addition to the property management fees described below, DDR is entitled to a structuring and advisory fee payable on the consummation of the purchase of any properties by Mervyns LLC or PS LLC.

DDR property management and other fees
The Property Manager is entitled to the fees and commissions described below. The Property Manager is also generally reimbursed for all costs incurred in the management of the properties and permitted in the approved budget. The Property Manager is entitled to receive a base property management fee for each property equal to 4% of the gross revenues for such property.

Leasing commissions are paid according to a formula based on the amount of sq ft of space being leased including ground leases of space.

The Property Manager is entitled to a construction management fee for development and supervisory work performed at the properties in an amount equal to 5% of the cost of all tenant improvement and other capital improvement work (comprising all costs excluding land and finance expenses). In addition, the Property Manager is entitled to be reimbursed for its reasonable out of pocket expenses in connection with performing such work.

In addition to the property management fees described above, DDR is entitled to a structuring and advisory fee payable on the consummation of the purchase of any properties by Mervyns LLC or PS LLC.

Principle 8: Remunerate fairly and responsibly (continued)

Reimbursement of expenses

The Manager is also entitled to be reimbursed for expenses incurred by it in relation to the proper performance of its duties, out of the assets of the Trust. This includes routine ongoing expenses such as the third party costs of acquiring assets and managing them, as well as capital raising costs, registry, audit, insurance, compliance costs and other expenses as set out in the Trust Constitution.

Staff remuneration

Staff working on the Trust are employed by Macquarie entities and have been made available in the past through formalised resourcing arrangements with the Manager and since 18 June 2010 under a transitional services agreement with the Manager which expires in mid December 2010. Their remuneration is not a Trust expense. Until 18 June 2010, the cost of these staff was being met by Macquarie. Fees payable under the transitional services agreement are being met by the Manager out of its own funds.

Where the Manager's staff are required to serve as directors on asset boards or are seconded to them from time to time, any fees paid in respect of these arrangements are paid to the Trust.

Senior executives of Macquarie who acted as directors of the Manager during the reporting period may have had some of or their entire performance bonus retentions notionally invested by Macquarie in Trust units (among others) so that the amount of the performance bonus retention fluctuates as if it were actually invested in Trust units. These executives may have also received Macquarie options in the past as part of their remuneration package.

The Manager's resourcing plans, once the transitional services agreement with Macquarie terminates, will be announced shortly.

Director remuneration

None of the Macquarie, EPN or DDR executives who act or have acted as directors were paid director fees by the Trust nor are they entitled to Trust options or units or to retirement benefits as part of their remuneration package.

Independent director remuneration

To the extent to which the remuneration of independent directors relates to activities that are specifically required by external regulators, the Trust will pay this remuneration. This includes fees paid for compliance activities and service on the audit committee.

All other directors' fees paid to independent directors are paid by the Manager in its personal corporate capacity.

Independent directors' remuneration is reviewed from time to time in consultation with external consultants to ensure that their remuneration reflects the services expected to be performed.

Independent directors are not granted options nor do they receive bonus payments. There are no termination payments to independent directors on their retirement from office other than payments accruing from superannuation contributions. (ASX Recommendations 8.2 and 8.3)

Remuneration committee

The Board does not consider it necessary or appropriate to constitute a remuneration committee. Given the small size of the Board and that most director and senior executive remuneration is not paid by the Trust, the Board considers that a remuneration committee is not justified.

This represents a departure from the ASX Recommendations 8.1 and 8.3 as the Manager has not established a remuneration committee.

What you can find on our website:

— the Trust remuneration report.

Financial Report

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

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, David Oakes and Scott Wolstein)
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 (1)	75,719	(732,293)
Loss for the year (2)	(3,410)	(616,356)
Core earnings (note 24)	28,402	68,843

(1) Includes fair value movements in investment property of subsidiaries and jointly controlled entities.
(2) 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.

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.

5 Significant changes in the state of affairs (continued)

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.

Operations
During the year, US LLC sold 5 properties for US$96.7 million (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.

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 $'000	2009 $'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.

13 Information on current directors

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 Centers.

Current listed directorships
None

Former listed directorships in last three years
None

Special responsibilities
Executive Chairman

Interest in units of the Trust
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

Special responsibilities
Member of audit committee

Interest in units of the Trust
693,333

13 Information on current directors (continued)

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).

Special responsibilities
Chairman of audit committee
Lead independent director

Interest in units of the Trust
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

Special responsibilities
Member of audit committee

Interest in units of the Trust
Nil

13 Information on current directors (continued)

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 Centers (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

Interest in units of the Trust
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

Interest in units of the Trust
Nil

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

Interest in units of the Trust
Nil

13 Information on current directors (continued)

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

Interest in units of the Trust
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

Interest in units of the Trust
Nil

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

Special responsibilities
Chief Executive Officer

Interest in units of the Trust
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

Interest in units of the Trust
Nil

14 Meetings of directors

	Full meetings of directors		Meetings of audit committee	
Name	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 39.

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 known as 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

J A Dunning
Partner
PricewaterhouseCoopers

Sydney
24 August 2010

Income Statement

for year ended 30 June 2010

	Note	Consolidated 2010 $'000	Consolidated 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.

Statement of Comprehensive Income

for year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'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.

Statement of Financial Position

as at 30 June 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'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.

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.

Statement of Cash Flows

for year ended 30 June 2010

	Note	Consolidated 2010 $'000	Consolidated 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.

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.

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.

1 Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

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.

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.

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.

1 Summary of significant accounting policies (continued)

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 uncollectible 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 uncollectible 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.

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.

1 Summary of significant accounting policies (continued)

h) Investment properties (continued)

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.

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.

	Core Shopping Centre	Single Box Portfolio	Core Shopping Centre	Single Box Portfolio
	2010 %	2010 %	2009 %	2009 %
Weighted average capitalisation rate	8.5%	12.6%	8.4%	12.9%
Weighted average lease expiry (years)	5.1 (1)	11.3 (2)	5.1 (1)	N/A
Vacancy	11.5%	77.3%	11.9%	93.8%

(1) Weighted by ABR (Annual Base Rate).
(2) Weighted by GLA (Gross Lettable Area).
(3) 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.

1 Summary of significant accounting policies (continued)

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).

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.

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.

1 Summary of significant accounting policies (continued)

n) Revenue recognition (continued)

i) Rental income (continued)
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.

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).

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 unit 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.

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 $'000	Consolidated 2009 $'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)
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 [1]	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

(1) 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 $'000	Consolidated 2009 $'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%) [1]	—	—
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

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

4 Remuneration of auditors

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

	Consolidated 2010 $	Consolidated 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 (2009: $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	Consolidated 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]	1,088,818	941,057

[1] Weighted average number of units is calculated from the date of issue of the units.

7 Cash and cash equivalents

	Consolidated 2010 $'000	Consolidated 2009 $'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 $'000	Consolidated 2009 $'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:

	Consolidated 2010 $'000	Consolidated 2009 $'000
1 to 3 months	1,794	—
3 to 6 months	122	—
Over 6 months	9,914	—
	11,830	—

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

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

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:

			Ownership interest	
Jointly controlled entities	Country of Incorporation	Principal activity	2010 %	2009 %
EPN US Trust Inc. (US REIT I) [1]	United States	Property investment	99.98	97.32
EDT Fund LLC (US LLC) [1]	United States	Property investment	99.98 [2]	85.48 [2]
EPN US Trust II Inc. (US REIT II) [1]	United States	Property investment	99.91	99.90
DDR MDT MV LLC (MV LLC)	United States	Property investment	49.95 [3]	49.95 [3]
DDR MDT PS LLC (PS LLC)	United States	Property investment	90.25 [3]	90.24 [3]

(1) 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)).
(2) Represents indirect interest held through US REIT I.
(3) Represents indirect interest held through US REIT II.

i) Carrying amount of interest in jointly controlled entities

		Consolidated	
	Note	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**

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 (1)	(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 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)**

(1) 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 $0.7 million.

10 Interest in jointly controlled entities (continued)

iii) Share of jointly controlled entities' assets and liabilities

	Consolidated 2010 $'000	Consolidated 2009 $'000
Current assets		
Cash and restricted cash [1]	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 [2]	**(6,661)**	**404,957**

(1) 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.

(2) 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).

11 Investment properties

	Consolidated 2010 $'000	2009 $'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]	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**	—

[1] 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:

	Range: Independent valuations	Directors' valuations
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.

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 $'000	2009 $'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 $'000	2009 $'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.

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.

14 Interest bearing liabilities

	Consolidated 2010 $'000	2009 $'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.

a) Secured liabilities and assets pledged as security

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

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

15 Contributed equity

	Consolidated 2010 $'000	2009 $'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 [(1)]	—	13,742,187
Placement [(2)]	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**

(1) The DRP units were issued on 26 August 2008 but were entitled to income from 1 July 2008.
(2) 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.

16 Reserves

	Consolidated 2010 $'000	Consolidated 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	Consolidated 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)**

18 Net tangible assets

	Consolidated 2010 $'000	Consolidated 2009 $'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.

21 Cash flow information

	Consolidated 2010 $'000	Consolidated 2009 $'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**

	Consolidated 2010 $'000	Consolidated 2009 $'000
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 on consolidation	33,038	—
Net cash acquired upon consolidation of US LLC	34,762	—

22 Capital and financial risk management

a) Capital risk management

The Trust's objectives when managing capital are 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 through" 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 through" basis including those held through jointly controlled entities.

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.

22 Capital and financial risk management (continued)

c) Market risk (continued)

Foreign investment (continued)

	Australian dollar exposure		US dollar exposure	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Assets				
Cash and cash equivalents	3,893	30	35,369	928
Receivables and other assets	451	577	30,630	110
Interest in jointly controlled entities	—	—	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 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
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.

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.

22 Capital and financial risk management (continued)

c) Market risk (continued)

Interest rate risk (continued)

	Consolidated			
	Australian interest rates		US interest rates	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
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 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
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.

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 $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
30 June 2010								
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**
30 June 2009								
Financial liabilities								
Payables	1,786	1,786	—	—	—	—	—	1,786
Interest bearing liabilities	1,296	1,477	—	—	—	—	—	1,477
Derivative financial instruments (1)	45,645	45,645	—	—	—	—	—	45,645
Total undiscounted financial liabilities	**48,727**	**48,908**	**—**	**—**	**—**	**—**	**—**	**48,908**

(1) 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.

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).

22 Capital and financial risk management (continued)

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 has 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.

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, David Oakes and Scott Wolstein)
- John Wright (alternate for Richard Sheppard, 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).

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).

23 Related party disclosures (continued)

d) Transactions with related parties (continued)

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 fee 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).

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.

23 Related party disclosures (continued)

e) Base fee and performance fee (continued)

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 are detailed as follows:

	Consolidated	
	2010 $'000	2009 $'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.

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, David Oakes and Scott Wolstein)	—	—
John Wright (alternate for Richard Sheppard and Stephen Girdis) (resigned 19 March 2010)	n/a	120,000

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.

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 [1]	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**

[1] 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.

24 Segment information (continued)

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.

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 [(1)]	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 [(2)]	(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**

(1) 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.

(2) One-off realised foreign exchange gain when hedging AUD denominated entitlement offer proceeds which were subsequently used to repay USD denominated liabilities.

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: Mervyns net asset deficiency [(1)]	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

(1) 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.

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.

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 40 to 74 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) 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

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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.

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

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

J A Dunning
Partner

Sydney
24 August 2010

As noted in the corporate governance statement, EDT Retail Trust (the Trust) is an Australian registered managed investment scheme which invests in community shopping centres in the US. Its responsible entity, EDT Retail Management Limited (ERML) (the Manager) is wholly owned by EDT Management LLC (the US Manager) which is jointly owned by EPN GP LLC (EPN), a joint venture between Elbit Plaza USA LP and Eastgate LLC, and Developers Diversified Realty Corporation (DDR), a REIT listed on the New York Stock Exchange. The Manager's registered office and principal place of business is 1 Martin Place, Sydney NSW 2000.

Prior to 18 June 2010, the US Manager was jointly owned by Macquarie Group Limited entities (Macquarie) and DDR. EPN replaced Macquarie as the joint owner on that date in conjunction with a Recapitalisation transaction undertaken by the Trust by way of a placement to EPN as a cornerstone investor to raise $9.5 million and an entitlement offer to raise $198.9 million which was sub-underwritten by EPN and others (Recapitalisation Transaction).

As a result of the Recapitalisation Transaction, EPN also became a significant unitholder in the Trust with a 47.8% unitholding. The majority of ERML directors are now appointed by EPN.

Prior to 18 June 2010 Macquarie provided all the in-house Australian based resources for the management and administration of the Trust including the provision of senior executives such as the Chief Executive Officer (CEO), through formal resourcing arrangements, at Macquarie's expense. Macquarie continues to provide these services to the Trust at the expense of the Manager in its personal corporate capacity under a transitional services agreement which terminates in mid December 2010. As part of the transitional services the CEO has been seconded directly to ERML and reports to the Executive Chairman, the CEO also serves as a director of ERML. ERML will announce further details regarding the Trust's ongoing management team in the coming months.

Under the Corporations Act, it is only listed Australian companies that are required to prepare a remuneration report.

However, in order to provide appropriate remuneration disclosure for the Trust, details of the management fees and director fees paid by the Manager, together with qualitative disclosure detailing how Macquarie staff working on the Trust during the year until EPN replaced Macquarie as the joint owner of the US Manager were incentivised and their interests aligned with the Trust, are set out here.

Details of property management and other fees paid to DDR are also disclosed at the end of this report.

Fees to the Manager

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

Base fee

The base fee is calculated as 0.45% per annum of the fair market value of the direct and indirect proportional interest in properties and other assets.

The total asset value is calculated in accordance with the valuation provisions in the Trust Constitution. The valuations are reviewed by the Trust's auditors as part of their audit process.

The base fee is calculated six monthly and paid quarterly in arrears. The March and September payments are interim payments based on lagging valuations i.e. as at the end of the previous half year. The June and December payments are based on valuations at that time. They are in effect adjusting payments in that the entire half year period fee is calculated and the March or September amount which has been paid on account is deducted to arrive at the balance of the fee payable for the current June or December half year period.

The base fee payable to the Manager is reduced to the extent that management fees are paid or payable to the US Manager.

The base fees payable by the Trust to the Manager for the year ended 30 June 2010 were $7.3 million. However as management fees of $7.3 million were paid or payable to the US Manager, the base fee payable to the Manager for the year ended 30 June 2010 was reduced to nil.

Performance fee

In addition to the base management fee, the Manager is entitled to a performance fee satisfied by the issue of units in the Trust to the Manager, dependent upon the relative performance of the Trust to the S&P/ASX 200 Property Accumulation Index (Index). This Index, calculated from a peer group of property securities that have a principal focus on the property sector, measures the income and capital growth of the unit prices of the representative trusts.

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 Manager is entitled to new units in the Trust 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 year, multiplied by the nominal percentage outperformance of the Trust relative to the Index for that year.

The performance fee is calculated and payable, if entitled, each half year at December and June. The performance fee is payable, if entitled, subject to an annual cap, whereby total management fees paid in any one year must not exceed 80 basis points of the value of the gross assets of the Trust (except where the Trust has outperformed its sector peers continuously over a three year period). Any unpaid fees will continue to be paid up to 80 basis points of the value of the assets in any future year.

Any performance fee paid or payable to Manager is reduced to the extent that performance fees are paid or payable to the US Manager.

There were no performance fees paid or payable for the year ended 30 June 2010. 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 Manager is entitled to any future performance fees.

Changes to management fees

The fee arrangements were fully disclosed to investors on fund inception and continue to be disclosed on the Trust website and in annual reports. Investors originally invested and continue to invest with this knowledge. The structure and level of the fee arrangements are consistent with those paid in the market in respect of similar externally managed vehicles and are not subject to review. Any changes to the structure of the fee provisions which would have the effect of increasing the fees would need to be approved by unitholders.

The Manager may accept lower fees or defer fees.

Oversight of the payments

There is independent oversight in respect of the calculation and payment of management fees as follows:

i) the calculation and payment of management fees (both base and performance fees) are audited as part of the annual financial statement audit and through audit of the Trust's compliance plan; and
ii) the Trust's independent directors authorise payment of the performance fee.

Expense reimbursement

The Manager is also entitled to be reimbursed for expenses incurred by it in relation to the proper performance of its duties, out of the assets of the Trust. This includes routine ongoing expenses such as the third party costs of acquiring assets and the use of specialist technical advice from time to time, as well as capital raising costs, registry, audit, insurance, compliance costs and other expenses as set out in the Trust Constitution.

US Manager's fees

The US Manager, as manager of the US REITs and the US LLCs described in the corporate governance statement, is entitled to receive (a) base management fees based on the fair market value of the assets, (b) performance fees calculated in the same manner as for performance fees payable to the Manager by the Trust, and (c) fees for providing due diligence services in connection with acquisitions, disposals, financings or refinancings by the US LLCs and their controlled entities. The US Manager is also entitled to reimbursement of costs and expenses incurred by it in the performance of its duties and prior to 18 June 2010 quarterly distributions of net operating cash based on its percentage ownership interest in the US LLCs which was 0.0048% in the case of US LLC and 0.0100% for each of PS LLC and MV LLC. From 18 June 2010 the US Manager no longer has an interest in the US LLCs other than as the manager.

Any amounts the US Manager receives from the US LLCs as base management fees will reduce the equivalent of the Manager's entitlement to base management fees from the Trust. The distributions/fees earned by the US Manager for the year ended 30 June 2010 were US$6.5 million (A$7.3 million).

DDR property management and other fees

DDR, as the Property Manager of the US properties owned by the Trust, is entitled to the fees and commissions described below. The Property Manager is also generally reimbursed for all costs incurred in the management of the properties and permitted in the approved budget.

The Property Manager is entitled to receive a base property management fee for each property equal to 4% of the gross revenues for such property. Leasing commissions are paid according to a formula based on the amount of sq ft of space being leased including ground leases of space.

The Property Manager is entitled to a construction management fee for development and supervisory work performed at the properties in an amount equal to 5% of the cost of all tenant improvement and other capital improvement work (comprising all costs excluding land and finance expenses). In addition, the Property Manager is entitled to be reimbursed for its reasonable out of pocket expenses in connection with performing such work.

The US Manager receives disposition fees for arranging the sale of any property by the US LLCs to a third party. Disposition fees are calculated as 1% of the sale price of such property.

The US Manager receives loan extension fees for participation in the arrangement of extensions and refinancing of asset level debt facilities.

For the year ended 30 June 2010, DDR earned US$6.7 million in base property management fees and US$0.8 million in disposition fees. In addition, DDR also earned US$3.6 million in construction management, leasing and maintenance fees, US$0.3 million in tax preparation and legal fees and US$0.1 million in debt extension fees.

In addition to the fees described above, DDR is entitled to a structuring and advisory fee payable on the consummation of the purchase of any properties by Mervyns LLC or PS LLC.

No structuring and advisory fees were earned by DDR for the year ended 30 June 2010.

Directors

Directors of the Manager who are employees of the owner of the Manager or their affiliates are remunerated by their employers and not the Trust.

Director fees for the Directors who are not employees of the owner of the Manager or their affiliates are paid by the Manager except where remuneration of those directors is related to activities that are specifically required by external regulators, in which case the Trust pays this remuneration. This includes fees paid for compliance activities and service on the audit committee. In addition, during the year ended 30 June 2010 the independent directors received additional fees for activities associated with the Recapitalisation Transaction.

The fees payable during the year ended 30 June 2010 are as follows:

	David Spruell [(1)]	Robert Joss [(2)]	Steven Guttman
Recurring fees:			
Directors fees (paid by the Manager)	$42,000	$42,000	$42,000
Compliance fee (paid by the Trust)	$30,000	$30,000	$30,000
Audit committee fee (paid by the Trust)	$12,000	$8,000	$8,000
Other fees:			
Recapitalisation Transaction	$20,000	$15,000	$15,000
Total	**$104,000**	**$95,000**	**$95,000**

(1) Chairman of the audit committee.
(2) Resigned 18 June 2010.

The level of fees is not related to the performance of the Trust. The board of the Manager will consider remuneration payable to the directors from time to time. Remuneration for directors is approved by the board and any increases are benchmarked to market rates.

Following the Recapitalisation Transaction the recurring director fees have been increased to $54,000 per director from $42,000 per director for the year ended 30 June 2010. Compliance activity fees are $30,000 per director and audit committee fees are $8,000 per director which remain unchanged.

None of the independent directors is entitled to options or securities issued by the Trust or to retirement benefits as part of their remuneration package.

Executives

The Trust's management is employed by Macquarie. Their remuneration is paid by Macquarie and is not recharged to the Trust. The remuneration of Macquarie executives that are involved in the Trust's management is not disclosed because the executives are not employed by the Trust and their employment costs are borne by Macquarie.

During Macquarie's joint ownership of the US Manager up until 18 June 2010, there was a strong alignment of interest between those employees and the Trust investors.

Macquarie's remuneration system ensures that a significant amount of remuneration is at risk and solely dependent on performance. The remuneration package of all Macquarie executives consists of a base salary and an annual profit share allocation. The base salary is reviewed annually and the profit share allocation, which is not guaranteed, is based on performance. Trust management may have also received Macquarie options in the past as part of their remuneration package.

Performance assessment of Macquarie employees took place half yearly. The Board was not involved in the formal appraisal process but provided informal feedback in respect of senior executives from time to time. The levels of base salary for senior executives take into consideration the role of the individual and market conditions. However, the levels of base salary can be low compared to similar roles in other businesses.

The profit share allocations to executives provide substantial incentives for superior performance but low or no participation for less satisfactory outcomes. Profit share allocations are therefore highly variable and can comprise a high proportion of total remuneration in the case of superior performance. The level of profit share received by members of the Trust management team is driven predominantly by their individual contribution to the performance of the Trust, taking into account the following elements:

- operational performance of the Trust's underlying assets;
- management and leadership of the Trust and the assets controlled by the Trust;
- effective capital management; and
- maintenance of Macquarie's reputation and track record in respect of its branded funds.

There is no formula applied for determining management's profit share allocation. It is completely discretionary and takes into account factors outlined above.

As noted above details of the new management team for the Trust, following the expiry of Macquarie's transitional services agreement in mid December 2010, will be announced in the coming months.

Additional Unaudited US Dollar Information

for the year ended 30 June 2010

Income Statement

	Note	Consolidated 2010 US$'000	2009 US$'000
Income			
Property rental income		101,545	—
Property expenses		(35,726)	—
Net property income		65,819	—
Share of net loss from investments in jointly controlled entities	4(ii)	(2,736)	(569,836)
Property valuation losses – investment properties		(492)	—
Interest income		81	99
Net foreign currency gains		1,975	—
Total income/(loss) net of property expenses		64,647	(569,737)
Expenses			
Management base fee		4,229	—
Interest expense		37,599	37
Amortisation of borrowing costs		5,477	259
Net loss from derivative financial instruments		17,365	16,278
Net foreign currency losses		—	17,770
Other expenses		6,248	1,372
Loss on sale of assets		312	—
Total expenses		71,230	35,716
Loss before tax		**(6,583)**	**(605,453)**
Tax (expense)/benefit		(818)	136,461
Loss for the year		**(7,401)**	**(468,992)**
Attributable to:			
Owners of EDT Retail Trust		(7,403)	(468,992)
Non-controlling interests		2	—
Loss for the year		**(7,401)**	**(468,992)**
Basic earnings per unit (cents)		(0.68)	(49.84)
Diluted earnings per unit (cents)		(0.68)	(49.84)
Core earnings per unit (cents)		2.43	5.43

The above information has not been subject to independent review by PricewaterhouseCoopers and should be read in conjunction with the accompanying note on basis of preparation of the US dollar financial information.

Statement of Financial Position

	Note	Consolidated 2010 US$'000	2009 US$'000
Current assets			
Cash and cash equivalents		32,937	773
Receivables		17,292	543
Other assets		8,939	12
Total current assets		**59,168**	**1,328**
Non-current assets			
Investment properties		1,268,480	—
Interest in jointly controlled entities:			
Investment properties/property held for sale		80,377	1,442,433
Less: Share of interest bearing liabilities		(77,615)	(1,164,281)
Add: Share of other net assets		855	48,555
Total interest in jointly controlled entities	4 (i)	3,617	326,707
Total non-current assets		**1,272,097**	**326,707**
Total assets		**1,331,265**	**328,035**
Current liabilities			
Payables		24,272	1,441
Derivative financial instruments		—	36,825
Interest bearing liabilities		250,755	—
Total current liabilities		**275,027**	**38,266**
Non-current liabilities			
Interest bearing liabilities		596,739	1,046
Total non-current liabilities		**596,739**	**1,046**
Total liabilities		**871,766**	**39,312**
Net assets		**459,499**	**288,723**
Equity			
Contributed equity		857,774	691,524
Reserves		(23,104)	(34,943)
Accumulated losses		(375,260)	(367,858)
Capital and reserves attributable to owners of EDT Retail Trust		**459,410**	**288,723**
Non-controlling interests		89	—
Total equity		**459,499**	**288,723**

The above information has not been subject to independent review by PricewaterhouseCoopers and should be read in conjunction with the accompanying note on basis of preparation of the US dollar financial information.

1 Basis of preparation – additional US dollar financial information

The additional US dollar financial information (US Financial Information) has been extracted from the financial statements of EDT Retail Trust (the Trust) for the year ended 30 June 2010 which have been prepared in accordance with IFRS and converted to US dollars. The US Financial Information should be read in conjunction with the financial statements of the Trust. The basis of translation from the Australian dollar financial statements of the Trust is as follows:

Financial information expressed in US dollars

The amounts reported in US dollars have been taken directly from US dollar denominated transactions or translated from Australian dollars at the exchange rate ruling at the date of the transaction being the year end spot rate, the hedged rate or average exchange rate for the year as appropriate.

2 Reconciliation of core earnings to the loss for the financial year

	Consolidated	
	2010 US$'000	2009 US$'000
Loss for the year	**(7,401)**	**(468,992)**
Property valuation losses	4,814	605,594
Mervyns investment adjustment [(1)]	5,535	—
(Gain)/loss on derivative financial instruments	(55,982)	41,203
Unrealised foreign exchange (gains)/losses	(1,975)	17,770
US capital gains tax benefit	—	(141,599)
Amortisation of borrowing costs	6,330	913
Straightlining of fixed rent increases	183	299
Realised loss/(gain) on derivatives close out	73,879	(13,507)
US capital gains tax paid on sale of investment property	—	4,001
Realised loss on sale of investment property	1,049	5,446
Core earnings	**26,432**	**51,128**

(1) 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.

3 Net tangible assets

	2010 US$'000	2009 US$'000
Net tangible assets are calculated as follows:		
Total assets	1,331,265	328,035
Less: Total liabilities	(871,766)	(39,312)
Less: Non-controlling interests	(89)	—
Net tangible assets	**459,410**	**288,723**
Total number of units on issue	4,700,290,868	943,203,042
Net tangible asset backing per unit	US$0.10	US$0.31

4 Interest in jointly controlled entities

i) Carrying amount of interest in jointly controlled entities

	Note	Consolidated 2010 US$'000	2009 US$'000
Carrying amount at the beginning of the year		326,707	912,830
Additions during the year		—	12,813
Share of profit before property valuation losses	4(ii)	1,769	35,758
Share of property valuation losses	4(ii)	(4,505)	(605,594)
Movement in share of cash flow hedge reserve		272	(5,477)
Distributions paid or payable for the year		(5,982)	(23,623)
Transfer to investment in controlled entities on consolidation		(314,644)	—
Carrying amount at the end of the year		**3,617**	**326,707**

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

	Consolidated 2010 US$'000	2009 US$'000
Property income		
Property income	52,647	187,519
Property expenses	(20,348)	(59,765)
Net property income	32,299	127,754
Management fees		
Management base fee	(2,260)	(7,560)
Total management fee	(2,260)	(7,560)
Finance costs		
Interest expense	(22,259)	(57,407)
Borrowing establishment costs – amortisation	(853)	(3,903)
Total finance costs	(23,112)	(61,310)
Loss on sale of property		
Loss on sale of property	(737)	(5,446)
Total loss on sale of property	(737)	(5,446)
Other income and expenses		
Interest income	12	234
Derivative financial instrument loss	(2,551)	(11,609)
Other operating expenses	(1,882)	(6,305)
Total other income and expenses	(4,421)	(17,680)
Share of net profit/(loss) from investments in jointly controlled entities before property valuation losses	**1,769**	**35,758**
Property valuation losses		
Revaluation of investment properties	—	9,567
Devaluation of investment properties	(4,322)	(615,459)
Revaluation of investment properties – adjustment for straight lining of fixed rent increases	(183)	298
Total property valuation losses	**(4,505)**	**(605,594)**
Share of net loss from investments in jointly controlled entities	**(2,736)**	**(569,836)**

Unitholder Analysis

Top 20 unitholders as at 31 August 2010		Units	%
1	EPN GP LLC	2,247,828,466	47.82
2	Citicorp Nominees Pty Limited	504,343,492	10.73
3	J P Morgan Nominees Australia Limited	373,554,500	7.95
4	National Nominees Limited	333,109,822	7.09
5	HSBC Custody Nominees (Australia) Limited	294,545,083	6.27
6	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	286,301,891	6.09
7	HSBC Custody Nominees (Australia) Limited – GSCO ECA	86,703,852	1.84
8	Citicorp Nominees Pty Limited <CFSIL Cwlth Property 1 A/C>	65,983,626	1.40
9	ANZ Nominees Limited <Cash Income A/C>	46,941,929	1.00
10	Citicorp Nominees Pty Limited <Cwlth Bank Off Super A/C>	10,410,000	0.22
11	Mr Thomas Hans Offermann <The Offermann Family A/C>	10,000,000	0.21
12	Harbour Nominees Pty Ltd <SL A/C>	7,000,000	0.15
13	Lipno Holdings Pty Limited	6,589,358	0.14
14	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	6,018,202	0.13
15	Edelle Two Pty Ltd <The Edelle Super Fund A/C>	5,000,000	0.11
16	Neweconomy Com Au Nominees Pty Limited <900 Account>	4,333,333	0.09
17	Brookfield Multiplex Funds Management Limited <Brookfield Multiplex LPS Investment Pty Ltd A/C>	3,346,674	0.07
18	Mrs Allana Reid	3,024,666	0.06
19	Aesthetics Architecture Pty Ltd <SS Super Fund A/C>	3,000,100	0.06
20	Mr Jinan Li + Mrs Zhiqin Zeng	2,912,466	0.06
Total units held by top 20 unitholders		**4,300,947,460**	**91.50**
Total units on issue		**4,700,290,868**	**100.00**

Range of units summary as at 31 August 2010

Range	Holders	Units	%
1 to 1,000	219	69,596	0.00
1,001 to 5,000	602	2,155,514	0.05
5,001 to 10,000	998	8,318,276	0.18
10,001 to 100,000	3,182	113,532,384	2.42
100,001 and over	758	4,576,215,098	97.36
Total	**5,759**	**4,700,290,868**	**100.00**

The number of security investors holding less than a marketable parcel of 8,621 securities ($.058 on 31 August 2010) is 1,349 and they hold 5,992,542 securities.

Distribution History

Period ended	Distribution	Taxable amount (1)		Tax deferred amount		Foreign tax credit	DRP issue price	Period end unit price
History	Cents/unit	Cents/unit	%	Cents/unit	%	Cents/unit	$	$
31 Mar 04	3.26						1.0667	1.09
30 Jun 04	2.34						1.0169	1.03
Period to 30 Jun 04	**5.60**	**0.84380**	**15.07**	**4.75620**	**84.93**	**0.29980**		
30 Sep 04	2.41						1.1052	1.12
31 Dec 04	2.41						1.1052	1.13
31 Mar 05	2.41						1.1157	1.15
30 Jun 05	2.42						1.1829	1.19
Full year to 30 Jun 05	**9.65**	**4.08268**	**42.31**	**5.56732**	**57.69**	**0.76101**		
30 Sep 05	2.50						1.1240	1.14
31 Dec 05	2.50						1.1165	1.14
31 Mar 06	2.50						1.1799	1.20
30 Jun 06	2.50						1.0901	1.13
Full year to 30 Jun 06	**10.00**	**4.54490**	**45.45**	**5.45510**	**54.55**	**0.49028**		
30 Sep 06	2.50						—	1.21
31 Dec 06	2.50						—	1.32
31 Mar 07	2.50						—	1.19
30 Jun 07	2.50						—	1.25
Full year to 30 Jun 07	**10.00**	**4.62666**	**46.27**	**5.37334**	**53.73**	**0.59999**		
30 Sep 07	2.50						—	1.17
31 Dec 07	2.50						—	0.77
31 Mar 08	2.125						—	0.42
30 June 08	2.125						0.3926	0.40
Full year to 30 Jun 08	**9.25**	**4.54467**	**49.13**	**4.70533**	**50.87**	**0.53485**		
31 Dec 08	—						—	0.06
30 Jun 09	—						—	0.13
Full year to 30 Jun 09	**—**	**—**	**—**	**—**	**—**	**—**		
31 Dec 09	—						—	0.105
30 Jun 10	—						—	0.052
Full year to 30 Jun 10	**—**	**—**	**—**	**—**	**—**	**—**		

(1) The taxable amount does not include the foreign tax credit, which appears separately in this table.

From 1 July 2004, tax components are advised annually in the annual tax statement. For purposes of section 12-415 of Schedule 1 of the *Taxation Administration Act 1953* (Cth.), estimated tax components and a "fund payment" amount for each distribution are advised to investors and announced to the ASX when distribution payments are made. However, Australian resident unitholders should only use final tax components shown on the annual tax statement (usually issued in August each year where distributions have been made in relation to the previous financial year) when completing their tax returns.

Information relating to EDT Retail Trust can be found at www.edtretail.com

The website is a useful source of information about the Trust and its property portfolio. The site contains a variety of investor information, including presentations, webcasts, newsletters, annual reports, half year updates, distribution history and payment dates, current unit price information and announcements to the ASX.

Distribution payments and annual taxation statement

There was no distribution paid for the financial year 2010. The ongoing distribution policy of the Trust will be reviewed by the Board of directors prior to the next distribution record date. Historical annual taxation statements can be viewed online by visiting the Link Investor Service Centre at www.linkmarketservices.com.au

Investor complaints

What to do if you have a complaint
Please contact us so that we can address your complaint:

Complaints Officer

EDT Retail Management Limited
Level 11
No. 1 Martin Place
Sydney NSW 2000

GPO Box 4294
Sydney NSW 1164

Email
enquiries@edtretail.com

Telephone
1300 308 875 (within Australia)
+61 2 8232 3333 (outside Australia)

Facsimile
+61 2 8232 6510

External dispute resolution

In the event that the matter cannot be resolved within a reasonable period of time (usually 45 days) or you are not satisfied with our response, you can seek assistance from the Financial Ombudsman Service (FOS) Limited. FOS provides a free and independent dispute resolution service for investors. FOS's contact details are below:

Financial Ombudsman Service

GPO Box 3
Melbourne Victoria, 3001

Email
info@fos.org.au

Telephone
1300 78 08 08 (within Australia)

Facsimile
+61 3 9613 6399

Website
www.fos.org.au

Contact details

Unit registry
To access information on your holding or to update/change your details, contact:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Telephone
1300 135 403 (within Australia)
+61 2 8280 7482 (outside Australia)

Facsimile
+61 2 9287 0303

Email
edtretail@linkmarketservices.com.au

Website
www.linkmarketservices.com.au

Manager

All other enquiries relating to your EDT Retail Trust investment can be directed to the Manager:

Telephone
1300 308 875 (within Australia)
+61 2 8232 3333 (outside Australia)

Email
enquiries@edtretail.com

Corporate Directory

Manager
EDT Retail Management Limited
ABN 16 101 743 926

Registered office
Mezzanine Level
No. 1 Martin Place
Sydney NSW 2000

Directors of the Manager
Alexander Berman (Chairman)
Daniel Hurwitz
David Oakes
David Spruell
Dudi Machluf
Gregory Katz
Karlis Cerbulis
Luke Petherbridge
Steven Guttman
Zvi Maayan
Joan Allgood (Alternate)

Director & Chief Executive Officer
Luke Petherbridge

Secretary
Christine Williams

Manager's office
No. 1 Martin Place
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ASX code
EDT

Custodian
The Trust Company Limited
35 Clarence Street
Sydney NSW 2000

Auditor of the Trust
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 1171

Unit registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Telephone
1300 135 403 (within Australia)
+61 2 8280 7482 (outside Australia)

Email
edtretail@linkmarketservices.com.au

Website
www.linkmarketservices.com.au

To arrange changes of address, or changes in registration of units, please contact the unit registry at the address or number listed above.

EDT Retail Trust
ARSN 106 570 352

Advice warning
The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omissions is accepted by the Manager or its officers.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. This report is general advice and does not take into account the investment objectives, financial situation and particular needs of the 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.

EDT's ongoing commitment to your privacy
We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. ERML has adopted a privacy policy. For further information, visit the EDT website at www.edtretail.com

DesignDavey

www.edtretail.com