CENTRO
RETAIL
AUSTRALIA

ANNUAL REPORT 2012

Disclaimer

This report contains forward-looking statements, including statements, indications and guidance regarding future earnings, distributions and performance. The forward-looking statements are based on information available to Centro Retail Australia as at the date of this report. These forward-looking statements are not guarantees or predictions of future results or performance expressed or implied by the forward-looking statements and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of Centro Retail Australia. The actual results of Centro Retail Australia may differ materially from those expressed or implied by these forward-looking statements, and you should not place undue reliance on such forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules), we undertake no obligation to update these forward-looking statements.

CONTENTS

ABOUT US

Centro Retail Australia (CRF or the Group) is a fully vertically integrated Australian real estate investment trust (A-REIT) specialising in the ownership and management of Australian shopping centres. With $6.6 billion of shopping centres under management, CRF employs over 500 people with offices in Melbourne, Sydney, Brisbane and Perth.

CRF owns 41 shopping centres, and manages on behalf of the syndicate platform a further 43 shopping centres. Throughout this report, the managed portfolio excludes Tuggeranong Hyperdome which is 50% owned by CRF, but is not managed by CRF, resulting in 83 managed shopping centres.

The syndicate platform owns 47 shopping centres, four of which are co-owned with CRF. These four shopping centres are not counted in the number of CRF managed shopping centres, but their value is included in the $6.6 billion of shopping centres under management.

Listed on the Australian Securities Exchange (ASX), CRF consists of Centro Retail Limited (the Group or CRL) and its controlled entities, which, for statutory reporting purposes, include Centro Retail Trust (CRT), Centro Australia Wholesale Fund (CAWF) and Centro DPF Holding Trust (DHT) (collectively known as the Trusts). Although separate entities, the securities of each are stapled to ensure that they are traded as a single interest.

CRF was formed by the stapling of CRL, CRT, CAWF and DHT through schemes of arrangement that were approved by the Supreme Court of New South Wales on 1 December 2011 (the Aggregation). The Aggregation implementation date was 14 December 2011.

The CRF Board of Directors is comprised of the Boards of Centro Retail Limited and Centro Retail Australia Limited as the Responsible Entity for CRT, CAWF and DHT, with both Boards comprised of the same directors.

2012 HIGHLIGHTS

ORGANISATIONAL HIGHLIGHTS

December 2011

Establishment of CRF and appointment of Board of Directors

February 2012

Commencement of new CEO

April 2012

Announcement of co-ownership initiative – plan to sell 50% interest in Galleria (Perth), The Glen (Melbourne) and Colonnades (Adelaide)

May 2012

Co-ownership Agreement signed with Perron Group for $690.4 million purchase of 50% interest in Galleria, The Glen and Colonnades; Conditional settlement of class actions

June 2012

Court approval for settlement of class actions; Completion of $690.4 million co-ownership transaction, proceeds received

MAJOR INDEX INCLUSIONS:

March – June 2012

- S&P/ASX 100 Index, S&P/ASX 200 Index and S&P/ASX 200 A-REIT Index
- MSCI Global Standard Index
- FTSE EPRA NAREIT Global Real Estate Index

SHOPPING CENTRE PORTFOLIO OPERATING HIGHLIGHTS

- **$6.6 billion** assets under management
- **$3.8 billion** directly owned portfolio, value increased 2.2%
- **$6.3 billion** in annual retail sales, up 0.9%
- **99.5%** shopping centre occupancy, maintained
- **3.5%** comparable net operating income growth
- **4.0%** renewal rental growth, with over 620 leases completed during the period

FINANCIAL HIGHLIGHTS

Statutory net profit/(loss)	($222.9) million	Due to one-off costs associated with fair value liability adjustment on Class Action True-up Securities (CATS), the class action litigation settlement and stamp duty costs on Aggregation
Underlying earnings	$123.2 million	Seven months earnings and 1.5% higher than forecast
Net tangible assets (NTA) per security	$2.21	Post issuance of CRF securities to CATS holders following litigation settlement
Balance sheet gearing	26.3%	Reduction of 8.3% since December 2011 following asset sales and class action litigation settlement
Distribution per security	6.5¢	FY2012 second half distribution and 1.5% higher than forecast
Net debt repayment	$620.0 million	Utilising proceeds from asset sales
Interest rate hedges	Restructured	Reset after debt repayments to align to current facility maturities and market rates
Total securityholder return	17.6%	Since listing in December 2011 to 30 June 2012

CHAIRMAN'S LETTER

Dear Investors

A number of critical steps have been taken since the establishment of CRF in December 2011. We have created a Board, appointed a Chief Executive Officer (CEO), refreshed our senior executive team, devised a strategy for the Group, settled the class action litigation, and restored gearing to levels appropriate to support future development. These actions have positioned us to move forward confidently to the next stage in the evolution of the business.

Our Performance

I am pleased to report that CRF finished the year to 30 June 2012 in a strong financial position.

At the end of the financial year, CRF has, directly held on its balance sheet, a portfolio of 41 shopping centres, either 100% or 50% owned, valued at approximately $3.8 billion. CRF manages an additional 43 shopping centres on behalf of over 17,000 syndicate investors and co-ownership partners. The total value of shopping centres under management is $6.6 billion.

Over the course of the last seven months, CRF has been included in major local and global real estate investment indices, MSCI and FTSE EPRA NAREIT, and the S&P/ASX 200 A-REIT Index. This has led to substantial investment from major domestic and international REIT investors and has allowed the measured exit of very substantial non-traditional holdings. As a result, our securities register is now typical of an ASX top 100 industrial group.

The Group was successful in negotiating a new co-ownership relationship with the Perron Group from Western Australia across 50% interests in three of our largest shopping centres. The deal settled in June 2012 for gross proceeds of $690.4 million. The net proceeds reduced balance sheet gearing from 34.6% in December 2011 to 26.3%.

A major milestone, announced in May and formally approved in June 2012, was the settlement of the outstanding securityholder class action litigation claims against certain pre-aggregation Centro entities. This means CRF has been able to put the matter in the past, allowing us to focus on adding value for investors.

Total Securityholder Return

The total securityholder return (TSR) for CRF from listing to 30 June 2012 was 17.6%, comprising a combination of distribution and security price appreciation. This compares favourably with 10.8% for the S&P/ASX 200 A-REIT index and -2.3% for the wider S&P/ASX 100 Index.

We were pleased to deliver a slightly above forecast maiden distribution for the six months to June 2012, paying 6.5 cents per security to all eligible investors in August 2012.

Our Portfolio

Our portfolio of owned and managed shopping centres, from our largest regional malls to our smallest convenience and neighbourhood centres, continues to perform well. Most of our shopping centres are anchored by at least one supermarket and have a tenant mix with an emphasis on food and non-discretionary retail offers. The portfolio also benefits from being in mature, suburban and regional community locations.

The retail industry is facing some major structural challenges due to changing consumer-spending patterns. We are working closely with our retailer partners to adapt and respond to their ever-changing needs. Understanding and managing these changes to the retail landscape is a top priority for the Group.

New Board and Senior Management Changes

Following overwhelming securityholder approval for Aggregation in December 2011, CRF appointed a highly experienced Board of Independent Directors (page 40). Fraser MacKenzie was appointed Chairman of the Group's Audit and Risk Committee, and Charles Macek was appointed Chairman of the Remuneration and HR Committee.

During the year there was also substantial change in CRF's senior executive ranks. Robert Tsenin retired as CEO, and Steven Sewell was appointed to the role, commencing in February 2012. Steven brings a wealth of experience in Australian retail property and funds management to CRF to lead us through this vital next stage of evolution. In addition, Marlon Teperson joined CRF in April as Chief Financial Officer (CFO)and the senior executive ranks were strengthened with further appointments.

On behalf of the Board, I would like to thank all retiring directors and Robert for their sterling efforts managing the Group through a challenging period. Their hard work and dedication was critical to achieving the successful group restructure that enabled the establishment of CRF.

Our Vision for the Future

In February, upon the commencement of our new CEO, Steven Sewell, we launched a detailed review of CRF's entire business strategy, its portfolio, operating structure and outlook. Importantly, the review confirmed that CRF currently has an excellent, substantial and well-placed portfolio of shopping centres spread across Australia. The review also highlighted the redevelopment growth opportunities open to the organisation.

As a result, the Board has set a clear strategic vision for the organisation: to become a leading Australian shopping centre real estate investment trust (REIT) with a core focus on Australian shopping centres.

This vision forms the basis of our strategic objectives as we move forward with the new organisation.

As part of our strategic objectives, we are committed to playing a positive role in the communities in which we operate. We want to do this, not only from the perspective of land and property owners, but as an employer. At the same time, we aim to provide environmentally sustainable, safe and secure retail destinations that meet the needs of our stakeholders.

Outlook for FY2013 and Beyond

Looking forward, the Board and management team believe CRF is entering an exciting period in its evolution.

As our balance sheet grows stronger, we have significant opportunities to invest in our current portfolio of owned and managed shopping centres, capturing the substantial latent development opportunities for us in these areas. Concurrently, we are identifying opportunities for future growth through additional developments and are working towards these through a disciplined and measured approach.

Since business conditions, both in Australia and other parts of the world, generally are uncertain, we feel it is a time to remain both focused and flexible. With continuing solid performance from our Australian-only portfolio and commercially sound enhancement projects, we anticipate being able to capitalise on income and capital growth prospects across the portfolio.

Finally, I would like to thank all our employees for their efforts during the year. I am confident our team will continue to create sustainable value for investors, and I look forward to another year of progress for CRF.

Bob Edgar
Chairman

THE BOARD HAS SET A CLEAR STRATEGIC VISION FOR THE ORGANISATION: TO BE A LEADING AUSTRALIAN SHOPPING CENTRE REIT

CHIEF EXECUTIVE OFFICER'S LETTER

Dear Investors

This is my first annual report as Chief Executive Officer. Since joining CRF in February 2012, I have spent time getting to know our extensive team across the country, visiting many of our shopping centres and understanding the CRF business in detail, in order to put in place strategies to position the Group for the future.

CRF was created in December 2011, and I believe we have made a good start in our first year with delivery on a number of key objectives and initiatives, including:

- completing a comprehensive strategy review of the business, confirming our vision to be a leading A-REIT focused on Australian shopping centres;
- substantially strengthening the financial position of the Group by reducing gearing to 26.3%, achieved in large part through establishment of the co-ownership relationship with the Perron Group;
- agreeing to a resolution of the pre-existing class action litigation;
- supplementing the senior management team with some well-credentialed property and general management professionals; and
- transforming the investor base to a securities register dominated by long-term domestic and international REIT investors.

All the while, the business and operating portfolio has delivered on the forecasts set in late 2011, securing underlying earnings of $123.2 million and a distribution of 6.5 cents per security for the six months ended 30 June 2012.

CRF at a Glance

The key outcome from our strategy review was the establishment of CRF's vision: to be a leading Australian shopping centre REIT with a core focus on Australian shopping centres. This vision is supported via the substantial diversified portfolio owned and managed by CRF.

The portfolio comprises all asset types, with a majority being quality sub-regional and convenience centres, anchored by leading supermarket retailers and located in various suburban and regional communities across Australia.

A capable and dedicated team of over 500 property professionals manage our investments from offices in Melbourne, Sydney, Brisbane and Perth. They provide a fully integrated suite of services, including retail development, property management, leasing, financial, sustainability and administration. With $6.6 billion of shopping centres under management, CRF's management team brings an average 5.5 years of experience to managing our assets. Recent executive management appointments in the crucial areas of finance, development, corporate communications, and people and culture will help the CRF team to maximise value for our retailers and investors.

Strategy

The strategy review also confirmed the following key objectives:

- **capital management** – aiming to deliver optimal cost and term of debt facilities with diversification of sources through prudent and conservative balance sheet management;
- **active portfolio management** – leverage national fully functional team and superior portfolio locations;
- **redevelopment potential** – planning and delivering value-enhancing redevelopment projects unlocking latent upside across the portfolio;
- **ownership initiatives** – direct and co-ownership structures, aimed at increasing the yield and returns from invested equity; and
- **operational excellence** – through our talented employees, quality systems and processes, our strong relationships and sustainability measures.

It is through the delivery of these objectives that CRF aims to produce superior and sustainable return on equity and total securityholder returns.

Financial Performance

As I mentioned earlier, CRF delivered on its inaugural financial forecasts for the seven-month period to 30 June 2012, exceeding both distributions and underlying earnings forecast by more than 1.5%. The underlying earnings of $123.2 million have been achieved due to strong operating performance and savings achieved on CRF's initial finance facilities. To maintain this positive earnings growth momentum in 2013, we will continue to actively manage our property portfolio and look for opportunities to achieve savings on financing costs, as well as other operational efficiencies.

The statutory result for the period ended 30 June 2012 was a loss of $222.9 million. This result is largely attributable to significant, non-operational, one-off items, including the class action litigation settlement, which was court approved on 19 June 2012, with CRF's contribution, including costs, being $94.2 million. Also contributing to this result were other costs, including the fair value of the CATS of $203.3

million, stamp duty imposts primarily as a result of CRF's creation of $55.8 million and $22 million mark to market of derivatives.

Sound Balance Sheet

In April 2012, CRF announced it was actively seeking a capital partner to co-own interests in three of its largest wholly owned assets, Galleria in Perth, The Glen in Melbourne and Colonnades in Adelaide. After a short and very successful sales campaign, the Perron Group from Western Australia acquired the three 50% interests for $690.4 million, a 3.7% premium to book value, with the transaction settling on 27 June 2012.

This transformative transaction allowed CRF to retain a half stake in the three quality shopping centres and continue to provide property management, development and leasing services from its existing fully integrated management platform. The transaction also realised net proceeds of $685 million, which were used to repay debt by $600 million and meet CRF's $85.6 million class action settlement obligation.

Importantly, the transaction reduced CRF's balance sheet gearing and provided a solid foundation on which to move forward and confidently deliver on its key objectives in FY2013 and beyond.

Australian Portfolio – Solid Operational Performance

CRF owns or manages a total of 83 shopping centres around Australia, with a fully skilled and resourced platform of property professionals.

The portfolio of Australian shopping centres owned by CRF performed well during the year, with solid same-property comparable net operating income (NOI) growth of 3.5% and occupancy maintained at 99.5%. Moving annual turnover (MAT) sales growth remained positive in the face of some general economic headwinds, but moderated relative to prior years, at 0.9%.

A number of new long-term leases were negotiated with supermarket and other anchor tenants in our shopping centres across the country, thereby confirming our position as the largest shopping centre owner/manager to many of the country's biggest and most successful retailers, including Woolworths and Wesfarmers.

We continue to work with these and many other retailers to look for ways in which we can add value to their existing or new business locations, mainly driven by the enhancement projects and opportunities we have identified across the portfolio.

Outlook

We have already seen some of the benefits of the foundations we have put in place, most notably with CRF becoming an integral part of the major domestic and international REIT indices, an important measure of our scale and standing in local and international markets. As a result of this, we have substantially transformed the investor profile of the securities register to include more typical longer-term REIT investors.

CRF is now well positioned to consider and pursue a number of significant value, earnings and return on equity (ROE) enhancing opportunities.

Going forward, as we implement our strategic value-enhancing asset strategies, we expect the quality of our predominantly non-discretionary retail shopping centres will provide sustainable and positive income and capital growth for investors.

We forecast, subject to no unforeseen events occurring, underlying operating earnings for the business to be between 15.3 cents and 15.6 cents per security for FY2013, with distributions paid to investors representing a payout ratio of between 80% and 90% of underlying earnings.

In closing, I would like to thank you for your continuing interest in CRF and look forward to reporting in coming years on the delivery of our corporate goals and ambition.

Steven Sewell

Managing Director and Chief Executive Officer

VISION AND AMBITION

TO BE A LEADING AUSTRALIAN SHOPPING CENTRE REIT

Our core, unique position:

Australian shopping centres	**National platform**	**Fully vertically integrated**	**Internally managed**	**Weighted towards non-discretionary retail**	**Sub-regional & convenience core**

Simple ambitions for our various stakeholders

SECURITYHOLDERS

Through owning, managing and operating our centres

Enhancement of:

- Total securityholder returns
- Returns on equity

EMPLOYEES

- Employer of choice
- Flexible careers for talented employees
- Passionate about our business
- Visible and available refreshed leadership

RETAILERS

- Strategic offering / quality shopping centre 'product'
- Superior locations, expertise and access to capital

COMMUNITY

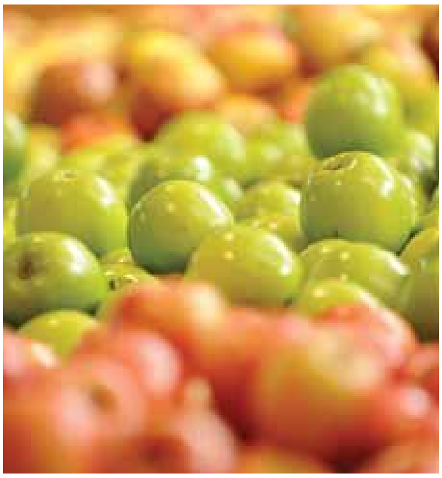
- Grass-roots contributor to local community
- Convenience and choice
- Food and services focus
- Safe & sustainable 'third place'

CRF's overarching vision is to be a leading Australian shopping centre REIT. We believe our business model gives us some distinct advantages, including:

- an Australian focus, with emphasis on non-discretionary retail;
- a fully vertically integrated and internally managed business, which means we are able to carry out all functions from property management, leasing and development, through to legal, financial services and information technology; and
- significant size and scale, with our national platform enabling us to maximise leasing opportunities across the portfolio.

We also understand that, as a large business, we have stakeholders who play an important role in CRF achieving this vision. We work closely with our key stakeholders, including securityholders, employees, retailers and local communities to create benefits for all. To achieve our vision of being the leading Australian shopping centre REIT, our goals must encompass the ambitions we have outlined for our stakeholders.

We believe these are the desirable attributes that set us aside from our peers.

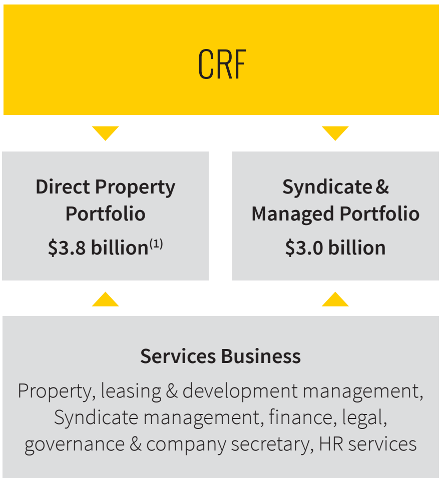


Our Business Model

In the current challenging economic, retail and consumer environment, the simplified and transparent business model of CRF is seen to be one of the key strengths of the Group.

This diagram illustrates CRF's business model, whereby direct property ownership contributes 85% of Group income and the balance of income is contributed from the syndicate and managed portfolio. Both business operations provide the Group with stable and highly predictable income streams.

The direct shopping centre portfolio comprises an ownership interest in 41 quality retail assets valued at $3.8 billion. As at 30 June 2012, CRF's syndicate and managed portfolio, comprising syndicate assets and co-ownership partnership assets, accounted for a further $3 billion of retail assets and took the number of assets under management to 83. CRF's co-investment equity in the unlisted syndicates totalled $487 million.



(1) The direct property portfolio includes Tuggeranong Hyperdome which is excluded from the managed portfolio, resulting in a total managed portfolio value of $6.6 billion.

THE DIRECT SHOPPING CENTRE PORTFOLIO COMPRISES AN OWNERSHIP INTEREST IN 41 QUALITY RETAIL ASSETS VALUED AT $3.8 BILLION

VISION AND AMBITION

Our Strategy

In FY2012 CRF undertook a comprehensive strategic review to best position the Group for the future. With a refreshed management team, recapitalised balance sheet, the class action resolved and the strategic review completed, we believe CRF now has a strong foundation on which it can build.

To achieve our goals and optimise the outcomes for our stakeholders, we identified five key areas of the business that will be a continuing focus. They are capital management, portfolio management, development, asset ownership and operational excellence.

STRATEGIC IMPERATIVES	FOUNDATION (period to Aug-12)	OPTIMISE (Ongoing strategy)				
		CAPITAL MANAGEMENT	PORTFOLIO MANAGEMENT	DEVELOPMENT	ASSET OWNERSHIP	OPERATIONAL EXCELLENCE
SPECIFIC INITIATIVES	✓ Refresh management team ✓ Recapitalise balance sheet ✓ Resolve Class Action ✓ Transform investor base ✓ Complete strategic review ✓ Communicate strategy to all stakeholders	▪ Debt restructure and refinancing ▪ Seek credit rating ▪ Plan capital availability and optimal use to enhance ROE	▪ Maximise portfolio leasing opportunities: ▫ Optimise retail mix ▫ Maintain sustainable occupancy costs ▪ Drive localised marketing: ▫ Enhance retail offer ▫ Improve experience	▪ Unlock embedded value ▪ Focus on immediate projects ▪ Team expansion ▪ Review of portfolio to determine longer term pipeline	▪ Refine portfolio mix and quality ▪ Establish JVs ▪ Syndicate future plan ▪ Growth opportunities	▪ Retain quality employees ▪ Process improvement ▪ Enhance communication ▪ Corporate and centre branding

VITAL METRICS	Securityholder returns (%)	Operating performance	Retailers / Shoppers	Employees
	▪ **Total securityholder return** ▪ **Return on equity**	▪ **NOI growth** ▪ **Sales growth** ▪ **Occupancy %** ▪ **Asset valuation/NTA**	▪ **Retailer mix** ▪ **Quality destinations** ▪ **Sustainable operations** ▪ **Occupancy cost**	▪ **Retention** ▪ **Employee engagement**

$6.3 BILLION IN ANNUAL RETAIL SALES GENERATED AT OUR CENTRES

SHOPPING CENTRE PORTFOLIO REVIEW

The diversification within CRF's directly owned portfolio is achieved from a multitude of leases, retailers, shopping centres, shopping centre types and locations. This diversified asset exposure reduces CRF's reliance on any single income stream, be it retailers or centres, and spreads risk across many areas that are actively managed by CRF's quality management team.

The Group's $3.8 billion directly-owned shopping centre portfolio is well weighted by shopping centre type and by geographic location. Approximately 3,650 leases and 1,800 retailers are spread across 41 shopping centres.

Of the shopping centres owned directly by CRF, all are managed by CRF except Tuggeranong Hyperdome, and a further 43 shopping centres are managed by the Group on behalf of co-owners and a number of retail investor syndicates managed by CRF, bringing the total number of individual leases to over 5,000 representing more than 2,450 retailers. As a major investor in the syndicate business and co-owner of assets, CRF has a significant investment in each of the properties it manages.

The map highlights the $6.6 billion combined owned and managed portfolios by value and centre types. CRF's managed portfolio covers 1.5 million square metres of gross lettable area (GLA).

OUR MANAGED PORTFOLIO COVERS 1.5 MILLION SQUARE METRES OF GROSS LETTABLE AREA

OUR DIVERSIFIED MANAGED PORTFOLIO

NEW SOUTH WALES

19 27% by Value

2 Regional Centres
11 Sub-regional Centres
6 Convenience Centres

NORTHERN TERRITORY

1 <1% by Value

1 Convenience Centre

QUEENSLAND

19 14% by Value

6 Sub-regional Centres
10 Convenience Centres
3 Other

SOUTH AUSTRALIA

6 8% by Value

1 Regional Centre
4 Sub-regional Centres
1 Convenience Centre

TASMANIA

3 1% by Value

1 Sub-regional Centre
2 Convenience Centres

VICTORIA

17 25% by Value

1 Regional Centre
13 Sub-regional Centres
3 Convenience Centres

WESTERN AUSTRALIA

16 23% by Value

1 Regional Centre
4 Sub-regional Centres
10 Convenience Centres
1 Other

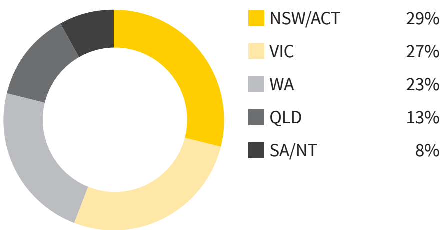
Statistics relate to total managed portfolio and include the number of assets in each state and proportion of asset value by state (excluding the New Zealand properties).

SHOPPING CENTRE PORTFOLIO REVIEW

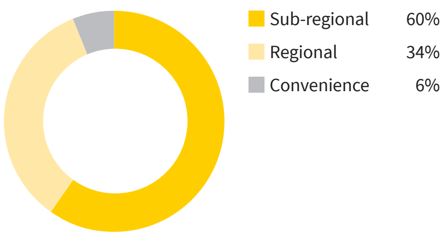
CRF's directly owned portfolio is well diversified across the country, with strong representation in Victoria, New South Wales and Western Australia representing over 75% of the portfolio value; and in these states, the asset base is predominantly located in suburban areas.

The portfolio is predominately orientated towards non-discretionary retailers with approximately two-thirds of the portfolio's value attributable to sub-regional and convenience supermarket-based shopping centres. Following the sale this year to the Perron Group of non-controlling 50% interests in Galleria, The Glen and Colonnades, CRF's exposure to regional shopping centres, all of which are anchored by department stores, is 34% by value.

Portfolio Diversification – by State Value

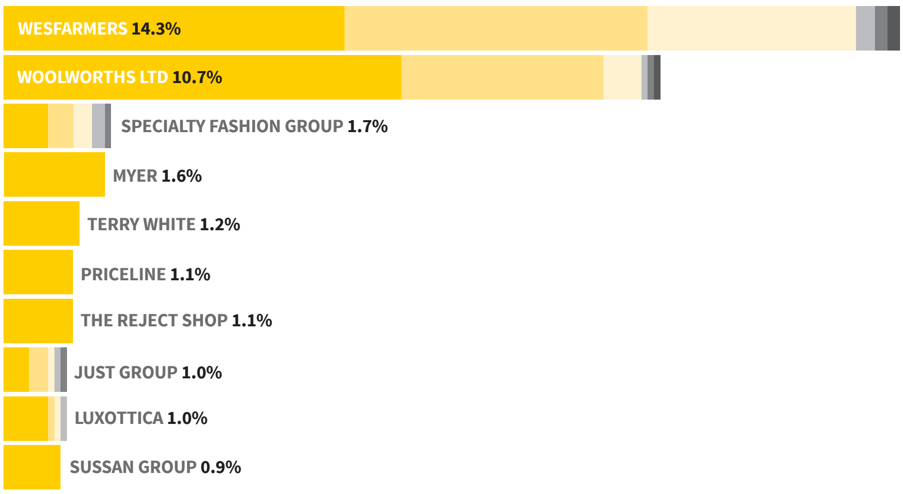


Portfolio Diversification – by Value of Centre Type

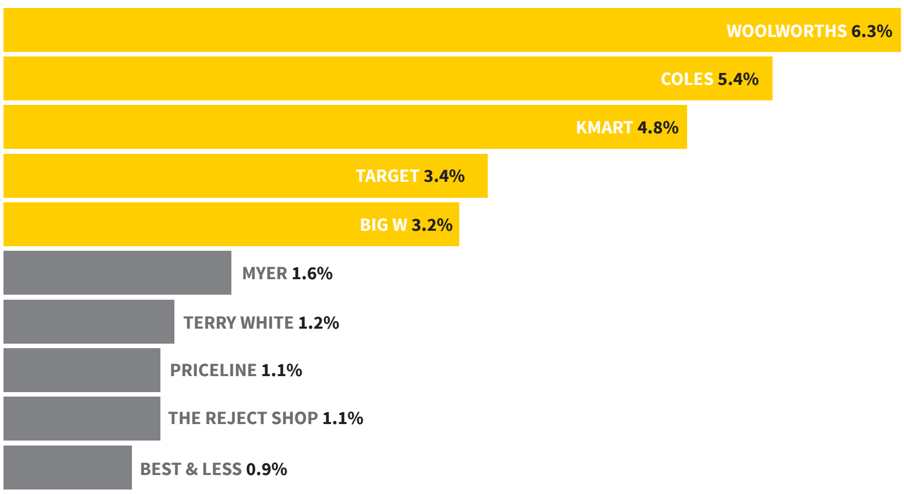


The top ten combined retailers, which include Australia's largest retailers, provide 35% of CRF's rental income. CRF's combined exposure to the Wesfarmers and Woolworths groups is 25%. Woolworths supermarkets are CRF's largest retailer, followed by Wesfarmers' Coles supermarkets, accounting for 6.3% and 5.4% of rental income respectively.

Top 10 Consolidated Retailers – by rental income



Top 10 Retailers – by rental income



With 83 shopping centres under management (owned and managed properties combined), CRF is the largest shopping centre owner/manager to many retailers, including Woolworths and Wesfarmers. CRF maintains strong relationships with retailers, allowing it to actively manage the portfolio to ensure retailer needs are catered for, whilst maintaining high occupancy and achieving solid rental growth to meet the needs of investors.

Property Returns

For the year ended 30 June 2012, the CRF directly owned property portfolio delivered an unleveraged total property return of 9.6%, which was made up of an income return of 7.4% and a capital return of 2.2%. This compares favourably to the Investment Property Databank (IPD) total retail property return of 9.1% for the year ended 30 June 2012.

The returns across all three asset categories in CRF's directly owned portfolio were broadly consistent, with regional shopping centres achieving a return of 9.8%, followed by sub-regional shopping centres of 9.6% and convenience centres of 8.3%.

SHOPPING CENTRE PORTFOLIO REVIEW

Shopping Centre	State	Centre Type	CRF Ownership	CRF Share of Valuation $m	Cap Rate	GLA sqm
Galleria	WA	Regional	50%	333.0	5.64%	73,224
Bankstown	NSW	Regional	50%	285.0	6.75%	85,749
The Glen	VIC	Regional	50%	207.4	6.00%	59,275
Roselands	NSW	Regional	50%	168.1	7.00%	61,481
Tuggeranong Hyperdome	ACT	Regional	50%	157.1	7.25%	75,896
Colonnades	SA	Regional	50%	150.0	7.25%	65,560
Mandurah	WA	Sub-regional	100%	248.5	7.25%	39,747
Toombul	QLD	Sub-regional	100%	212.7	8.00%	43,081
Karingal	VIC	Sub-regional	100%	182.0	7.25%	41,604
Warriewood	NSW	Sub-regional	100%	138.0	7.25%	22,141
Warwick	WA	Sub-regional	100%	128.0	7.75%	30,191
Cranbourne	VIC	Sub-regional	100%	124.0	7.50%	33,884
Nepean	NSW	Sub-regional	100%	107.5	7.50%	20,856
Box Hill South	VIC	Sub-regional	100%	105.0	8.00%	23,425
Arndale	SA	Sub-regional	100%	100.5	8.25%	40,150
Mildura	VIC	Sub-regional	100%	88.0	8.00%	20,172
Victoria Gardens Shopping Centre	VIC	Sub-regional	50%	87.8	7.00%	31,128
Taigum	QLD	Sub-regional	100%	77.7	7.75%	22,857
Tweed	NSW	Sub-regional	100%	76.0	8.25%	19,504
Box Hill North	VIC	Sub-regional	100%	61.0	8.00%	14,275
Lavington	NSW	Sub-regional	100%	59.0	8.00%	20,026
Mornington	VIC	Sub-regional	100%	55.0	7.50%	11,671
Karratha	WA	Sub-regional	50%	49.1	7.75%	23,852
Springwood	QLD	Sub-regional	100%	49.0	8.50%	14,846
Whitsunday	QLD	Sub-regional	100%	48.6	8.50%	22,299
Goulburn	NSW	Sub-regional	100%	48.5	8.75%	13,858
Wodonga	VIC	Sub-regional	100%	44.0	9.00%	17,587
Armidale	NSW	Sub-regional	100%	38.8	8.50%	14,691
Somerville	VIC	Sub-regional	100%	38.5	8.50%	16,521
Westside	NSW	Sub-regional	100%	35.0	9.50%	16,765
Buranda	QLD	Sub-regional	100%	34.3	7.75%	11,586
Mount Gambier	SA	Sub-regional	100%	29.0	9.25%	12,648
Warnbro	WA	Convenience	100%	51.3	7.75%	11,285
Halls Head	WA	Convenience	100%	28.0	8.00%	5,978
Albany	WA	Convenience	100%	26.8	8.50%	12,308
Lutwyche	QLD	Convenience	50%	26.0	8.75%	19,520
Katherine Oasis Shopping Centre	NT	Convenience	100%	25.2	9.25%	7,163
Victoria Park	WA	Convenience	100%	21.5	8.00%	5,480
Goldfields Plaza	QLD	Convenience	100%	20.7	9.00%	8,285
North Shore	QLD	Convenience	100%	18.0	8.00%	4,095
Warrnambool	VIC	Convenience	100%	12.1	8.75%	4,491
Total Portfolio				**3,804.3**[(1)]		**1,099,156**

(1) Includes land parcel at Keilor held by CRF valued at $8.8m.

Occupancy	MAT $m	Sales p/sqm	Specialty Sales p/sqm	Specialty Occupancy Cost incl GST	Portfolio weighting
99.5%	477.9	6,787	10,511	17.3%	8.8%
99.9%	434.0	5,873	7,590	18.9%	7.5%
99.9%	327.3	6,336	8,316	17.4%	5.5%
100.0%	289.3	4,975	8,126	18.1%	4.4%
Under development	261.8	Under development	Under development	Under development	4.1%
97.9%	283.6	5,143	5,769	17.6%	4.0%
99.5%	369.4	9,874	9,920	12.6%	6.5%
99.6%	206.9	5,888	7,383	15.7%	5.6%
100.0%	223.7	5,815	6,896	13.7%	4.8%
99.8%	165.2	7,985	8,930	15.9%	3.6%
100.0%	199.5	7,846	7,453	12.9%	3.4%
99.7%	192.3	6,204	7,838	12.4%	3.3%
100.0%	189.9	9,585	8,690	11.2%	2.8%
99.3%	127.2	6,238	7,707	15.0%	2.8%
100.0%	167.6	5,223	6,712	15.9%	2.6%
100.0%	153.4	8,119	7,756	10.0%	2.3%
100.0%	157.3	5,077	7,812	14.5%	2.3%
100.0%	119.1	6,786	6,439	12.3%	2.0%
98.5%	101.0	5,884	6,104	15.1%	2.0%
100.0%	67.6	5,809	4,933	17.7%	1.6%
97.8%	116.8	7,021	7,281	11.7%	1.6%
100.0%	93.1	8,061	9,001	14.8%	1.4%
100.0%	257.4	11,177	10,773	8.4%	1.3%
99.7%	73.3	5,395	7,155	11.5%	1.3%
97.2%	98.3	6,240	8,326	8.7%	1.3%
100.0%	95.5	7,529	7,680	11.7%	1.3%
99.8%	93.6	5,422	5,941	12.5%	1.2%
98.2%	95.2	6,601	5,187	13.0%	1.0%
100.0%	66.0	4,562	5,126	11.7%	1.0%
100.0%	112.5	7,027	9,200	7.4%	0.9%
100.0%	68.7	7,625	7,210	13.0%	0.9%
96.7%	59.5	6,175	9,303	9.7%	0.8%
100.0%	110.7	10,395	8,116	12.5%	1.4%
100.0%	35.0	5,982	5,322	12.6%	0.7%
100.0%	53.6	10,495	4,612	9.2%	0.7%
98.7%	75.9	9,242	4,747	12.2%	0.7%
100.0%	77.4	11,418	8,956	9.5%	0.7%
100.0%	60.6	11,890	6,563	11.6%	0.6%
100.0%	47.3	6,163	6,291	8.6%	0.5%
100.0%	43.8	12,990	4,823	14.8%	0.5%
100.0%	37.5	9,266	6,660	6.9%	0.3%
	6,285.6				**100.0%**


woolworths


THOMAS DUX Grocer
LICORICE LOVERS
THOMAS DUX
IN STORE SPECIALS


FLAKE
SHAKE

REVIEW OF OPERATIONS

Operational Highlights

AS AT 30 JUNE 2012

NUMBER OF OWNED SHOPPING CENTRES	41
DIRECTLY OWNED PORTFOLIO VALUE	$3.8 BILLION
CAPITALISATION RATE (WEIGHTED AVERAGE)	7.39%
COMPARABLE NOI GROWTH – STABILISED	3.5%
OCCUPANCY RATE	99.5%
ANNUAL RETAIL SALES GROWTH (SCCA)	0.9%
SPECIALTY OCCUPANCY COST (ALL CENTRES)	14.6%
ANNUAL RETAIL SALES (GROSS)	$6.3 BILLION
GLA (SQM)	1.1 MILLION
DEBTORS RATIO	0.6%

Operational Performance

Solid Property Income Growth

CRF has achieved solid comparable year on year NOI growth of 3.5% despite a mixed and restrained retail trading environment. NOI growth has been maintained through demand for quality retail space, which has kept occupancy levels at 99.5% over the period. With 94% of property income derived from base rent, CRF has certainty of income with 34% of the rental income paid by major and mini major retailers and 54% paid by specialty retailers. Over 90% of specialty base rent is subject to fixed annual reviews, providing opportunities for continued contracted rental growth in the near term. The balance of CRF's rental income is generated from our casual mall leasing business, percentage rent and other income. We are pleased that, through our active relationships with our retailers, debtors remain at an appropriate level of 0.6% net of provisions.

Retail Sales Remain Subdued

Retail sales across the CRF portfolio increased moderately. The CRF portfolio achieved 0.9% comparable sales growth for the period ended 30 June 2012 on a moving annual turnover (MAT) basis.

REVIEW OF OPERATIONS

Category	MAT ($ million)	MAT change[1]	Composition of sales
Supermarkets	2,315.7	1.4%	37%
Discount department stores	916.3	-1.0%	14%
Department stores	186.9	-4.8%	3%
Mini majors	472.3	9.4%	8%
Specialties	2,394.4	0.0%	38%
Portfolio Total	**6,285.6**	**0.9%**	**100%**

(1) Per Shopping Centre Council of Australia (SCCA) standards.

The positive overall result was due to CRF's exposure to convenience-based shopping centres. Accounting for 37% of total portfolio sales, supermarkets recorded MAT growth of 1.4% and were the major driver of the overall result, with both major operators focusing on freshness and store refurbishments to continue to drive sales. Department stores and, to a lesser extent, discount department stores have been under pressure for sales growth, while specialties performance varies across the sub categories, with growth in the mobile communications and service categories offset by weakening sales for apparel retailers. A surge in overseas travel is reflected in growth in travel agencies. This has impacted the overall level of sales growth across the Australian retail sector, as has price deflation stemming from the high Australian dollar and increased competition.

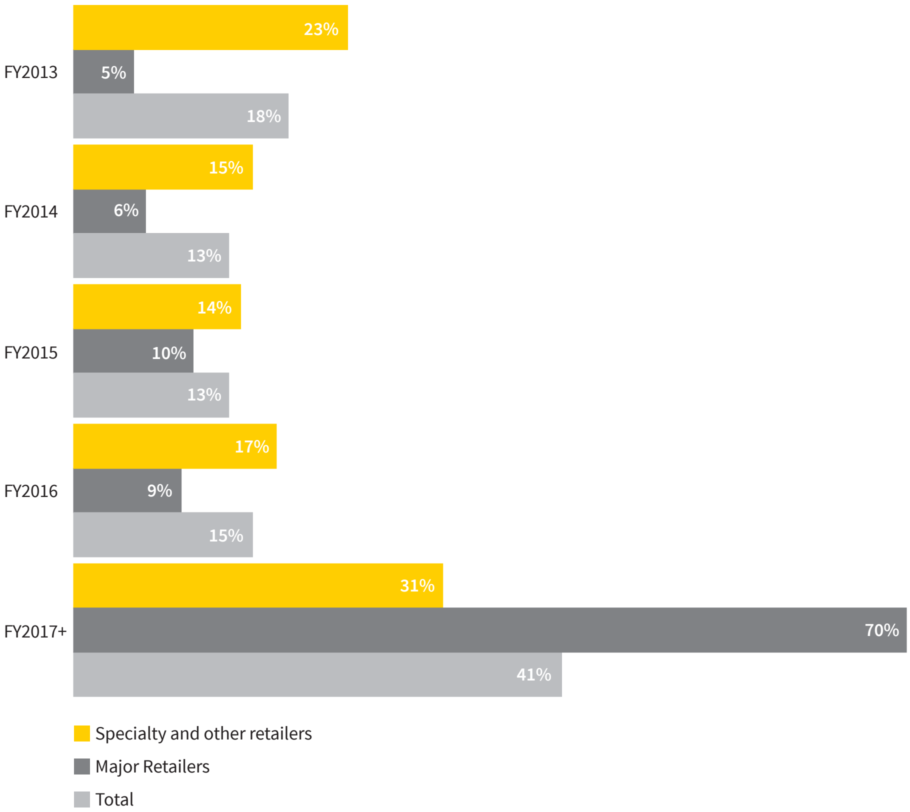
The average specialty occupancy cost (the ratio of gross rent to sales) of the CRF portfolio is 14.6%. Occupancy costs remain below benchmark averages across all shopping centre types. We continually monitor the performance of all retailers with shops in our centres and seek to identify and assist underperforming stores, adapting each centre's retail mix to meet customer needs in an evolving environment.

Active Leasing Results

Demand from retailers of all categories and formats for space in our centres continues to be solid, with CRF's leasing and property management team maintaining occupancy levels of 99.5% at 30 June 2012. Importantly, maintaining occupancy has not been at the expense of rental growth with rental renewal growth for the year of 4.0% achieved for the CRF portfolio. This year, over 620 leases were completed for the CRF portfolio, which is consistent with our deal volumes achieved in prior years.

Over 40% of portfolio income expires in 2017 or beyond, highlighting the certainty of income provided by the diversity of retailers and the capacity to manage leasing risk due to the rolling profile of lease expiries.

Lease Expiry Profile



Reinvesting In Our Properties

Reinvesting in our properties remains a core focus, with both maintenance and development capital expenditure being spent to improve our centres for both retailers and shoppers.

With the appointment of a dedicated executive committee member, who has responsibility for development and asset strategy, it will be a key strategic focus in FY2013 and beyond.

During 2012, CRF successfully repositioned Toombul (Brisbane), with a new Target store replacing David Jones and a new cinema operator complementing the existing anchor retailers of Coles, Kmart, Bi-Lo and Aldi in a sub-regional centre format. The $36.6 million redevelopment of Arndale (Adelaide) commenced in April 2012. Works include the expansion of the Woolworths supermarket and Big W discount department store, the addition of new specialty retailers, upgrades to existing malls and an increase in carpark spaces.

CRF has identified several opportunities for development within its portfolio and is undertaking thorough development and planning work to bring these opportunities to fruition. An opportunity under consideration is Warnbro Fair (Perth), in which an existing double supermarket anchored centre would be expanded to accommodate a discount department store and more specialty retailers, at a potential cost of up to $30 million. The project is anticipated to commence late in the 2012 calendar year, subject to relevant approvals.

REVIEW OF OPERATIONS

Basis of Preparation of Statutory Financial Report

CRF's statutory financial statements are prepared on a consolidated basis by reference to ownership levels of its investment property and managed funds. The financial statements aggregate the performance of numerous managed funds and eliminate Services Business revenue contributed by these funds.

CRF has presented the financial performance reflecting the equity accounted or 'ownership share' results, which provide greater clarity, with a reconciliation provided from underlying earnings to the statutory Net Profit/(Loss). Underlying earnings is a financial measure which represents the profit/(loss) under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items and has been prepared in accordance with the AICD/Finsia principles for reporting underlying earnings.

The inclusion of underlying earnings as a measure of profitability of CRF provides investors with the same basis that is used internally for evaluating operating segment performance. Underlying earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

Financial Performance

For the seven months of operation since Aggregation, on a statutory basis CRF generated total revenue of $318.3 million and incurred a statutory net loss of $222.9 million.

Underlying earnings for the period were $123.2 million, exceeding the forecast included within CRF's disclosure document by $1.8 million. The performance is a result of strong direct property investment income and savings made in financing costs.

A statutory loss for the period arose from one off items including the recognition of fair value adjustment on the Class Action True-Up Securities (CATS) of $203.3 million (refer Note 19 to the Financial Statements for further detail on the CATS equity), the CER Class Action Litigation Settlement expense of $94.2 million (CRF's contribution including costs), and stamp duty payable of $55.8 million, primarily as a result of the CRF Aggregation.

Excluding these one off items, CRF's statutory net profit was $130.4 million. Importantly, these items did not impact CRF's operational performance or its 2012 distribution.

The following summary segment Income Statement is extracted from Note 5 of CRF's financial statements:

Summary segment Income Statement extract for the year ended	**30 June 2012 $000**
Direct property investment income	191,567
Managed fund investment income	16,076
Investment income	**207,643**
Services income	18,659
Total income	**226,302**
Overheads, net of recoveries	(23,697)
Depreciation and amortisation	(704)
Financing costs	(78,717)
Underlying earnings	**123,184**
Non-distributable items:	
Fair value adjustment on Class Action True Up Securities	(203,261)
Settlement of class action litigation and class action litigation defence costs	(94,158)
Stamp duty expense	(55,806)
Mark to market movements of derivatives	(21,965)
Investment property revaluation increment	23,571
Other non-distributable items	5,538
Net loss	**(222,897)**

Strong Capital Position

Settlement of the co-ownership transaction with Perron Group occurred on 27 June 2012 for the sale of 50% ownership interests in three regional assets, Galleria, The Glen and Colonnades to the Perron Group for $690.4 million.

Following the settlement, $600 million of the net sale proceeds were used to partially repay CRF's core debt facility, effective 27 June 2012, with a further $85 million utilised to meet CRF's class action settlement obligation. This transaction has allowed CRF to reduce its balance sheet gearing to 26.3%, a level which compares favourably with its peers and at which CRF can reduce financing costs in the future.

At 30 June 2012, CRF had approximately $481 million of available capacity for future development and acquisition activities under its facility agreements.

Given the substantial reduction of approximately $660 million in drawn debt, interest rate swaps with a notional value of $660 million were terminated on 28 June 2012, at a mark to market value loss of $16.9 million, leaving CRF approximately 91% hedged as at 30 June 2012.

Syndicate Investments and Services Performance

At 30 June 2012, CRF has a total of $487 million of equity investments in 26 Centro MCS syndicates which it also manages on behalf of all investors in those syndicates. CRF receives distributions on these investments and also manages the 43 properties which the syndicates own.

The syndicates add significantly to the scale of CRF's property management platform, enhancing CRF's negotiations with retailers and service providers and maximising the benefits of CRF's Australia-wide property management team.

A key strategic imperative for the Group going forward is to seek to maximise the yield for all investors in the syndicate business, as well as confirm likely outcomes upon maturity of the various syndicates. CRF is investigating ways in which the value of the syndicates business can be maximised while retaining investment in the underlying assets with the syndicate investors.

UNDERLYING EARNINGS OF $123.2 MILLION, EXCEEDED FORECAST

SERVICES BUSINESS REVIEW

The services business, valued at $199.7 million, generated $18.7 million of income (which equates to approximately $36 million of full year earnings) from the provision of services to Centro MCS syndicates and co-owners. Services business revenue accounts for 8.2% of CRF's segment income and is earned from multiple areas, providing an additional source of diversified income for CRF investors.

Shopping Centre Management

CRF's geographically diversified portfolio makes it the largest shopping centre manager to many Australian retailers. The scale of the business, including the management of the co-owned and syndicate shopping centres, provides opportunities to deal with retailers and suppliers on a state or national basis to optimise income for the Group.

The day-to-day management of the shopping centres involves managing retailer relationships, rental collection, rent review negotiations, marketing, property maintenance and security. Shopping centre managers are also extensively involved in centre budgeting and business planning.

Shopping centre management fees are typically 4% of a property's gross receipts.

Leasing

CRF manages all leasing negotiations with retailers for new leases, as well as renewal of existing leases. CRF's leasing team maintains relations with major retailers, which enables key tenants to be secured to fill existing vacant space or to replace underperforming retailers. Project leasing aims to secure new retailers in the early stages of developments so that newly-created space opens for trade with a quality mix of retailers and a low vacancy rate.

Development Management

CRF has undertaken a strategic review identifying a potential pipeline of developments that would be managed by CRF to maximise the value of the portfolio. The pipeline includes approximately $76 million of immediate projects, with an estimated total of $300 million to be spent over the next five years. Development opportunities will be continuously reviewed from within the portfolio to ensure projected returns can be delivered whilst appropriately managing the risk to investors.

The development management team manages relationships with regulatory authorities, architects, builders and other development stakeholders.

Syndicate Management

The Centro MCS portfolio comprises investments in 47 shopping centres valued at $2.2 billion. The properties are owned by 26 syndicates which have over 17,000 investors. CRF is the largest single investor in these syndicates with $487 million of equity invested.

In addition to its ownership interest, CRF also provides fund administration services to each syndicate.

Common features of the Centro MCS syndicates include the following:

- The syndicates are all fixed-term managed investment schemes that aim to deliver sustainable distributions to investors (typically paid quarterly) with capital growth over time.
- The syndicates predominantly own investments in Australian sub-regional and convenience shopping centres (the only exception being one syndicate that owns two shopping centres in New Zealand).
- A subsidiary of CRF acts as responsible entity (RE) for each syndicate and has an obligation to act in the best interests of each syndicate's investors (the Chairman and a majority of the directors are non-executive independent directors).
- External syndicate investors are predominantly individuals, retirees, or superannuates.

CRF's funds management fees vary by fund; but, on average, the fees equate to 0.9% of syndicate gross assets.

WE ARE THE LARGEST SHOPPING CENTRE OWNER/MANAGER TO MANY AUSTRALIAN RETAILERS

SUSTAINABILITY

CRF seeks to provide an environment for its retailers, shoppers and employees that embodies a sustainable and innovative approach to management. The underlying basis for sustainable operation and development of shopping centres is to meet the needs of the present without compromising the ability of future generations to meet their own needs.

By ensuring its assets are managed to perform optimally, CRF can reduce its operating costs, which supports the achievement of returns for investors and minimises its impact on the environment.

Value is delivered by:

- ensuring CRF assets operate as efficiently as possible and therefore achieve significant cost savings;
- attracting and retaining high-quality tenants, enabling CRF to maintain high occupancies and stable asset values;
- seeking to protect CRF assets against the rising cost of natural resources;
- improving building performance standards; and
- creating positive experiences for CRF's people, tenants, customers and visitors.

Environment

Our approach to the environment focuses on improving the operational efficiency of our shopping centres by actively working to reduce our consumption of natural resources. Our key areas of focus are:

- improvement of sustainability data capture by implementing a sustainability data management system;
- establishment of energy and water reduction targets for the majority of CRF's Australian retail centres;
- review of waste management practices and identification of programs to increase waste diversion from landfill; and
- responsible management of waste and resources to minimise the impacts of rising costs on retailers and investors.

To achieve these goals, CRF responds to increasing community expectations by striving to use resources at rates that can be replenished and to dispose of waste at rates that can be reabsorbed without harm.

Community

We seek to provide a safe and enjoyable meeting place through our retail centres and make a positive contribution to the communities where we operate. Our key areas of focus are:

- Investment in good causes and community projects through time donations and by providing dedicated space for community groups and charities at many of our retail centres; and
- Maintenance of a highly safe and healthy environment in our centres and for employees through the implementation of our health and safety management system, including improving incident reporting and training and engagement.

National Greenhouse and Energy Reporting

The National Greenhouse and Energy Reporting (NGER) Scheme was introduced by the Federal Government in 2007 to provide data and accounting in relation to greenhouse gas emissions and energy consumption and production.

Since 2009, greenhouse emissions in carbon tonnes have been reported. Over the first three years of reporting, our shopping centres have reported a 15.5% decrease in overall emissions through a number of initiatives, including optimising how the centres' plant, lighting and vertical transportation systems are managed, operational time management and the use of natural light and outside air. Significant inroads have also been made in reducing water usage and monitoring the use of natural gas resources.

Where appropriate, CRF is also replacing existing plant and lighting with more energy efficient hardware. These projects normally have relatively short payback periods through the ongoing savings achieved.

Case Study – Warriewood

At its Warriewood (NSW) shopping centre (pictured), CRF has significantly reduced energy consumption through the installation of new LED downlights and low-wattage fluorescent tubes. The project cost of $125,000 has a payback period of less than five years. Additionally, adjustments to the building management system have reduced the operating time of air conditioning and lighting, further improving the centre's energy efficiency.

LED stands for 'light-emitting diode', and they create light by converting applied voltage into a light form. LED lights present many advantages over incandescent light sources, including lower energy consumption, longer lifetime, improved physical robustness and smaller size. LED lights do not take time to warm up. A standard 40-watt incandescent bulb has an expected lifespan of 1,000 hours, whereas a LED can continue to operate with reduced efficiency for more than 50,000 hours, 50 times longer than the incandescent bulb.

SINCE 2009 OUR SHOPPING CENTRES HAVE DECREASED OVERALL EMISSIONS BY 15.5%

OUR NON-DISCRETIONARY RETAIL SHOPPING CENTRES PROVIDE SUSTAINABLE INCOME AND CAPITAL GROWTH

INVESTOR RELATIONS

As at 30 June 2012, more than 10,000 investors from 16 countries directly own securities in CRF. In the seven months to June, there has been a significant shift in the securities register composition of CRF with more traditional, longer-term REIT investors now forming the major investors in the Group. This change was facilitated by the significant volume of securities that have traded since listing, equal to 1.7 times the number of shares on issue. This has been the result of several important factors, including:

- the relative attractiveness of CRF as the only fully vertically integrated, internally managed shopping centre REIT focused on Australian non-discretionary spending;
- index inclusions, (including the Australian All Ordinaries; S&P/ASX 100 and 200; S&P/ASX 200 A-REIT; MSCI Global Standard Index and FTSE EPRA NAREIT Global Real Estate Index); and
- an active marketing effort to increase awareness of the Group.

The transformation of the securities register is continuing. Former Centro Properties Group (now CNPR Group) headstock lenders, various hedge funds and Centro Direct Property Fund (DPF) have significantly reduced their holdings in CRF from approximately 80% at the time of CRF's establishment to approximately 25% following the 31 July 2012 issuance of CRF securities to eligible CATS holders.

Investor Relations has focused its efforts on ensuring the CRF story is accessible to existing and prospective institutional investors, located both internationally and domestically, to raise the profile of the newly listed entity. This, combined with independent research of CRF by ten leading investment banking research companies, has meant that awareness and interest in the Group is increasing.

Staying Informed

To keep all investors equally informed, presentations, webcasts, market updates, ASX announcements and annual reports are available via the CRF website, www.crfinvestor.com.au.

Printed copies of the annual report are only sent to securityholders that have elected to receive a hard copy of the report. In the interest of sustainability and saving paper and securityholders' funds, we strongly encourage securityholders to elect to receive the electronic version of the report.

Securityholders can register their details on the website to receive automatic updates when announcements for CRF are posted on the website. We encourage securityholders to sign up for electronic communications to ensure they are kept informed, in a timely manner, as important information is released to the market. This method is also environmentally friendly and cost-efficient.

Distribution Policy and Payments

CRF distribution policy, as reviewed by the Board from time to time, is to pay out distributions to investors from underlying earnings, allowing for amounts to be spent at the shopping centres on maintenance capital expenditure. On this basis, distributions are presently forecast to be in the range of between 80% and 90% of underlying earnings. The distribution of 6.5 cents per security paid in August for the six months ended 30 June 2012 represented a payout ratio of 86.1%.

Distributions are paid to securityholders twice yearly for the six months ending 31 December and 30 June each financial year. Distributions can be paid electronically or by cheque via mail.

Annual Taxation Statements

An annual taxation statement was sent to securityholders in August this year. This statement summarised the distributions paid by the Trusts and dividends paid by Centro Retail Limited during the preceding financial year, and includes the information required for completing taxation returns.

This statement should be retained as part of securityholders' taxation records.

INVESTOR RELATIONS

Contact the Security Registrar

Securityholders seeking information about their holding or dividends should contact CRF's Security Registrar, Link Market Services Limited. Callers within Australia can obtain information on their CRF investment by calling the Investor Line on 1300 887 890. Before you call, make sure you have your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) handy. Full contact details for Link Market Services are as follows:

Link Market Services

Locked Bag A14

Sydney South, NSW 1235

Toll Free:	1300 887 890
Phone:	+61 2 8280 7189
Fax:	+61 2 9287 0303
Fax:	+61 2 9287 0309 (for Proxy forms)
Email:	registrars@linkmarketservices.com.au
Website:	www.linkmarketservices.com.au

Via the website, you can access a wide variety of holding information, make some changes online or download forms.
The website also allows you to:

- check your current and previous holding balances;
- choose your preferred annual report options;
- update your address details;
- update your bank details;
- confirm whether you have lodged your TFN or ABN exemption;
- register your TFN/ABN;
- check transaction and dividend history;
- enter your email address;
- download a variety of instruction forms; and
- subscribe to email announcements.

You can access this information via a security login using your SRN or HIN, as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

ASX Listing

Centro Retail Australia is listed on the ASX under the listing code CRF.

Contact us

At CRF, we seek to provide you with a high level of service and we value your feedback. You can contact us at the following address:

Investor Services

Corporate Offices
Level 3, The Glen
235 Springvale Road
Glen Waverley, Victoria 3150

Toll Free:	(AU) 1800 802 400
Toll Free:	(NZ) 0800 449 605
Phone:	+61 3 8847 1802
Fax:	+61 3 8847 1868
Email:	crfinvestor@centro.com.au
Hours:	8.30am to 5.00pm EST Mon-Fri

If you have a complaint, we want to know about it and will seek to resolve your issue as quickly as possible. Please forward your complaint to complaints@centro.com.au or:

Complaints Officer

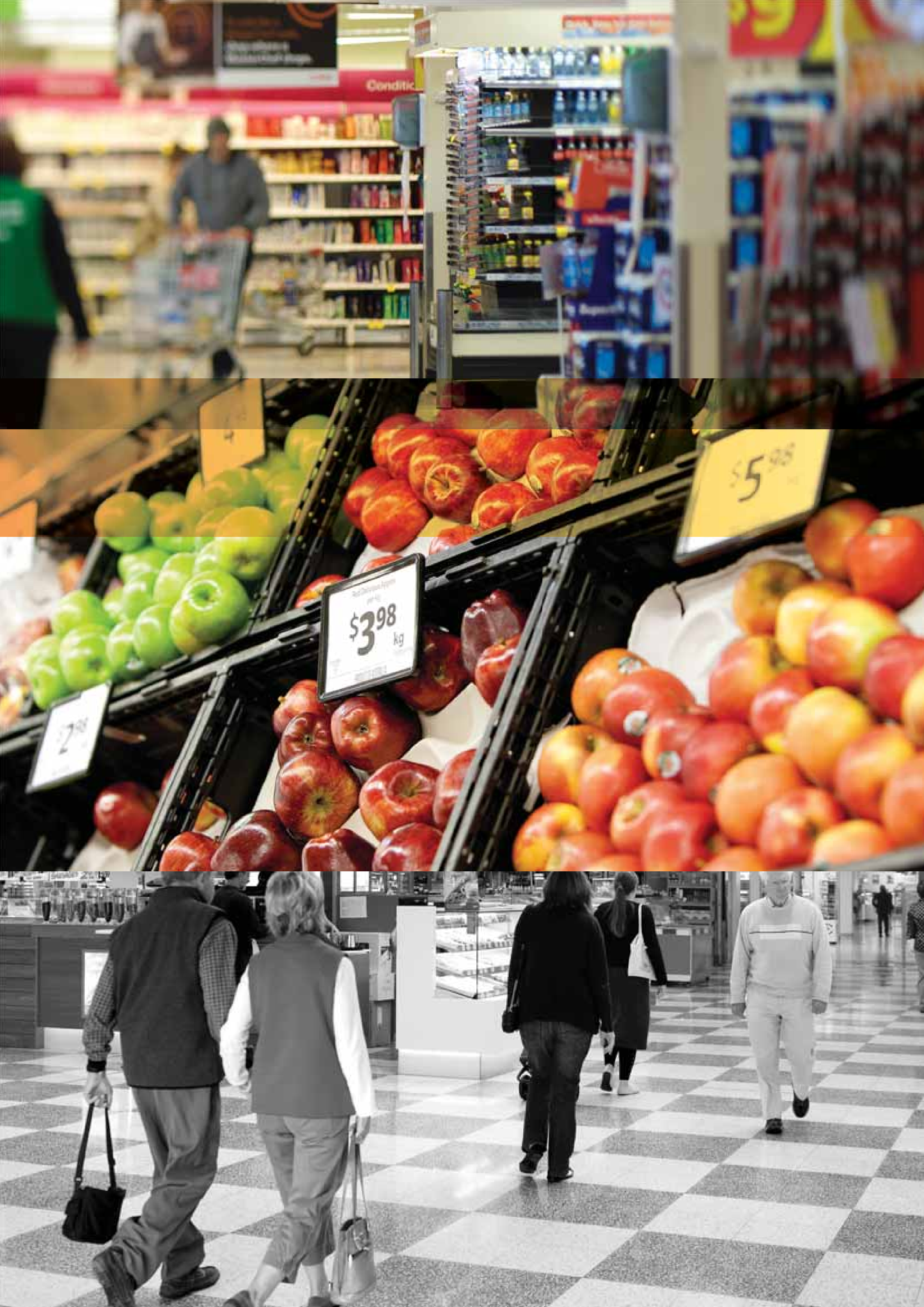
Corporate Offices
Level 3, The Glen
235 Springvale Road
Glen Waverley, Victoria 3150

KEY DATES

31 OCTOBER 2012	Annual General Meeting
21 DECEMBER 2012	Ex distribution date for December 2012 distribution
31 DECEMBER 2012	Record date for December 2012 distribution
FEBRUARY 2013	Half-year results announcement and webcast (final date to be confirmed)
FEBRUARY 2013	December 2012 distribution payment (final date to be confirmed)
24 JUNE 2013	Ex distribution date for June 2013 distribution
28 JUNE 2013	Record date for June 2013 distribution
AUGUST 2013	Full-year results announcement and webcast (final date to be confirmed)
AUGUST 2013	June 2013 distribution payment (final date to be confirmed)

AGM Information

CRF's Annual General Meeting will be held at the Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, on 31 October 2012, commencing at 2.00pm in the Fitzroy Ballroom.


$3.98
kg

CORPORATE GOVERNANCE

The Board of CRF operates under a set of well-established corporate governance policies that comply with the principles and requirements of the Corporations Act 2001 (Cth) (the Act) and the ASX.

The Board is committed to ensuring that its policies, charters and practices reflect a high standard of corporate governance. The Board reviews and, as necessary, updates its corporate governance charters and policies as the corporate governance environment and good practice evolve and believes they satisfy all of the recommendations of the ASX Corporate Governance Council (CGC). Details of these charters and policies are available in the Corporate Governance section of the Centro Retail Australia website www.crfinvestor.com.au.

This statement outlines the main corporate governance practices in place during the reporting period and sets out compliance with the CGC Corporate Governance Principles and Recommendations (2nd edition with 2010 amendments) (the Principles).

Centro Retail Australia

Centro Retail Australia is a ‘stapled’ vehicle that combines a company, Centro Retail Limited (CRL) with three trusts – Centro Retail Trust (CRT), Centro Australia Wholesale Fund (CAWF) and Centro DPF Holding Trust (DHT) (each a trust and together the Trusts) – and is collectively known as CRF or the Group. CRF was formed in December 2011 from the aggregation of the previously ASX-listed Centro Retail Group (a stapled vehicle comprising CRL and CRT), with two previously unlisted trusts, CAWF and DHT, to create this quadruple-stapled listed entity.

Centro Retail Limited is managed by a Board of Directors who are accountable to the securityholders and stand for re-election at least once every three years.

The Trusts are managed investment schemes that are registered under the Act. Centro Retail Australia Limited, a wholly-owned subsidiary of CRL, is the Responsible Entity (the RE) of the Trusts. All directors of CRL are also directors of the RE.

Prior to formation of CRF, the RE of each of the trusts was Centro MCS Manager Limited, which is also a wholly owned subsidiary of CRL, and all then directors of CRL were at the same time directors of Centro MCS Manager Limited.

The RE is responsible for the overall corporate governance of the Trust, including:

- protection of securityholders’ interests;
- developing strategic direction;
- establishing goals for management; and
- monitoring the achievement of these goals.

The Group has also established a framework for its management, including a system of internal controls, a business risk management process and appropriate ethical standards.

PRIMARY DUTIES AND OBLIGATIONS

The primary duties and obligations of CRL and the RE include:

- exercising all due diligence and vigilance in carrying out their duties and in protecting the rights and interests of securityholders, and in performing their functions and exercising their powers under the constitutions of the Trusts and CRL in the best interests of all securityholders;
- keeping or causing to be kept proper books of account, ensuring the financial report is audited annually by an independent registered auditor and sending a financial report and a copy of the auditors’ report to securityholders each year;
- ensuring that the affairs of CRL and the Trusts are carried on and conducted in a proper and efficient manner; and
- day-to-day operations of CRL and the Trusts including:
  - ongoing management, research and selection of property investments and disposals; and
  - preparing all notices and reports to be issued to securityholders and ensuring securityholders are kept informed of relevant information in a timely manner.

CORPORATE GOVERNANCE

THE BOARD:

Composition

All directors of CRL are also directors of the Responsible Entity. References to the Board or to the Board of CRF, in the Corporate Governance section of this Annual Report, are references to the Boards of CRL and the Responsible Entity.

The current Board of CRF is:

- Bob Edgar (Chair – appointed December 2011);
- Steven Sewell (Managing Director and CEO – appointed CEO in February 2012 and MD in July 2012) ;
- Clive Appleton (appointed December 2011);
- Peter Day (appointed October 2009);
- Tim Hammon (appointed December 2011);
- Charles Macek (appointed December 2011);
- Fraser MacKenzie (appointed October 2009); and
- Debra Stirling (appointed December 2011).

Over the reporting period, the Board of CRL consisted of a maximum of eight directors. Until 14 December 2011, these directors were:

- Peter Day (Chair);
- Bill Bowness;
- Anna Buduls;
- Paul Cooper;
- Michael Humphris; and
- Fraser MacKenzie.

From 15 December 2011, following completion of the Aggregation of CRF, the Board of Centro Retail Limited consisted of:

- Bob Edgar;
- Robert Tsenin (Managing Director and CEO – retired February 2012);
- Clive Appleton;
- Peter Day;
- Tim Hammon;
- Charles Macek;
- Fraser MacKenzie; and
- Debra Stirling.

Board composition and the independence of directors are determined using the principles adopted in the Board Charter and having regard to the Principles. All directors, other than Steven Sewell, Managing Director and Chief Executive Officer, are independent Non-executive Directors. Both the current Chair, Bob Edgar, and the previous Chair, Peter Day, are independent Non-executive Directors. All directors, independent or otherwise, are required to act in the best interests of the Group and to exercise unfettered and independent judgement.

The Board has considered Recommendation 2.1 of the Principles in assessing the independence of each director but has not adopted any particular materiality threshold. The Board has formed the view that all of the Non-executive Directors are independent. In considering Charles Macek's independence the Board has formed the view that Mr Macek is independent, even though he is a director of Wesfarmers and retailers owned by Wesfarmers enter into leasing arrangements with CRF. The Board has reached this conclusion on the basis that individual leasing decisions at both CRF and Wesfarmers are generally determined at a managerial level rather than a Board level, and the CRF Board's role in relation to leasing arrangements is limited to one of oversight and governance. Wesfarmers accounts for 14.3% of rental income for the Group (refer to chart on page 14 showing top 10 retailers by income). In addition, the Board and its committees have protocols in place to ensure that for any matter where any director may be in a position of conflict, the director does not participate in the matter.

☑ Recommendations 2.1, 2.2, 2.3 and 2.6 of the Principles.

Board Membership and Commitment

The CRF Board Charter states that it should comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. In accordance with Recommendation 2.6, information on each director including their skills, experience and expertise and term of office is disclosed in the Board of Directors section on page 40.

At times of Board renewal, external consultants are briefed to source potential Board candidates who demonstrate an appropriate level of diverse skills, background and experience to complement and enhance the existing Board composition. The Board seeks to achieve a mix of skills and diversity that includes corporate management, retail property investment and management, finance and operational experience. The Board also aims to have an appropriate balance of males and females.

The CRF Board fully supports diversity and inclusion and has oversight of key gender diversity–related objectives. Whilst there is a strong organisational commitment to a broader diversity and inclusion agenda, the progress of which will be facilitated through CRF's Diversity Forum, the Board has set measurable objectives in accordance with the CGC Corporate Governance Principles and Recommendations on gender diversity. The Board will annually assess both the objectives and the progress being made towards their achievement.

☑ Recommendation 2.6 of the Principles.

Board Remuneration

The structure and mix of remuneration for Non-executive Directors differs from that of executive Directors and senior executives. Non-executive Directors do not receive any retirement benefits, other than superannuation. Details of Director remuneration are set out in the Remuneration Report section in this Annual Report.

☑ Recommendations 8.3 and 8.4 of the Principles.

Board Roles, Responsibilities and Delegation

The Board is responsible for planning and overseeing the business and affairs of the Group for the benefit of securityholders. The Board is accountable to those securityholders for the performance of the Group. Full details of the responsibilities and functions reserved for the Board are set out in the Board Charter, which can be accessed on CRF's website at www.crfinvestor.com.au.

The Board has delegated responsibility for the day-to-day operation and administration of the Group to the Executive Committee (EC), but maintains responsibility for strategic direction and governance of the Group. This includes responsibility for reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance, and for approving major capital expenditure, acquisitions and divestitures, and monitoring capital management.

The Board monitors the performance of the Group, EC and senior management and ensures that a formal performance review and executive resources review is conducted each year to assess such performance. This process has been undertaken during the past year.

☑ Recommendation 1.1, 1.2 and 1.3 of the Principles.

Director Education

The Group has adopted a process to educate directors about the nature of the Group's business, including current issues, the corporate strategy and the expectations of the Group concerning the directors' performance. Directors of the Group also have the opportunity to visit the properties of the Group and meet with management to gain a better understanding of business operations.

Independent Professional Advice

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

☑ Recommendation 2.6 of the Principles.

Board Committees

The Board has established committees to assist with the implementation of its corporate governance practices.
The Board committees are:

- Audit and Risk Committee;
- Nomination Committee; and
- Remuneration and HR Committee.

Prior to formation of CRF in December 2011, the Board committees of Centro Retail Group were:

- Audit Committee;
- Finance Committee;
- Independent Directors' Committee;
- Managed Investments Compliance Committee;
- Nomination Committee;
- Remuneration and HR Committee;
- Risk Committee; and
- Special Matters Committee.

After formation of CRF, the Independent Directors' Committee and the Special Matters Committee were no longer required as the CRF entities had ceased to be related to Centro Properties Group. Also, following Aggregation, the separate Audit and Risk Committees merged to form the Audit and Risk Committee, and the work of the Finance Committee and the Managed Investments Compliance Committee reverted to the Board.

CORPORATE GOVERNANCE

The table below shows the membership of the Board committees over the reporting period.

PRE- FORMATION OF CRF (TO 14 DECEMBER 2011)							
	Peter Day	Anna Buduls	Bill Bowness	Paul Cooper	Michael Humphris	Fraser Mackenzie	
Non-executive Director	✔	✔	✔	✔	✔	✔	
Audit Committee	-	✔	-	-	✔	Chair	
Finance Committee	-	✔	-	-	Chair	✔	
Compliance Committee	-	-	Chair	✔	✔	-	
Nomination Committee	Chair	-	✔	✔	-	-	
Remuneration and HR Committee	Chair	-	✔	-	✔	✔	
Risk Committee	-	Chair	✔	-	-	✔	
Special Matters Committee	Chair	✔	✔	-	✔	✔	
Independent Directors Committee	Chair	-	✔	-	✔	✔	
FROM ESTABLISHMENT OF CRF (FROM 14 DECEMBER 2011)							
	Bob Edgar	Clive Appleton	Peter Day	Tim Hammon	Charles Macek	Fraser MacKenzie	Debra Stirling
Non-executive Director	✔	✔	✔	✔	✔	✔	✔
Audit and Risk Committee	-	✔	✔	-	-	Chair	✔
Nomination Committee	Chair	✔	✔	✔	✔	✔	✔
Remuneration and HR Committee	-	✔	-	✔	Chair	-	✔

Attendance of committee members at meetings is included in the Board of Directors section set out on page 51 of this Annual Report.

The activities of the CRF committees are reviewed below. Each has a written charter and operating procedures that are reviewed on a regular basis.

Audit and Risk Committee

The Board has adopted an Audit and Risk Committee Charter that sets out the objectives, responsibilities and functions of the committee in relation to audit matters. The Charter can be accessed on CRF's website. In accordance with the Principles, the committee is comprised of four members, all of whom are independent Non-executive Directors, and the Chair of the Committee is not the Chair of the Board.

The Committee has the responsibility and authority for recommending the appointment, reappointment or replacement of the external auditor. In considering appointment or reappointment of the external auditor, the Committee reviews the performance and experience of the incumbent auditors and engagement partner, including their continuing independence. For rotation and succession of audit and review partners, the Committee will have regard to the experience, ability and independence of the proposed audit and review partners, and the approach to managing the transition. The Committee may also consider undertaking a tender process.

The Chief Executive Officer, Chief Financial Officer, Deputy Chief Financial Officer – Executive General Manager (EGM) Finance, Managed Investments Compliance Officer, Group Risk and Internal Audit Manager and External Auditor also attend committee meetings by invitation. The committee regularly reports to the Board in respect of matters within its responsibilities.

☑ Recommendations 4.1, 4.2, 4.3 and 4.4 of the Principles.

In accordance with Recommendation 4.4, details of the members of the Audit and Risk Committee are set out in the Board of Directors section above and attendance of Committee members is set out at page 51 in the Directors' Report section of this Annual Report.

Nomination Committee

The Nomination Committee is responsible for establishing criteria for Board membership, reviewing Board membership, and identifying and nominating directors.

A Nomination Committee Charter has been adopted that sets out the purpose and powers of the committee. Given the recent establishment of CRF, the committee had no need to meet during the reporting period.

☑ Recommendation 2.4 of the Principles.

In accordance with Recommendation 2.6, information on each director including their term of office is disclosed in the Board of Directors section on page 40.

Remuneration and HR Committee

The Remuneration and HR Committee has responsibility for determining the remuneration arrangements of senior executives and the Non-executive Directors. In doing so, the committee has recourse to independent consultants and market surveys. The committee also has responsibility for advising the Board with regard to general remuneration principles for all Group employees, and oversees the annual performance review process for the CEO and senior executives. The committee also advises the Board with regard to management programs in use to optimise the contributions of the Group's human resources to support and further corporate objectives, particularly for succession and development planning, attraction and retention, performance management, diversity and culture and engagement programs.

A Remuneration and HR Committee Charter has been adopted that sets out the purpose and powers of the committee. This Charter can be accessed on CRF's website.

In accordance with the Principles, the committee is comprised of four members, all of whom are independent Non-executive Directors. The committee aims to meet at least four times a year, and more often as required.

The Group's Remuneration Policy is set out within the Remuneration Report section in this Annual Report.

☑ Recommendations 8.1, 8.2and 8.4 of the Principles.

In accordance with Recommendation 2.6, information on each director including their term of office is disclosed in the Board of Directors section on page 40 and, in accordance with Recommendation 8.4, attendance of Committee members is set out in the Directors' Report on page 51 in this Annual Report.

Evaluation of Board Performance

The Board supports the principle of regular reviews of both whole of Board, including committees, and individual director performance and effectiveness. Such reviews would include a review of individual director performance and the contribution that each director has made and is able and expected to make. These reviews would be conducted by a combination of internal and external reviews, coordinated by the Chairman.

CRF was established as an aggregated fund in December 2011; and as part of that, a renewal process for the Board of CRL took place. Two of the then directors, Peter Day and Fraser MacKenzie, remained on the Board while all others retired. All other current directors were appointed following a rigorous evaluation process, and an induction process was also undertaken.

Given the recent formation of CRF and its current Board, a formal review of the performance of the newly constituted Board has not yet been conducted.

☑ Recommendation 2.5 of the Principles.

DIVERSITY AND INCLUSION POLICY STATEMENT

CRF strives to create a diverse and inclusive workplace, reflective of the extensive diversity of the communities in which we operate.

A diverse and inclusive work environment that values employee difference in all its forms provides balance of perspective and can be a source of competitive advantage. Embracing and supporting a range of diversity initiatives is critical for CRF to successfully attract and retain the talented people in our industry and establish CRF as an 'employer of choice'.

Developing an inclusive work environment where diversity of thought, background and experience are valued leads to greater insight, allowing CRF to more effectively meet the needs of an increasingly diverse retailer, customer and investor base.

CRF believes in holding all employees accountable for creating and maintaining a diverse and inclusive culture.

☑ Recommendations 3.2 and 3.5 of the Principles

Gender Diversity Objectives

The Board of CRF has set the following objectives with regard to gender diversity:

1. Conduct quarterly Diversity Forums to capture views about diversity issues and develop an action plan to influence diversity-related change.
2. Ensure the CRF Recruitment Policy addresses diversity issues and mandates the consideration of a diverse range of candidates in the recruitment, promotion and selection processes.
3. Undertake further pay equity analysis and implement strategies to address any pay equity gaps.

CORPORATE GOVERNANCE

4. Increase the number of women in management[1] roles from 32% to between 35% and 40% by FY14.
5. Implement a management development program specifically targeted at the development of a high potential talent pipeline.

These objectives have been developed and put in place since the formation of CRF in December 2011. Given the short period of time that has elapsed since they have been introduced, it is too early to meaningfully measure the progress against them. CRF will report on progress towards achieving the objectives in future annual reports.

☑ Recommendation 3.3 of the Principles

Diversity Statistics as at 30 June 2012

Proportion of women in organisation as a whole[2]	64%
Proportion of women in senior management[3]	17%
Proportion of women on the Board	14%

☑ Recommendation 3.4 of the Principles.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board and management recognise that effective risk management and internal controls are an integral part of sound management practice and good corporate governance as they improve decision-making and enhance outcomes and accountability. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

☑ Recommendations 7.3 and 7.4 of the Principles.

The Board is responsible for the overall risk management and internal control framework of the Group, which includes the following activities:

Material Risk Register

The Board and management recognise that CRF must have a robust risk management framework in which material risks are proactively identified, communicated and managed. The Material Risk Register is an effective management tool that is used to identify and communicate material risks. It is updated on a quarterly basis and is reported to the Executive Committee and the Board via the Audit and Risk Committee. It is also used to monitor material risks and risk treatment strategies. The Material Risk Register covers broad risk categories, including business continuity, strategic objectives, financial, people, health, safety and welfare, environmental, reputation, infrastructure, assets and systems, legal and regulatory. During the reporting period, management has reported to the Board as to the effectiveness of CRF's management of its material business risks.

☑ Recommendation 7.1, 7.2 and 7.4 of the Principles.

Internal Audit

The Internal Audit function provides independent objective assurance and makes recommendations to assist the Group in improving its risk management and internal control framework. It also tests compliance with internal controls. The Audit and Risk Committee reviews and approves the risk-based Strategic Internal Audit Program each financial year. The committee also reviews the outcomes of internal audits performed to ensure that appropriate actions are taken to treat identified risks.

Managed Investments Compliance Plan

The Managed Investments Compliance Plan applies to all of the registered managed investment schemes in the Group, including CRT, CAWF and DHT, and provides a framework to review and monitor the investment risk for investors in those schemes. The Compliance Officer is responsible for performing periodic reviews of the Group's compliance with the provisions of the compliance plan.

Continuous Disclosure

The Board has adopted a Disclosure and external Communications policy to ensure that all securityholders have equal and timely access to the Group's information and has established comprehensive processes and procedures to ensure that all price-sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Act and the ASX Listing Rules. All information lodged with the ASX Announcement Office is promptly posted to the Group's website.

The policy reflects the matters listed in Box 5.1 of the Principles. In particular, CRF operates an internal decision making regime with respect to its disclosure obligations. This regime includes the operation of a Disclosure Committee, comprised of senior executives from the Group, who have the primary responsibility regarding CRF's disclosure obligations. Under the policy,

(1) Management is defined for this purpose as Executive Committee, EC direct reports and their senior direct reports.
(2) Includes all full time and part time employees of the Group (533 in total).
(3) Senior management is defined for this purpose as Executive Committee and their direct reports.

CRF has developed a guide to assist the Group's officers and employees to understand CRF's continuous disclosure obligations. The policy also deals with disclosures and communications with the media and disclosures and communications with analysts and investors.

☑ Recommendations 5.1and 5.2 of the Principles.

Financial Reporting

There is a comprehensive budgeting system with an annual budget approved by the Board. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Group reports to securityholders on a six-monthly basis.

Personnel Quality and Integrity

The Group has developed personnel policies and procedures to promote and provide guidance on integrity, accountability and responsible decision making. All directors and employees are expected to act with the utmost integrity and objectivity, and to endeavour at all times to enhance the reputation and performance of the Group. Formal appraisals are conducted at least annually for all employees.

The Board has adopted a Code of Conduct that sets out the standards of behaviour expected from all employees. This code can be accessed on CRF's website.

In addition, the Group has adopted a Whistleblower Policy to ensure that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal. Under the policy, employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes the Group's Code of Conduct or policies or the law.

☑ Recommendations 3.1and 3.5 of the Principles.

Conflicts of Interest

In accordance with the Corporations Act and CRF policies, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Group has adopted a Related Party Transactions and Conflicts of Interest Policy to assist directors to disclose potential conflicts of interest.

Dealings in Securities

The Board has adopted the Employee Trading in Securities Policy. The policy prohibits directors and employees from dealing in securities whilst in possession of price-sensitive information and requires all trading to be in accordance with the procedures set out in the Employee Trading in Securities Policy. In accordance with the provisions of the Act and the ASX Listing Rules, directors advise the ASX of any transactions conducted by them in the Group's securities. In accordance with the requirements of the Listing Rules, a copy of the Employee Trading in Securities Policy has been lodged with ASX and released to the market. This is also available on CRF's website.

The Employee Trading in Securities Policy prohibits CRF Directors who hold securities under one of CRF's employee incentive plans that are unvested or otherwise remain 'at risk', from entering into a transaction relating to those securities if the transaction operates to limit the economic risk of their holdings in securities allocated to them under the employee incentive plan prior to the vesting and exercising of those securities or, once vested and exercised, whilst the securities are otherwise held subject to restrictions under the relevant employee incentive plan. Other than Steven Sewell, Managing Director and Chief Executive Officer, no CRF Director has such securities or performance rights under CRF's employee incentive plan.

☑ Recommendation 8.4 of the Principles.
☑ Recommendation 3.1 of the Principles.

Investor Communications

The Board has adopted an Investor Communications Policy designed to ensure investors are fully informed about all major developments in the operations of the Group. The Group has a dedicated Investor Services team to manage investor enquiries on a daily basis.

Information is communicated to Securityholders in a number of ways. The Annual General Meeting provides an opportunity for investors to ask questions, express views and respond to Board proposals. The Group's external auditor also attends the Annual General Meeting to answer any questions about the conduct of the audit and the content and preparation of the audit report.

The Board encourages investors to access the Annual Report online to assist with the Group's commitment to the environment, as well as being more cost-efficient for the organisation. A printed copy of the Annual Report will only be sent to those investors who have elected to receive it. Otherwise investors will be notified when the Annual Report is available to be accessed online.

The Group works closely with its share registrar to monitor and review the potential to increase the use of electronic means of communicating with its investors.

The CRF website is regularly updated. Annual Reports and presentations made to the market about annual results, corporate announcements, information on significant developments, the share price of CRF securities trading on the ASX (delayed by approximately 20 minutes) and corporate governance policies can all be accessed on the CRF website.

☑ Recommendations 6.1and 6.2 of the Principles.

BOARD OF DIRECTORS

BOB EDGAR

STEVEN SEWELL

CLIVE APPLETON

BOB EDGAR

Chairman

APPOINTED DECEMBER 2011

Background and Experience

Bob Edgar has over 30 years' experience as a senior executive, with 25 years at ANZ Banking Group in various senior roles, including Deputy Chief Executive Officer, Senior Managing Director, Chief Operating Officer and Chief Economist.

Dr Edgar holds a Bachelor of Economics (Hons) from University of Adelaide and a PhD from Ohio State University. He is a Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Current Directorships, Executive Positions and Advisory Roles

- Asciano Limited – Non-executive Director
- Linfox/Armaguard – Non-executive Director
- Transurban Group – Non-executive Director
- Prince Henry's Medical Research Institute – Chairman

Past Non-executive Directorships (past three years)

- Bank of Tianjin – Director
- Shanghai Rural and Commercial Bank – Director
- AMMB Holdings Berhad – Director
- Nufarm Limited – Non-executive Director

STEVEN SEWELL

Managing Director and Chief Executive Officer

APPOINTED JULY 2012

Background and Experience

Steven Sewell commenced as Centro Retail Australia's Chief Executive Officer on 22 February 2012 and was appointed to the position of Chief Executive Officer and Managing Director on 20 July 2012.

Mr Sewell joined CRF after spending over five years as Chief Executive Officer of Charter Hall Retail REIT (formerly known as Macquarie Countrywide Trust). He commenced with Macquarie Group in January 2003, after spending almost four years with QIC Property in Brisbane, as National Head of Property Management. He is the current Chairman of the Shopping Centre Council of Australia.

Mr Sewell has extensive experience in the management and development of Australian shopping centres, a proven track record of success as a Chief Executive Officer and a demonstrated ability to drive securityholder value.

Current Directorships, Executive Positions and Advisory Roles

- Capitol Health Limited – Non-executive Director
- Shopping Centre Council of Australia – Chairman

Past Non-executive Directorships (past three years)

- N/A

CLIVE APPLETON

Non-executive Director

APPOINTED DECEMBER 2011

Background and Experience

Clive Appleton has over 30 years' experience in retail property and funds management. His previous appointments include a decade until 1996 at Centro (formerly Jennings Properties Limited) as Chief Executive Officer, before moving into the role of Managing Director for Gandel Management Limited. He is currently the Executive Director of Private Equity for APN Property Group and holds directorships with the Gandel Group, AG Coombs and the Cairnmillar Institute. Mr Appleton holds a Bachelor of Economics and a Master of Business Administration and is a Fellow of the Australian Institute of Company Directors.

Current Directorships, Executive Positions and Advisory Roles

- APN Property Group – Executive Director of Private Equity
- Gandel Group – Non-executive Director
- AG Coombs – Chairman
- Arrow International Group Limited – Non-executive Director
- Aspen Group Limited – Non-executive Director
- Cairnmillar Institute – Council member

Past Non-executive Directorships (past three years)

- N/A

PETER DAY

TIM HAMMON

CHARLES MACEK

PETER DAY

Non-executive Director

APPOINTED OCTOBER 2009

Background and Experience

Peter Day has over 30 years' experience in Australia and internationally in finance, strategy, general management and compliance, including executive positions with Amcor, Rio Tinto and the Australian Securities and Investments Commission.

Mr Day holds a Bachelor of Laws (Hons) from Queen Victoria University (UK) and a Master of Business Administration from Monash University. He is a Fellow of the Institute of Chartered Accountants (in Australia and the UK) and CPA Australia, and a Graduate Member of the Australian Institute of Company Directors. Mr Day sits on the boards of CRF's responsible entities that have responsibility for the CRF managed funds.

Current Directorships, Executive Positions and Advisory Roles

- Ansell Limited – Non-executive Director
- Orbital Corporation Limited – Chairman
- SAI Global Limited – Non-executive Director
- Central Gippsland Water Corporation – Non-executive Director
- Multiple Sclerosis Australia Limited – Non-executive Director

Past Non-Executive Directorships (past three years)

- N/A

TIM HAMMON

Non-executive Director

APPOINTED DECEMBER 2011

Background and Experience

Tim Hammon has extensive financial services, property services and legal experience. He is currently Chief Executive Officer of Mutual Trust Pty Ltd and previously worked for Coles Myer Limited in a range of roles including Chief Officer Corporate and Property Services with responsibility for its property development and leasing activities and for corporate strategy. Mr Hammon was previously Managing Partner of various offices of Mallesons Stephen Jaques. Mr Hammon sits on the boards of CRF's responsible entities that have responsibility for the CRF managed funds. Mr Hammon holds a Bachelor of Commerce and a Bachelor of Laws from the University of Melbourne.

Current Directorships, Executive Positions and Advisory Roles

- Mutual Trust Pty Ltd – CEO

Past Non-executive Directorships (past three years)

- N/A

CHARLES MACEK

Non-executive Director

APPOINTED DECEMBER 2011

Background and Experience

Charles Macek brings extensive experience in the finance industry, including insurance, stockbroking, investment management and investment banking roles in Australia, New Zealand, the UK and Japan. Over the past decade he has held numerous senior positions and directorships in a range of public companies, including Telstra (2001-2009). Mr Macek holds a Bachelor of Economics and a Master of Administration. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, a Fellow of CPA Australia and a Senior Fellow of Finsia.

Current Directorships, Executive Positions and Advisory Roles

- Thoroughbred Trainers Service Centre – Chairman
- Racing Information Services Australia Pty Ltd – Chairman
- Sustainable Investment Research Institute Pty Ltd – Chairman
- Wesfarmers Ltd – Non-executive Director
- Earthwatch Institute Australia – Non-executive Director
- International Financial Reporting Standards Advisory Committee – Vice Chairman

Past Non-executive Directorships (past three years)

- Telstra Corporation

BOARD OF DIRECTORS

FRASER MACKENZIE

DEBRA STIRLING

FRASER MACKENZIE

Non-executive Director

APPOINTED OCTOBER 2009

Background and Experience

Fraser MacKenzie has over 40 years of finance and general management experience in the UK, US and Asia, including Chief Financial Officer of both Coles Group/Coles Myer and OPSM Group. Mr MacKenzie has held senior finance and general management roles at Pfizer, Gestetner Holdings and Smith Kline & French Laboratories in addition to various accounting positions in his early career at Royal Bank of Scotland, Hambros Bank and Ernst & Young.

Mr MacKenzie holds a National Diploma in Business Studies from Aberdeen College of Commerce (Scotland), is a Fellow of the Chartered Association of Certified Accountants in the UK, a Fellow of the Certified Practising Accountants in Australia and a Member of the Australian Institute of Company Directors. Mr MacKenzie sits on the board of one of CRF's responsible entities that has responsibility for some of CRF's managed funds.

Current Directorships, Executive Positions and Advisory Roles

- N/A

Past Non-executive Directorships (past three years)

- N/A

DEBRA STIRLING

Non-executive Director

APPOINTED DECEMBER 2011

Background and Experience

Debra Stirling has over 20 years' experience in corporate affairs, investor relations and human resources. Ms Stirling is currently Executive General Manager of People and Communications for Newcrest Mining Limited and she has previously held senior executive roles with Rinker Group, CSR and Coles Myer. Ms Stirling is a Graduate Member of the Australian Institute of Company Directors.

Current Directorships, Executive Positions and Advisory Roles

- Newcrest Mining Limited – Executive General Manager People and Communications
- Lihir Gold Limited – Non-executive Director

Past Non-executive Directorships (past three years)

- N/A

EXECUTIVE COMMITTEE

STEVEN SEWELL

Managing Director and Chief Executive Officer

Refer to Page 40.

PAUL BELCHER

Deputy CFO and EGM Finance

Paul Belcher is responsible for overseeing the finance, treasury, tax, and financial and management accounting functions for CRF and its managed funds.

Paul joined Centro Properties Group in 2006, serving as Group Financial Accounting Manager and more recently General Manager, Accounting.

Paul's previous experience includes 10 years at PricewaterhouseCoopers where he was a director in the Assurance and Business Advisory practice, specialising in the retail property, retirement village and construction sectors.

MICHAEL BENETT

Chief Investment Officer

Michael Benett is responsible for the investment management, property transactions and investor relations areas within CRF.

Michael joined Centro Properties Group in 2004 and has served in various roles, most recently as Deputy Chief Executive Officer and Chief Restructuring Officer of CER. Prior to this, Michael served in a number of roles within Centro Properties Group, including General Manager–Institutional Funds Management, and Group Commercial and Business Analysis Manager. Michael's previous experience includes nine years within the Assurance and Business Advisory Services division at PricewaterhouseCoopers where he specialised in the property and construction industry.

Michael will be leaving the Group on 30 September 2012 to pursue other interests.

GERARD CONDON

EGM Syndicates

Gerard Condon has 24 years' experience in the property industry. Gerard oversees the syndicate, retail distribution and investor services teams and bears ultimate responsibility for all Centro MCS syndicates.

Gerard was previously manager of the Syndicate Funds Management team and commenced with Centro Properties Group following five years at MCS property. Gerard has nine years' experience in valuations prior to MCS.

EXECUTIVE COMMITTEE

COLLEEN HARRIS

DIMITRI KIRIACOULACOS

KERRIE LAVEY

COLLEEN HARRIS

EGM People and Culture

Colleen Harris joined CRF in August 2012 with responsibility for all aspects of people and culture across the Group.

Colleen is a human resources executive with in excess of 18 years' experience across a variety of industries. Her responsibilities have included the successful design and implementation of talent, diversity, performance and reward programs across large companies to support the building of their organisational capability and development of their organisational culture to deliver on the business strategy.

Colleen's employment history includes a specialist focus on design and implementation of talent, performance and reward frameworks that are linked to individual and business performance outcomes. Her generalist experience ranges from payroll and recruitment through to being actively involved in enterprise bargaining agreements and leading human resources functions at the most senior level.

As a senior human resources executive, she has led and coached high-performing human resources teams who have undertaken a diverse range of roles within Australia and Asia. Her industry experience encompasses advertising, financial services, gaming, hospitality and entertainment with such organisations as National Australia Bank and Crown Limited.

DIMITRI KIRIACOULACOS

General Counsel and EGM Corporate Development

Dimitri Kiriacoulacos joined Centro Properties Group in October 2009 and oversees the Group's legal, governance and corporate development teams. Dimitri is a lawyer and accountant with legal and commercial experience across many countries. He has worked in private practice, investment banking and corporate roles principally in the areas of mergers and acquisitions, business development and corporate governance.

Prior to joining CRF, Dimitri held senior legal roles, most recently as General Counsel, Corporate Advisory with National Australia Bank and General Counsel and Company Secretary with Mayne Pharma.

KERRIE LAVEY

EGM Corporate Communications

Kerrie Lavey joined CRF in August 2012, and her role encompasses corporate communications, government relations, investor relations and sustainability.

Kerrie is a strategic corporate communications and corporate governance professional with over 20 years' experience in the industry. She has worked across a number of sectors, including manufacturing, mining, investment banking, international trade and property. Prior to joining CRF, Kerrie worked for a number of organisations, including Amcor Limited, the Macquarie Group and BHP Billiton.

Kerrie holds a Masters of International Business from Melbourne University and is a Graduate Member of the Australian Institute of Company Directors. She is also a government-appointed Member of the Alpine Resorts Co-ordinating Council.

MARLON TEPERSON

Chief Financial Officer

Marlon Teperson commenced as CRF Chief Financial Officer on 16 April 2012.

Marlon brings extensive experience in the finance industry, including 16 years with the Westfield Group where he was Group Chief Financial Officer. Since then, he has undertaken consulting assignments in the shopping centre industry, as well as in the broader finance industry.

Marlon is a chartered accountant, is a member of the Australian Institute of Chartered Accountants and holds an MBA from the University of Cape Town.

JONATHAN TIMMS

EGM Development and Asset Strategy

Jonathan Timms joined CRF in September 2012 and his role is responsible for driving the development pipeline as well as overseeing the asset strategy on all Centro assets.

Jonathan has more than 20 years' experience in the property industry in both Australia and overseas, mainly specialising in retail property. Most recently, Jonathan was President of Tesco's China Property Company driving a large scale mall development program. He has also held various senior general management roles in asset management and development including 10 years with AMP Capital.

His property expertise covers all facets including acquisition, development, management, leasing, valuation and fund management. He holds an MBA from Edith Cowan University and a BSc from University of Western Australia.

MARK WILSON

Chief Operating Officer

Mark Wilson is responsible for shopping centres owned and managed by the Group. This includes all areas of leasing, property management and marketing.

Mark joined Centro Properties Group in 1997 and has served in various roles including Chief Investment Officer and Chief Operating Officer for Centro Watt US.

Prior to Centro, Mark held various retail and property-related roles with Coles Myer over a 16-year period.

Mark has over 20 years' experience in the retail and property industry.

DIRECTORS' REPORT

The Directors of Centro Retail Limited present the financial report of Centro Retail Australia for the year ended 30 June 2012.

CENTRO RETAIL AUSTRALIA

The ASX listed AREIT, Centro Retail Australia (the Group or CRF) was formed by the stapling of Centro Retail Limited (the Company or CRL), Centro Retail Trust (CRT), Centro Australia Wholesale Fund (CAWF) and Centro DPF Holding Trust (DHT) (collectively known as the Trusts) through schemes of arrangement that were approved by the Supreme Court of New South Wales on 1 December 2011 (the Aggregation).

CRF is an Australian Real Estate Investment Trust (A-REIT) with direct Australian retail property investments totalling $3.8 billion and is a fund and property manager of, and co-investor in, a market-leading syndicate business with additional retail property assets under management of approximately $3 billion.

CRF consists of CRL and its controlled entities which, for statutory reporting purposes, includes CRT, CAWF and DHT. Although separate entities, the securities of each are stapled to ensure that they are traded as a single interest, and since CRF is a stapled entity, none of the stapling entities exercises control over the other.

In preparing the consolidated accounts of CRF, AASB 3 and AASB 127 requires a parent to be identified for CRF. CRL has been identified as the parent of CRF on the basis that the directors and management of CRF are employed by CRL and its subsidiaries, and the financial and operating policies of CRF are governed by CRL. As such, the comparatives shown at 30 June 2011, as appropriate, are those of CRL. Prior to the formation of CRF, CRL was for the most part inactive and provided Directors' services to Centro Retail Trust (CRT).

Whilst the Aggregation Implementation date was 14 December 2011, the date of Aggregation of CRF for accounting purposes is 1 December 2011, being the date that the schemes were approved by the Supreme Court of New South Wales and when all the risks and rewards passed to CRF securityholders. Accordingly the financial report for the year ended 30 June 2012 comprises results and transactions of CRL (the parent) for 12 months and those of CRT, CAWF, DHT and their controlled entities, and the assets and liabilities acquired by CRL pursuant to the Aggregation, for seven month period from 1 December 2011 to 30 June 2012.

By virtue of being a stapled security, the interests of members in CRT, CAWF and DHT (i.e. the non-parent entities) are presented as non-controlling interest, and described as other stapled entities of Centro Retail Australia in the Income Statements and Balance Sheets.

Directors

The Board of Centro Retail Limited and Centro Retail Australia Limited as RE of the Trusts (together, the Centro Retail Australia Board) consists of the same members. The following persons were Directors of the Centro Retail Australia Board from 14 December 2011 and up to the date of this report unless otherwise stated:

- Bob Edgar (Chairman) (appointed 14 December 2011)
- Steven Sewell (Chief Executive Officer and Managing Director) (appointed 20 July 2012[(1)])
- Robert Tsenin (Chief Executive Officer and Managing Director) (retired 22 February 2012)
- Clive Appleton (appointed 15 December 2011)
- Peter Day
- Tim Hammon (appointed 15 December 2011)
- Charles Macek (appointed 15 December 2011)
- Fraser MacKenzie
- Debra Stirling (appointed 15 December 2011)

(1) Mr Sewell was Chief Executive Officer from 22 February 2012, and appointed to the position of Chief Executive Officer and Managing Director on 20 July 2012.

The following persons were Directors of CRL for the period pre aggregation, from 1 July 2011 to 14 December 2011.

- Peter Day (Chairman)
- Bill Bowness
- Anna Buduls
- Paul Cooper
- Michael Humphris
- Fraser MacKenzie

Ms Buduls, Mr Bowness, Mr Cooper, and Mr Humphris retired from the board on 14 December 2011. Mr Day retired as Chairman of the board, however remains a director of CRL.

On the formation of Centro Retail Australia, the Responsible Entity (RE) of CRT, CAWF and DHT changed from Centro MCS Manager Limited to Centro Retail Australia Limited. The change in Responsible Entity was effective 14 December 2011.

Company Secretaries

The Company Secretaries are Elizabeth Hourigan and Dimitri Kiriacoulacos.

Principal Activities

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

Significant Matters

(a) Appointment of Chief Executive Officer and Chief Financial Officer

On 3 January 2012, CRF announced that Mr Steven Sewell would be appointed Chief Executive Officer of CRF, replacing Mr Robert Tsenin who had announced his intention to retire. Mr Sewell commenced as Chief Executive Officer on 22 February 2012 and additionally, was appointed Managing Director of the Group on 20 July 2012.

On 5 April 2012, CRF announced that Mr Marlon Teperson would be appointed as Chief Financial Officer of the Group, succeeding Mr Chris Nunn who had previously announced his intention to leave the Group. Mr Teperson commenced as Chief Financial Officer on 16 April 2012.

(b) Settlement of the Class Action Litigation

On 10 May 2012, CRF announced that an agreement to settle had been reached for six proceedings, including a number of related shareholder class actions, that had been brought against certain pre-aggregation Centro entities on behalf of group members represented by Maurice Blackburn and Slater & Gordon in the Federal Court in Melbourne.

These proceedings were commenced on behalf of shareholders who acquired securities in (what was then) Centro Properties Group (formerly CNP, now known as CNPR Group) and Centro Retail Group (formerly CER) in 2007 and early 2008. PricewaterhouseCoopers and a certain number of its related entities (PwC) (CNP and CER's auditors during the relevant period) were parties to a number of the shareholder class actions and to the settlement.

Centro Retail Australia's contribution towards the settlement amount was $85.6 million (excluding costs) of the total settlement of $200 million in respect of all proceedings, with the balance of the total settlement amount contributed by PwC ($67 million); the pre aggregation entity CNPR Group ($10 million); and $37.4 million available from D&O insurance policy proceeds. The total amount contributed was allocated between the Maurice Blackburn and Slater & Gordon claims.

(c) Class Action True-up Securities (CATS)

On Aggregation, 908 million CATS were issued to certain securityholders to provide them with some compensation in the event that CER (formerly the ASX listed stapled entity comprising Centro Retail Trust and Centro Retail Limited) was found liable to pay an amount in relation to the CER Class Action Litigation.

Under Australian Accounting Standards, on Aggregation the CATS were considered a "financial liability" due to CRF's obligation to settle the CATS either by an issue of new CRF securities (for nil consideration) or a cash payment, both of which were variable and contingent at the date of Aggregation. As a result, the recognition of this liability was reflected in CRF's Income Statement and Balance Sheet. At 31 December 2011, the Income Statement included an expense of $66 million in relation to the CATS, with a liability of the same amount reflected in the

DIRECTORS' REPORT

31 December 2011 Balance Sheet. This amount reflected the then "market implied" fair value of the CATS securities.

For the year ended 30 June 2012, CRF's Income Statement includes a total expense of $203.3 million, reflecting the fair value of the required equity adjustment between the different securityholders resulting from the Court's approval of settlement of the CER Class Action Litigation on 19 June 2012. The Court approval of settlement in conjunction with CRF's announced intention (on 10 May 2012) to settle the obligation under the CATS terms by issuing a fixed number of new CRF securities, resulted in the CATS amount being reflected within equity in CRF's 30 June 2012 Balance Sheet (refer to Note 19).

The issue of these new securities on 31 July 2012 to CATS holders effectively re-balances the ratio of Aggregation between non-CER securityholders and former CER securityholders so as to take into account the outcome of the CER Class Action Litigation as contemplated by the Aggregation terms. Please see Events Occurring After the End of the Reporting Period for further detail on the issue of securities on 31 July 2012.

(d) Co-ownership agreement entered into with Perron group, in respect of three shopping centres (Galleria, Western Australia; The Glen, Victoria and Colonnades, South Australia) for $690.4 million for 50% interest.

On 27 May 2012, CRF announced that it sold 50% of its ownership stakes in three regional shopping centres, being Galleria in Perth, The Glen in Melbourne and Colonnades in Adelaide to the Perron Group. The sale transaction was settled on 27 June 2012. The total consideration received of $690.4 million represented a 3.7% premium to book value (pre transaction costs) and an average yield of 6.1%. As part of the co-ownership arrangement, CRF will continue to provide property management, development and leasing services from its existing fully integrated management platform.

(e) Other CRF asset sales/capital recycling transactions

In addition, CRF disposed of its interest in Centro Newton, Perth City Central and Centro Lansell on 19 December 2011, 24 January 2012 and 31 January 2012 respectively. Gross proceeds from the sale of Centro Newton were $37.8 million, Perth City Central were $57.0 million (CRF's share being $28.5 million), and Centro Lansell were $32.5 million.

(f) Repayment of borrowings

The settlement of the joint venture and capital recycling transactions facilitated a substantial repayment of borrowings originally put in place at Aggregation, CRF repaid borrowings of approximately $620 million during the year, as a result of the asset sales noted in (d) and (e) above. As a result, CRF's gearing has reduced to approximately 26.3%, setting CRF in a position to progress with its pipeline of redevelopment projects across its portfolio of Australian shopping centres.

Review of Operations

This section is included on pages 19 to 23 of this report.

Distributions

On 20 June 2012 the Directors declared a distribution for the year ended 30 June 2012 of 6.5 cents per CRF stapled security. The payment date of this distribution is 28 August 2012. Refer to Note 9 of the financial report for further information.

Distributions payable to securityholders for the year was $87.1 million (2011: $nil).

Likely Developments and Expected Results of Operations

CRF forecasts, subject to any unforeseen events, FY13 underlying earnings of between 15.3 cents and 15.6 cents per security with distributions paid to investors representing a payout ratio at between 80% and 90%.

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

Environmental Regulations

As a property owner, the Group is subject to the normal environmental laws and regulations of landowners within Australia. These include regulations against air pollution, liquid discharge and soil contamination. Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to certain areas of the Group's operations. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of the relevant authority consents and approvals and the obtaining of any necessary licences.

The Australian Government released the Clean Energy Act 2011 and supporting legislation ('the Scheme') which will have an impact on the Australian economy in which the Group operates. The fixed phase of the Scheme will commence on 1 July 2012 for a period of three years whereby "liable" entities under the Scheme will have to purchase permits at a fixed price of $23 per tonne of CO_2 equivalent emitted, increasing annually by 2.5% in real terms during the three year period. None of the entities within the Group are directly "liable" entities under the Scheme.

Events Occurring After the End of the Reporting Period

(a) Issue of CRF securities in settlement of CATS

On 31 July 2012, CRF issued a total of $86.7 million new securities in accordance with the Terms of Issue for the CATS. The new securities were issued to various pre-aggregation investors in accordance with the disclosure document issued in connection with Aggregation and final terms of Aggregation approved by stakeholders, with the formation of CRF in December 2011.

In summary, the CATS structure (and this consequent issue of CRF securities) was put in place at Aggregation so as to be able to compensate a portion of CRF securityholders following the approval of any settlement of the CER Class Action Litigation. As noted previously, the settlement was approved in June 2012 for approximately $94.2 million (CRF's contribution, including costs of $8.5 million).

The new securities, issued on 31 July 2012, are quoted on the ASX and rank equally with existing CRF securities. The new securities represent an additional 6.5% of issued capital, with the total number of issued securities after this new issue being approximately 1.43 billion.

(b) CRF senior executive appointments

CRF appointed several key executives following the completion of the first stage of its organisational review.

Kerrie Lavey was appointed to the newly-created role of Executive General Manager, Corporate Communications. Kerrie Lavey joined CRF on 28 August 2012.

Jonathan Timms was appointed as Executive General Manager, Development and Asset Strategy and he will join CRF on 3 September 2012.

Colleen Harris was appointed as Executive General Manager, People & Culture and she joined CRF on 21 August 2012.

With these appointments and Mr Sewell as Chief Executive Officer and Managing Director[1], the senior management team is as follows:

- Marlon Teperson, Chief Financial Officer
- Mark Wilson, Chief Operating Officer
- Michael Benett, Chief Investment Officer[2]
- Dimitri Kiriacoulacos, General Counsel and EGM Corporate Development
- Paul Belcher, Deputy CFO and EGM Finance
- Gerard Condon, EGM Syndicates
- Colleen Harris, EGM People & Culture (commenced 21 August 2012)
- Kerrie Lavey, EGM Corporate Communications (commenced 28 August 2012)
- Jonathan Timms, EGM Development & Asset Strategy (commencing 3 September 2012)

(c) Core debt facility restructure progressing

As announced on 28 August 2012, CRF has received commitment letters and credit approvals from its core lenders for the restructuring of the facility. Subject to finalisation of documentation, the satisfaction of conditions precedent and material adverse change clauses usual for facilities of this nature, CRF's existing core debt will be restructured to support the Group's key strategic objectives on the following terms:

- an increase of the current facility from $1.0 billion to $1.8 billion, including several delayed starts totalling $525 million to satisfy the remaining facilities maturing before 31 December 2013;
- the new facility of $1.8 billion has a blended maturity split of $650 million for three years and $1,150 million for five years; and
- usual covenants and terms customary for facilities of this nature.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 30 June 2012 and the date hereof that has significantly affected or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

Information on Directors

Please refer to pages 40 to 42 of this report.

(1) Mr Sewell was appointed Managing Director on 20 July 2012.
(2) Mr Benett will be leaving the organisation at the end of September 2012.

DIRECTORS' REPORT

The interests of each Director in the capital of the Group at the date of this report are set out as follows:

		NUMBER OF SECURITIES 30.06.12	NUMBER OF SECURITIES 30.06.11[2]
Bob Edgar	Held indirectly through SPWB Super Fund	50,000	-
Steven Sewell[1]		-	-
Clive Appleton		11,850	-
Peter Day	Held indirectly	33,621	100,000
Tim Hammon	Held indirectly through Mirabeau Superannuation Pty Ltd ATF the TEH Super Fund	10,000	-
Charles Macek	Held indirectly through Kathmandu Investments ATF Excalibur National Private Super Fund	50,000	-
Fraser MacKenzie	40,000 held directly and 18,921 held through MacKenzie Superannuation Fund	58,921	100,000
Debra Stirling		10,000	-

(1) Mr Sewell holds 840,467 performance rights issued pursuant to the Centro Retail Australia Long Term Incentive Plan.
(2) Represent CER Securities held prior to the Aggregation of CRF.

INFORMATION ON COMPANY SECRETARIES

The Company Secretaries are Elizabeth Hourigan, LLB and Dimitri Kiriacoulacos. Ms Hourigan is also Senior Legal Counsel of the Group. Ms Hourigan has been Company Secretary of Centro Retail Limited since 2005 and the Responsible Entity, Centro Retail Australia Limited, since its inception in 2011. Mr Kiriacoulacos is the General Counsel and EGM Corporate Development and oversees the Group's legal, secretariat and compliance teams. Mr Kiriacoulacos has been Company Secretary of Centro Retail Limited since 2010 and the Responsible Entity, Centro Retail Australia Limited, since its inception in 2011.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company must indemnify the Directors, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities incurred by the Directors as officers of the Company or of a related body corporate provided that the loss or liability does not arise out of misconduct including lack of good faith.

During the financial year the Company insured its Directors, Secretaries and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of Centro Retail Australia. This excludes a liability which arises out of a willful breach of duty or improper use of inside information. The premium also insures the Company for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

LOANS TO DIRECTORS

No loans have been made to the directors of Centro Retail Australia, including their personally related entities by Centro Retail Limited or Centro Retail Australia Limited.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors of Centro Retail Limited and Centro Retail Australia Limited as RE of CRT, CAWF and DHT (including meetings of committees of Directors), held for the period from 14 December 2011 to 30 June 2012 and the number of meetings attended by each Director:

	Board	Remuneration and Human Resources Committee	Audit and Risk Committee
Number of meetings held	12	4	4
NUMBER OF MEETINGS ATTENDED/ELIGIBLE TO ATTEND BY:			
Bob Edgar	11	#	#
Robert Tsenin(1)	2	#	#
Clive Appleton	11	4	4
Peter Day	11	#	4
Tim Hammon	12	4	#
Charles Macek	12	4	#
Fraser MacKenzie	11	#	4
Debra Stirling	12	4	4

Not a member of the committee
(1) Appointed 12 December 2011 and retired 22 February 2012. There were three Board meetings held during that time.

The following table sets out the number of meetings of Directors of Centro Retail Limited (including meetings of committees of Directors), held during the year from 1 July 2011 to 14 December 2011 (prior to Aggregation to form CRF) and the number of meetings attended by each Director:

	Board	Risk	Audit	Managed Investments Compliance	Remuneration and HR	Nominations	Special Matters	Finance
CENTRO RETAIL LIMITED								
Number of Meetings Held	27	1	4	-	6	1	2	3
NUMBER OF MEETINGS ATTENDED BY:								
Peter Day	27	#	#	#	5	1	2	#
Fraser MacKenzie	24	1	4	#	6	#	2	3
Bill Bowness (retired 14 December 2011)	24	1	#	-	6	1	2	#
Anna Buduls (retired 14 December 2011)	25	1	4	#	#	#	#	3
Paul Cooper (retired 14 December 2011)	22	#	#	-	#	1	#	#
Michael Humphris (retired 14 December 2011)	19	#	2	-	4	#	2	3

Not a member of the committee.

REMUNERATION REPORT (AUDITED)

Dear Securityholders,

This 2012 Remuneration Report (the Report) covers two distinct periods in Centro Retail Limited's history.

The Report is the first for Centro Retail Limited since it became part of the Centro Retail Australia stapled group (CRF). CRF was formed by the Aggregation. For accounting purposes, Aggregation occurred, and CRF was formed, on 1 December 2011. Therefore, this Report covers CRF's first financial period, being the 7 month period from 1 December 2011 to 30 June 2012 (CRF Financial Year).

Prior to Aggregation, Centro Retail Limited was stapled to Centro Retail Trust and the listed stapled entity was known as Centro Retail Group (CER). While Centro Retail Limited has always had a board of Directors, until Aggregation CER did not have any staff. All staff were employed by Centro Properties Group (now known as CNPR Group). Therefore, for the 5 month period from 1 July 2011 to 30 November 2011 (Pre-Aggregation Period) the senior executives who had authority and responsibility for planning, directing and controlling the activities of CER were employed and remunerated by CNPR Group.

Your Board has elected to include in this Report disclosures over and above those required by the Corporations Act, so that Securityholders have a full picture of the statutory remuneration received by all directors and senior executives responsible for CER, CNPR and CRF during the 2012 financial year (1 July 2011 to 30 June 2012) (FY2012), covering both the Pre-Aggregation Period and the CRF Financial Year.

In summary, the Report provides an overview of what has been a period of transition for the Group, moving from the recent years of uncertainty to a viable future as a focused developer, operator and manager of Australian shopping centres.

Pre-Aggregation Period: Legacy remuneration arrangements

Prior to Aggregation, the Remuneration Committees of CER and CNPR Group (Prior Remuneration Committees) worked together to develop remuneration programs that focused on achieving recapitalisation and restructuring objectives and the retention of key executives and employees. Without the loyalty and commitment of these executives and employees, the recapitalisation and restructuring of the historical CNPR Group and CER into the new CRF would not have been possible.

During this challenging period the remuneration structure, including incentives, was, of necessity, entirely cash based. Two one-off, targeted retention and incentive plans were implemented to reflect the unique and challenging circumstances of CNPR Group and CER. These two plans, the Long Term Compensation Plan (LTCP) and the Special Bonus Plan (SBP), are described in detail in CNPR's 2011 Remuneration Report.

The performance periods for these historical plans ended during FY2012 and this Report includes details of final payments made under these plans (see section entitled 'Legacy Plans' on page 66). It is satisfying to confirm these plans played a significant role in facilitating a smooth transition of senior executives and other staff, from CNPR Group to CRF.

The new CRF remuneration framework

Whilst the Prior Remuneration Committees were primarily focused on achieving restructuring and recapitalisation objectives, they also took a longer term view of remuneration, recognising the need to develop strategies and programs that would ensure that, upon its establishment, CRF had the people and capability necessary for its future success. The directors of CNPR and CER were aware that the adoption of any new remuneration strategy was ultimately a decision for the new CRF Board, but recognised that it was essential to initiate this work ahead of the establishment of CRF. The Prior Remuneration Committees engaged an external remuneration consultant, KPMG, to provide independent and professional advice on the most appropriate remuneration framework for CRF. This work included the benchmarking of executive and non-executive director remuneration against relevant industry comparator groups and the design of an equity based long term incentive plan.

The new CRF Board, once established, reviewed this advice and established the remuneration principles and programs reflected in this Report. The key objective of the CRF remuneration framework is to attract, retain and motivate high calibre executives and employees in a competitive market, in order to create value for Securityholders. A key principle underpinning this framework is that the Australian Real Estate Investment Trust (A-REIT) sector is the relevant universe for comparative purposes, as this is the peer group against which CRF must benchmark its performance and compete for investor support and talented employees.

In summary, the key philosophy embedded in the CRF framework is that an appropriate mix of fixed and 'at risk' remuneration, including a short term incentive (STI) and equity linked to meaningful performance criteria, is the best way to achieve an alignment of interest between management and Securityholders. With the appointment of Mr Steven Sewell as Chief Executive Officer (CEO) and Mr Marlon Teperson as Chief Financial Officer (CFO), the executive team has also been refreshed. Coupled with the renewed focus and incentives created by the new remuneration framework, I am confident that we have the leadership capability and industry experience necessary to build CRF's performance to the benefit of Securityholders.

Charles Macek

Chairman, Remuneration and HR Committee

CONTENTS

SECTION 1
OVERVIEW

Given the transition that has occurred during the FY2012 financial year, the following table has been included to assist investors in understanding the entities referred to throughout the Report.

Time Frame	Pre-Aggregation 1 July 2011 – 30 November 2011	Post-Aggregation(1) 1 December 2011 – 30 June 2012
ASX Code	CER (Centro Retail Group)	CRF (Centro Retail Australia)
Company	Centro Retail Limited (CRL)	Centro Retail Limited (CRL)
Trusts stapled to Company	Centro Retail Trust	Centro Retail Trust Centro Australia Wholesale Fund Centro DPF Holding Trust
Company Directors	Directors' fees paid by CRL and reimbursed by CNPR Group	Directors' fees paid by CRL
Senior Executives	CER had no employees. Management of the fund, including provision of all necessary staff, provided by a separate manager (CNPR Group). Senior executive remuneration paid by CNPR Group.	On Aggregation, CRF, via CRL, became the employer of CNPR Group employees as part of the acquisition of the Services Business from CNPR Group. Senior executive remuneration now paid by CRF, via CRL.

(1) On 1 December 2011, the Supreme Court of New South Wales approved the schemes of arrangement necessary to effect the formation of CRF and these were lodged with the Australian Securities and Investments Commission on 2 December 2011. Trading of CRF securities commenced on the Australian Securities Exchange (ASX) on 5 December 2011 on a deferred settlement basis. The legal Aggregation Implementation date was 14 December 2011. Whilst the Aggregation Implementation date was 14 December 2011, the date of Aggregation of CRF for accounting purposes is 1 December 2011, being the date that the schemes were approved by the Supreme Court of New South Wales and when all the risks and rewards passed to CRF securityholders.

DIRECTORS' REPORT

Remuneration initiatives

As a new stapled group, the focus of the Board during the CRF Financial Year has been to develop a new remuneration philosophy and structure that will support CRF's strategic objectives, while at the same time overseeing the finalisation of payments under historical incentive plans that were put in place prior to the establishment of CRF. Further details regarding these remuneration initiatives and outcomes (for both the CNPR Group and CRF) in FY2012, are set out later in this Report.

A summary of these initiatives is detailed below:

1. Development of remuneration philosophy

During the CRF Financial Year, the Remuneration and HR Committee developed a philosophy to underpin the formulation of remuneration programs for senior executives. In summary, executive remuneration at CRF is guided by the following objectives:

- creating long term value for Securityholders: remuneration is structured to align executive and Securityholder interests and to drive sustainable growth and returns to Securityholders;
- performance driven outcomes: remuneration programs that incentivise the achievement of CRF's financial, strategic, and operational objectives, reinforcing both team and individual performance; and
- attracting and retaining executive talent: remuneration levels, to be delivered through a mix of fixed and at risk reward, will be competitively positioned relative to similar roles in comparable companies.

2. Linking executive and Securityholder interests

Following the Aggregation and establishment of CRF, an equity based Long Term Incentive (LTI) plan was implemented to attract and retain talented executives and promote alignment of senior executive decision making with the longer term interests of Securityholders. The Board determined that it was important to reward executives on the achievement of company performance measures that underpin sustainable long term growth.

3. Attract and retain executive talent

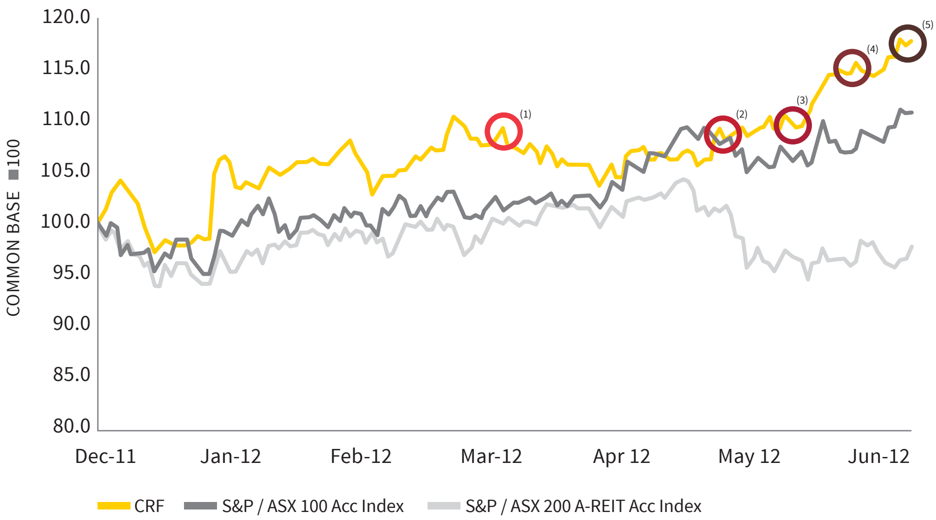
Attracting and retaining executives to lead and manage CRF is a key contributor to business performance. During the CRF Financial Year the Board focused on attracting new talent to revitalise and lead CRF, while at the same time, retaining those executives with a deep understanding of CRF's operations, challenges and opportunities.

During FY2012, a comprehensive exercise benchmarking the total remuneration of CRF's executives against external market peers was undertaken to ensure that all elements of executive remuneration were appropriately positioned. With the completion of that work, the Board is satisfied that executive remuneration structures and levels are competitive and closely linked to both company and individual performance.

Link to 2012 financial performance

As a new stapled group, CRF is unable to provide historical performance metrics (for example, five year dividend history and TSR performance). However, one meaningful indicator of CRF performance since its ASX listing in December 2011 is security price appreciation. The graph below depicts growth in the CRF security price relative to the S&P ASX100 and S&P/ASX 200 A-REIT indices, over the period from 5 December 2011 (the ASX Listing date) to 30 June 2012. The graph assumes that a Securityholder starts with an initial investment of $100 in each of CRF, the ASX100 index and the S&P/ASX 200 A-REIT index and tracks the change in the value of that investment, based on changes in the security price/index value over the period (including dividends).

Figure 1: Growth in CRF security price



(1) S&P / ASX Index Inclusions

(2) Announcement of conditional settlement of class actions and sale of 50% interests in three regional assets to Perron Group

(3) MSCI Global Standard Index Inclusion

(4) FTSE Global Real Estate Index Inclusion

(5) CRF close price $1.98

The graph confirms strong CRF trading performance to 30 June 2012 and highlights the achievement of a number of other milestones. In summary:

- CRF security price opened at $1.70 on 5 December 2011, closed at $1.98 on 29 June 2012;
- CRF has delivered a 17.6% total return for the period ended 30 June 2012; and
- CRF outperformed the S&P/ASX 100 Index and S&P/ASX 200 A-REIT Index by 20.3% and 6.1% respectively.

SECTION 2

KEY MANAGEMENT PERSONNEL: NON-EXECUTIVE DIRECTORS AND EXECUTIVE KMP

The 2012 financial year, for accounting purposes, consisted of the Pre-Aggregation Period (from 1 July to 30 November 2011) and the CRF Financial Year (from 1 December 2011 to 30 June 2012).

This Report covers the full 12 months of the 2012 financial year for both the Directors of Centro Retail Limited (with significant changes in directors occurring on the date of Aggregation implementation) and the senior executives who had authority and responsibility for planning, directing and controlling the activities of CNPR Group (including Centro Retail Group) during the Pre-Aggregation Period and CRF during the CRF Financial Year (Executive KMP).

During the Pre-Aggregation Period, Executive KMP were remunerated by the CNPR Group; and during the CRF Financial Year Executive KMP were remunerated by CRF.

Consistent with Australian Accounting Standards, key management personnel (KMP) is defined as those persons with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Within CRF, this means that all executives who meet the following criteria are named as an Executive KMP:

- they are a member of the Executive Committee;
- they are a direct report to the CEO; and
- their role is seen to be planning, controlling and providing strategic direction to the activities of CRF, as opposed to being purely an advisory role.

Set out below are the Executive KMP for the CNPR Group (including Centro Retail Group) during the Pre-Aggregation Period and for CRF during the CRF Financial Year:

Current Executive KMP	Position	Pre-Aggregation	CRF Financial Year
Steven Sewell(1) (commenced 22 February 2012)	Chief Executive Officer	✖	✔
Michael Benett	Chief Investment Officer	✔	✔
Gerard Condon(2)	General Manager – Syndicate Funds Management	✔	✔
Dimitri Kiriacoulacos(3)	Group General Counsel and Company Secretary	✔	✔
Marlon Teperson (commenced 16 April 2012)	Chief Financial Officer	✖	✔
Mark Wilson(4)	Chief Operating Officer	✔	✔
Former Executive KMP			
Robert Tsenin(5) (from 14 December 2011 to 22 February 2012)	Interim Chief Executive Officer and Managing Director	✔	✔
Chris Nunn(6) (from 1 December 2011 to 29 June 2012)	Group Chief Financial Officer	✔	✔

(1) Steven Sewell commenced as CEO on 22 February 2012. His subsequent appointment as CRF Managing Director (MD) was confirmed on 20 July 2012.

(2) Gerard Condon's title was amended to Executive General Manager - Syndicates, effective 20 July 2012. His remuneration remained unchanged.

(3) Dimitri Kiriacoulacos was appointed to the expanded role of General Counsel and Executive General Manager - Corporate Development, effective 20 July 2012.

(4) Mark Wilson was previously General Manager – Australian Property Operations. Mr Wilson's title was amended to Chief Operating Officer on 28 February 2012. His remuneration remained unchanged.

(5) Robert Tsenin retired as CEO and MD on 22 February 2012. A one week transition occurred with the new CEO and Mr Tsenin formally concluded his tenure with the group on 29 February 2012.

(6) Chris Nunn was the Group Chief Financial Officer (CFO) from 1 July 2011 to 16 April 2012. Mr Nunn relinquished his role as CFO on 16 April 2012. He then remained employed by CRF in a transitional capacity, from 17 April 2012 to 29 June 2012 to facilitate the handover of the CFO role to Mr Teperson, and served out a component of the 12 month notice period provided by his Executive Services Agreement (ESA). At the time of his departure on 29 June 2012, Mr Nunn received a payment in lieu of the balance of his notice period and in line with the provisions of his ESA. CNPR Group funded this amount, and reimbursed CRF (who paid the amount) consistent with the provisions of the Aggregation Implementation Agreement.

Non-executive Directors

Current Non-executive Directors	Position
Bob Edgar (commenced 14 December 2011)	Chairman
Clive Appleton (commenced 15 December 2011)	Director
Peter Day[1] (retired as Chairman of Centro Retail Group on 14 December 2011)	Director
Timothy Hammon (commenced 15 December 2011)	Director
Charles Macek (commenced 15 December 2011)	Director
Fraser MacKenzie[(1)]	Director
Debra Stirling (commenced 15 December 2011)	Director
Former Non-executive Directors	**Position**
Bill Bowness (retired 14 December 2011)	Director
Anna Buduls (retired 14 December 2011)	Director
Paul Cooper (retired 14 December 2011)	Director
Michael Humphris (retired 14 December 2011)	Director

(1) Messrs Day and MacKenzie were Non-executive Directors of Centro Retail Group and CRF for FY2012. Mr Day was Chairman of the Centro Retail Group from 1 July 2011 to 14 December 2011 at which time he retired as Chairman, but remained a Non-executive Director.

SECTION 3
GOVERNANCE

Board oversight and independence

The Board has responsibility to ensure good governance is in place with relation to executive remuneration. To ensure that the Board acts independently of management and is fully informed when making remuneration decisions, the Board has established the following protocols:

1. The Board has established a Remuneration and HR Committee (the Committee) comprised only of Non-executive Directors. The Committee is responsible for reviewing and making recommendations on remuneration policies for CRF, including policies governing the remuneration of Executive KMP and other senior executives. Further information regarding the respective roles and responsibilities of the Board and Committee is contained in their respective Charters, available on the CRF website at www.crfinvestor.com.au;
2. When considering the recommendations of the Committee, the Board applies a policy prohibiting the CEO and other executives from being present and participating in discussions impacting their own remuneration; and
3. The Committee can seek advice from both management and external advisors in developing its remuneration recommendations for the Board.

External advisors and remuneration consultants

The Committee directly engages external advisors to provide input to the process of reviewing Executive KMP and Non-executive Director remuneration. Following a tender process, KPMG was engaged by the Committee to provide remuneration recommendations in the following areas:

- the development of a remuneration strategy for CRF;
- the development of an equity based LTI plan; and
- the benchmarking of Executive KMP and Non-executive Director (NED) remuneration against a group of industry peers in the Australian market.

For their services during the CRF Financial Year CRF paid fees of:

- $54,036 for remuneration recommendations and advice; and
- $141,905 for all other services.

The engagement of KPMG was undertaken by the Committee, independent of management, and based on an agreed set of protocols governing the manner in which remuneration recommendations would be developed by KPMG and provided to the Committee. These protocols ensure that the following steps are taken:

- KPMG take instructions from the Committee and are accountable to the Committee for all work;
- during the course of any assignments, KPMG may seek input from management; however, recommendations are provided directly to the Committee; and
- professional fee arrangements are agreed directly with the Committee Chairman.

The Board undertook its own enquiries and review of the processes and procedures followed by KPMG and was satisfied that KPMG's remuneration recommendations were made free from any undue influence by the Executive KMP to whom the remuneration recommendations related.

The Board is satisfied that the recommendations were free of undue influence because:

- the protocols adopted by the Board were followed;
- the agreement for services was approved and executed by the Chairman of the Committee under the delegated authority of the Board; and
- the recommendations were provided directly to the Committee.

SECTION 4

REMUNERATION IN DETAIL

Remuneration mix

Under the CRF framework, the total remuneration for Executive KMP is made up of the following components:

- base remuneration (or total fixed remuneration (TFR));
- short term incentives (STI); and
- long term incentives (LTI).

In setting the appropriate level for total remuneration, the Board seeks to position senior executives at the median of the comparator group, with the flexibility to move to the 75th percentile for high achieving and critical executives, where Group financial targets are exceeded.

The relative weightings of the three components comprising total remuneration of Executive KMP for the CRF Financial Year are detailed in the table below.

A higher proportion of the CEO's total remuneration is 'at risk' as he has the greatest scope to influence CRF's long term performance.

	Percentage of total remuneration[1]		
Current Executive KMP	**TFR**	**STI** (based on the maximum opportunity achievable)	**LTI[2]**
Steven Sewell	27%	41%	32%
Michael Benett	42%	31%	27%
Gerard Condon	42%	31%	27%
Dimitri Kiriacoulacos	45%	33%	22%
Marlon Teperson[3]	57%	43%	Not applicable
Mark Wilson	39%	30%	31%
Former Executive KMP[4]			
Robert Tsenin	40%	60%	Not applicable
Chris Nunn	57%	43%	Not applicable

(1) The percentages reflect the total remuneration opportunity for each component. The actual value derived by the Executive KMP for each of the components may differ from the figures shown in the table above as those values are dependent on actual performance against target (and relative to the maximum achievable, in the case of the STI) for the 'at risk' components.
(2) This table reflects the value of CRF LTI grants for FY2012 only. It does not reflect the value of grants made in previous financial years (including those made under historical CNPR Group 'legacy' retention and incentive plans);
(3) Due to Mr Teperson's commencement date (16 April 2012) he did not receive a FY2012 LTI Offer. He will participate in the FY2013 LTI Offer.
(4) As agreements had been reached with Mr Tsenin and Mr Nunn that they would be ending their employment with CRF during the course of FY2012, they did not receive offers to participate in the LTI plan for FY2012. Consequently the tables above depict a heavier weighting toward their TFR and STI components.

Remuneration components

The key features of CRF's remuneration structure for the CRF Financial Year (TFR, STI and LTI) are provided on page 58.

Page 66 provides an explanation of the outcomes for historical 'legacy' retention and incentive plans put in place by the CNPR Group, which vested during FY2012.

DIRECTORS' REPORT

TOTAL FIXED REMUNERATION (TFR)	
Definition	Executive KMP are paid TFR comprising base salary, superannuation contributions and any salary sacrifice amounts (for example, for motor vehicle leases).
Objective	To provide a competitive level of fixed pay that recognises the size and complexity of the role, the relevant job market and the experience, capability and performance of the incumbent.
Market positioning	TFR for each Executive KMP is typically positioned around the median of the applicable comparator group, though this may vary based on individual capability, experience and performance. CRF benchmarks its Executive KMP remuneration against two comparator groups: 1. primary comparator group - being a combination of S&P/ASX 200A-REIT index and specified real estate companies. These companies are selected on the basis that they operate in the same industry as CRF and are the organisations against which CRF is most likely to compete for executive talent; and 2. secondary comparator group - being the five ASX listed companies with market capitalisation immediately above and below the market capitalisation of CRF at the time of the analysis. Although the analysis of the secondary comparator group generates data from a range of industry sectors, it provides a broad overview and additional check having regard for company size and complexity.

STI	
Definition and objective	The STI plan provides eligible participants with the opportunity to receive an annual, performance based cash incentive payment, where a combination of company financial, strategic and individual performance objectives are achieved.
STI opportunity	Each Executive KMP has an STI opportunity applicable to a 'target' and 'stretch' level of performance: ▪ for the CEO, the STI opportunity at a 'target' level of performance is 100% of TFR, increasing to a maximum of 150% where a 'stretch' level of performance is achieved; and ▪ for other Executive KMP, the STI opportunity at a 'target' level of performance is 50% of TFR, increasing to a maximum of 75% where a 'stretch' level of performance is achieved.
Performance period	Although CRF was established in December 2011, the applicable STI performance period for Executive KMP was the full 2012 financial year (1 July 2011 to 30 June 2012). The Remuneration Committee for the CNPR Group set the performance objectives for the Pre-Aggregation Period. Performance objectives for the CRF Financial Year were finalised by the CRF Board (in the case of Mr Sewell, shortly after Mr Sewell commenced on 22 February 2012) and by Mr Sewell (in the case of other Executive KMP) shortly thereafter. 1. STI payments relating to the Pre-Aggregation Period (from 1 July to 30 November 2011) were expensed by CNPR Group; and 2. STI payments relating to the CRF Financial Year (from 1 December 2011 to 30 June 2012) were expensed by CRF. Where an Executive KMP commenced after 1 July 2011, their STI was evaluated and paid on a pro-rata basis.
Participation	All Executive KMP and other nominated executives and employees.
Payment method	The STI is currently provided as a cash payment, following the Board's review of CRF's financial results at the end of the performance period.
Grant date	STI payments are expected to be made in late August/early September 2012.

STI (CONTINUED)

Link with performance (through a combination of individual and Company objectives)

The STI plan is designed to incentivise and reward high performance by placing a meaningful proportion of the participant's potential remuneration at risk. To align executive interests with CRF's financial performance and strategic goals and objectives (as set out in the table below), STI payments are dependent upon the achievement of a combination of company financial and individual executive (personal) objectives.

The 'company financial objective' was the achievement of a Net Operating Income (NOI) target for FY2012. As the STI performance period covered the full 12 months of FY2012, the NOI target applied to the NOI of both the CNPR Group (during the Pre-Aggregation Period) and CRF (during the CRF Financial Year). NOI for both of these purposes is defined as property NOI, plus services business income (excluding responsible entity (RE) and performance fees) less overheads. The original NOI target is adjusted to reflect the impact of asset sale timings and the allocation of 50% of the CRF strategic review consulting costs (in the latter case, on the basis that the consultants were engaged directly by the Board after the NOI targets were determined). NOI was adopted as the financial objective for both periods as it is a key driver of underlying earnings that can be directly impacted by management performance and decision making.

During the Pre Aggregation Period, individual STI objectives for Executive KMP focused on the achievement of strategic goals that contributed to CNPR Group achieving its recapitalisation and restructuring objectives.

During the CRF Financial Year, STI objectives focused on the achievement of Underlying Earnings as published in the CRF Supplemental Product Disclosure Statement (PDS) and other strategic objectives the achievement of which would positively position CRF for sustainable future growth as a competitive A-REIT.

At the end of the performance period, the Board assessed Executive KMP performance against these objectives. Details of the STI payments awarded are set out in the table on page 62.

Performance targets

The table below provides a more detailed overview of the performance objectives (and subsequent results) of Executive KMP for FY2012, for both the pre Aggregation period (summarised) and the CRF Financial Year.

Objective	Performance measure	Why the performance measure was adopted	Result
Company financial (CNPR – pre Aggregation period)	Achieve target NOI as reflected in the underlying earnings in the Board approved budget.	NOI was considered the most appropriate measure of underlying performance recognising, at the time, that CNPR Group was not able to provide distributions to Securityholders.	Target exceeded (refer table on page 61)
Company financial (CRF Financial Year)	Achieve target NOI as reflected in the underlying earnings targets set out in the CRF Supplemental PDS	As the measure adopted for the first five months of FY2012, NOI provided continuity of focus following Aggregation. Securityholder value and confidence will also be maximised if the PDS targets are achieved.	Target exceeded (refer table on page 61)
Personal (CNPR – pre Aggregation period)	Completion of strategic goals contributing to CNPR Group achieving Aggregation	Aggregation was critical for the future of CRF. Had Aggregation not been successful CRF could not have been established.	Objective met
	Whilst the personal objectives varied depending upon the specific role of the executive, they collectively targeted achievement of the following key initiatives:		
Personal, including people leadership and strategic objectives (CRF Financial Year)	Effective management of class action litigation.	This has been a key point of uncertainty for investors. An appropriate outcome could enhance confidence in CRF securities going forward.	Objective met
	Facilitate the completion of the joint venture (JV) of three assets.	Completion will enable CRF to recapitalise its balance sheet and pursue a number of value-adding initiatives.	Objective met – Perron Group JV settlement completed and settled on 27 June 2012.
	Develop strong relationships with national and anchor tenant retailers.	Ensures quality and security of base income.	Objective met – portfolio occupancy maintained at 99.5%.

DIRECTORS' REPORT

STI (CONTINUED)

Performance targets (continued)

Objective	Performance measure	Why the performance measure was adopted	Result
Personal, including people leadership and strategic objectives (CRF Financial Year) (Continued)	Scope a potential development pipeline.	Future shopping centre development is a key driver for future growth.	Objective met – development pipeline agreed with Board. Key development executives since recruited.
	Lead and structure newly formed functional teams to ensure employees are engaged to deliver on CRF targets.	Optimal organisational structures are critical to ensuring CRF is appropriately resourced to deliver agreed initiatives.	Objective met – new organisational structures in place to align people with CRF's key strategic priorities.
	Build constructive relationships with existing and potential investors to ensure they are well informed and supportive of CRF's business plans.	Informed investors will help ensure that CRF is perceived positively by external stakeholders.	Objective met – CRF outperformed S&P/ASX 100 Index and S&P/ASX 200 A-REIT Index by 20.3% and 6.1% respectively during the CRF Financial Year.

Balance between financial and non-financial targets

Table 2: Balance between financial and non-financial targets.

Current Executive KMP	% financial targets	% non-financial targets
Steven Sewell	33%	67%
All other executive KMP	50%	50%
Former Executive KMP		
Chris Nunn	50%	50%
Robert Tsenin	33%	67%

Assessment of performance

The Remuneration and HR Committee, with input from the CRF Board Chairman, assesses the CEO's performance against his objectives and makes a recommendation to the Board for final determination.

The CEO assesses the performance of all other Executive KMP relative to their own individual objectives and makes recommendations to the Committee for consideration. In turn, the Committee makes recommendations to the Board for final determination.

Cessation of employment

Generally, an STI entitlement is forfeited upon the cessation of an employment (e.g., due to resignation). However, if cessation of employment is due to illness, disability or death or is a CRF initiated termination other than for cause (for example, genuine redundancy), the Executive KMP may receive a pro-rated STI payment (calculated on the assumption of an 'on target' level of performance unless otherwise determined by the Board) for the portion of the performance period they were employed by CRF.

STI (CONTINUED)

Outcomes – financial

The calculation of financial performance was undertaken in August 2012 by comparing actual performance against the agreed performance objectives. The table below provides further detail on the NOI targets that applied to each period, the performance level required to achieve a 'maximum' level of payment for STI purposes in each case, and the actual NOI result achieved for the applicable period.

Timeframe	Element	Target objective ($m)	Maximum/stretch objective ($m)	Actual result ($m)
CNPR pre-Aggregation (5 months)	Property NOI	217.4		218.8
	Services business net of overheads	(37.3)		(35.7)
Total NOI		**180.1**	**184.2**	**183.1**
CRF Financial Year (7 months)	Property NOI	190.7		191.6(1)
	Services business net of overheads	(29.0)		(25.6)(2)
Total NOI		**161.7**	**167.6**	**166.0**

(1) Amount extracted from Segment Income Statement as per Note 5 of the Financial Report.
(2) Services business income per the Segment Income Statement as per Note 5 of the Financial Report, adjusted for RE fees, performance fees, internal property management fees, 50% of strategic review consultant costs and STI performance above target amounts.

As the 'target' objective was exceeded for both CNPR Group and CRF, a calculation has been made to determine, given the position of the actual result along the continuum between target and maximum, how this translates as a percentage of the maximum opportunity available for the STI opportunity tied to the company financial component.

Reflecting the combination of the results for CNPR Group for the first five months of FY2012 (relative to the original CNPR budget) and those for CRF (relative to the CRF Disclosure Document, with adjustments as previously set out) the Board determined that the company financial component should be paid at 86.2% of maximum.

As reflected in Table 3, the combination of a 'shared' company financial result, and personal objectives which were also, in a number of cases, shared by Executive KMP, has resulted in a 'clustering' of STI awards when expressed as a percentage of maximum.

In future years, whilst it is expected that a shared company financial goal may still apply, personal objectives may be more 'individualised', potentially resulting in a less clustered profile of results.

STI awards for Executive KMP

STI payments tied to performance across both the pre Aggregation period and the CRF Financial Period (or for a shorter period, where the executive commenced after 1 July 2011, or ended their employment prior to 30 June 2012) are set out in Table 3 on page 62.

DIRECTORS' REPORT

Table 3: STI opportunities and outcomes for FY2012

Executive KMP	STI target as % of TFR	Maximum STI opportunity as % of TFR	Actual STI awarded $(1)	% of maximum STI opportunity awarded(2)
CURRENT EXECUTIVE KMP				
Steven Sewell	100%	150%	458,705	96%
Michael Benett	50%	75%	263,150	78%
Gerard Condon	50%	75%	280,640	75%
Dimitri Kiriacoulacos	50%	75%	364,450	86%
Marlon Teperson	50%	75%	89,190	82%
Mark Wilson	50%	75%	455,100	87%
FORMER EXECUTIVE KMP				
Robert Tsenin	75%	150%	1,445,766	90%
Chris Nunn	50%	75%	249,230	56%

(1) The STI payments for Messrs Tsenin, Sewell and Teperson have been pro-rated to reflect their specific periods of employment during the period.
(2) The proportion of maximum STI opportunity that was not awarded lapsed on the vesting date.

LTI – GRANTS MADE IN FY2012

Objective
This section addresses LTI grants made to Executive KMP in FY2012. These have been made to ensure that Securityholder and executive interests are aligned, and to retain and incentivise executives over the longer term.

Participation
All Executive KMP, members of the Executive Committee and other nominated senior employees.

Definition/equity instrument
The FY2012 LTI offer consisted of a grant of performance rights by CRF to Executive KMP under the CRF Long Term Incentive Plan (the Plan). Each performance right provides the participant with the right to receive one CRF stapled security at a future time for nil consideration, subject to the achievement of agreed performance hurdles as set out below.

FY2012 LTI opportunity
The table below indicates the value of the grants, expressed as a percentage of TFR, made under the FY2012 LTI Offer to Executive KMP. Whilst these grants were made as part of the total remuneration opportunity for FY2012, the actual offers could not be provided to executives until Aggregation had been completed and CRF listed on the ASX.

Table 4: Value of FY2012 LTI grants as a percentage of TFR

Executive KMP(1)	LTI grant value as a percentage of TFR
Steven Sewell	120%
Michael Benett	65%
Gerard Condon	65%
Dimitri Kiriacoulacos	50%
Mark Wilson	80%

(1) Due to Marlon Teperson's commencement date (16 April 2012) he did not receive a FY2012 LTI Offer. He will participate in the FY2013 LTI Offer.

LTI – GRANTS MADE IN FY2012

Performance period	Going forward, it is intended that the LTI performance period will cover a period of a minimum of three complete financial years. However, as CRF securities commenced trading on the ASX from 5 December 2011, the performance period for the FY2012 grant will be 5 December 2011 to 30 June 2014, being two years and seven months.
Performance hurdles	Allocations of performance rights will be tested against two performance hurdles: 50% of each grant will be tied to the achievement of a relative TSR performance hurdle, and 50% will be tied to the achievement of an underlying earnings per share (EPS) performance hurdle. Each hurdle will be measured independently at the end of the performance period.
Rationale for performance hurdles	The Board adopted relative TSR as an externally focused performance measure on the basis that it is transparent and aligns remuneration with CRF's long-term performance relative to CRF's nominated peer group. Underlying EPS was adopted as the internally focused measure. Underlying EPS is a key driver of CRF's capacity to pay distributions, which is typically a primary objective for investors in the S&P/ASX 200 A-REIT Index.
Relative TSR	The relative TSR performance hurdle applies to 50% of the FY 2012 LTI grant. Relative TSR measures the performance of an ordinary CRF stapled security (including the value of any cash dividends, distributions and other Securityholder benefits paid during the performance period) relative to the other companies in the comparator group over the same period. The Board has decided that an appropriate comparator group for the relative TSR performance hurdle is the S&P/ASX 200 A-REIT Index. This index currently includes the following companies:

Abacus Property Group	Goodman Group
Australand Holdings Limited	GPT Group
BWP Trust	Investa Office Fund
CFS Retail Property Trust	Mirvac Group
Charter Hall Group	Stockland Corporation Limited
Charter Hall Retail REIT	Westfield Group
Commonwealth Property Office Fund	Westfield Retail Trust
Dexus Property Group	

Where appropriate, the Board has discretion to adjust the comparator group to take into account events such as takeovers, mergers or demergers that might occur in relation to one of the entities in the comparator group.

CRF's TSR performance will be calculated at the end of the performance period and measured against the TSR performance of members of the comparator group to assess CRF's relative TSR performance. The portion of an Executive KMP's performance rights that are subject to the relative TSR hurdle will vest in accordance with the following:

Relative TSR percentile ranking	Percentage of relative TSR performance rights that may vest
Less than the 50th percentile	0%
At the 50th percentile	50%
Greater than the 50th percentile, but less than the 75th percentile	Progressive pro-rata vesting from 50% to 100%, (i.e., on a straight line basis)
At the 75th percentile or greater	100% (i.e. maximum amount under the plan)

DIRECTORS' REPORT

LTI – GRANTS MADE IN FY2012

Underlying EPS

The underlying EPS performance hurdle applies to 50% of the potential 2012 LTI.

The EPS target is based on growth in Underlying EPS over the performance period, to be measured with reference to the Underlying EPS as per the PDS and Supplemental PDS at the time of CRF's establishment, adjusted to reflect the funding cost of the class action litigation settlement and the issue of securities in settlement of the Class Action True Up Securities (CATS).

Under the 2012 LTI grant, performance rights subject to the underlying EPS hurdle will vest in accordance with the following scale:

Percentage of Underlying EPS target achieved	Percentage of Underlying EPS performance rights to vest
98%	50%
99%	70%
100%	80%
101%	90%
102% and above	100%

In adopting the above EPS vesting scale for the FY 2012 LTI grant, with a component that triggers a partial vesting of rights when underlying EPS performance reaches 98% of target at the end of the performance period, the Board was mindful of a number of circumstances unique to the FY 2012 LTI grant. These included:

- the transitional environment of CRF and the challenges in forecasting an underlying EPS target for FY2014 at the point at which the new entity was only just established;
- a backdrop of significant uncertainty in the retail sector, created by external economic conditions and the growth of online retailing; and
- wanting to set stretch targets for management, notwithstanding the fact that CRF's business strategy was still in the early stages of formulation, at a time of declining sentiment within the industry.

The underlying EPS vesting scale for the FY 2012 LTI grant is a 'one off' arrangement adopted only for this grant. If underlying EPS is used again as a performance hurdle for the FY2013 LTI grant, it is expected that the vesting scale will require 100% of the applicable EPS target to be met before a partial vesting of the underlying EPS performance rights occurs.

CRF will disclose the actual EPS targets applicable to the FY 2012 LTI grant at the end of the applicable performance period.

Assessment of performance

In 'business as usual' circumstances, relative TSR will be calculated by an external advisor on the third anniversary of the allocation of the performance rights. However, for the FY 2012 LTI grant, the relative TSR calculations will cover the performance period between 5 December 2011 and 30 June 2014. The EPS target will be tested upon the Board's approval of the FY2014 audited accounts. The outcome of the test will be measured against the schedule disclosed.

Rights attaching to performance rights

Until the performance rights vest, an executive has no entitlement to receive dividends or distributions, no legal or beneficial interest in the underlying stapled securities, and no voting rights.

There is no retesting of the performance rights, and any performance rights that do not vest at the end of the performance period will lapse.

Forfeiture of performance rights

There are a number of circumstances in which executives' performance rights will not vest (i.e., other than failure to meet the performance hurdle thresholds). These include where an executive:

1. resigns, or is terminated for poor performance;
2. deals (or purports to deal) with their performance rights in contravention of the Plan Rules or Offer Letter; or
3. acts fraudulently or in a manner that brings the Group into disrepute or where convicted of an offence or has a judgement entered in connection with the affairs of the Group.

In the event of cessation for reasons such as redundancy, death, total and permanent disablement, retirement or separation by mutual agreement, a prorata amount of unvested performance rights will lapse based on the remaining performance period. The portion relating to the executive's completed service may still vest at the end of the performance period subject to meeting the performance measures under the Plan. The Board retains discretion to determine the treatment of an executive's performance rights upon cessation of employment.

The Plan Rules provide for a clawback where a material misstatement has occurred due to a participant's fraud, dishonesty or other breach of their obligations to the Group. The Plan Rules also give the Board discretion to re-evaluate the treatment of a participant's LTI securities where the participant's performance rights have vested as a result of someone else's fraud, dishonesty or non-compliance.

LTI – GRANTS MADE IN FY2012

Linking LTI outcomes with Group performance

As this is CRF's first financial year, CRF's long term performance remains to be seen. Similarly, as the FY2012 LTI grant is CRF's first grant, no performance rights will vest until the FY2012 LTI grant is tested in the second half of FY2014.

As required by the Corporations Act, Table 5 below sets out CRF's performance during the CRF Financial Year in Australian dollars (five year historical performance information not being available).

Table 5: CRF Group performance snapshot for FY2012

Opening security price ($)	Closing security price ($)	Security price appreciation (%)	Dividend per security declared(1) (cents)
1.70	1.98	16.47	6.50

(1) Dividend was paid on 28 August 2012.

Change of control

In the event of a change of control, the Board has discretion to determine the treatment of unvested performance rights. In making its determination, the Board will consider a number of factors it considers relevant, including performance against the performance conditions up to the date of the change of control event (the event), the portion of the performance period elapsed at the date of the event and the nature of the event.

Performance rights granted in FY2012

Performance rights granted in FY2012 are summarised in Table 6 below.

Table 6: 2012 LTI grants

Executive KMP	Performance condition(1)	Number of performance rights granted(2)	Grant date	Fair value per performance right at grant date(3)	Maximum value of rights(4) ($)
Steven Sewell	Relative TSR	420,234	5 April 2012	0.98	411,829
	EPS	420,233		1.60	672,373
Total		**840,467**			**1,084,202**
Michael Benett	Relative TSR	117,944	17 May 2012	1.01	119,123
	EPS	117,944		1.67	196,967
Total		**235,888**			**316,090**
Gerard Condon	Relative TSR	131,049	17 May 2012	1.01	132,360
	EPS	131,048		1.67	218,850
Total		**262,097**			**351,210**
Dimitri Kiriacoulacos	Relative TSR	113,912	17 May 2012	1.01	115,051
	EPS	113,911		1.67	190,231
Total		**227,823**			**305,282**
Mark Wilson	Relative TSR	225,807	17 May 2012	1.01	228,065
	EPS	225,806		1.67	377,096
Total		**451,613**			**605,161**

(1) Performance rights in this FY2012 grant are subject to performance from 5 December 2011 to 30 June 2014. This being the first year that CRF has made LTI grants, no performance rights vested in FY2012 and no performance rights were forfeited.

(2) The grants made to Executive KMP represented their full LTI entitlement for FY2012. The number of performance rights granted was calculated with reference to the fair value of the equity instruments; see further note 3 below.

(3) The fair value per performance right was calculated by independent consultants (KPMG) as at each of the grant dates identified above.

(4) The maximum value of the grant has been estimated based on the fair value per instrument as of the date of grant. The minimum total value of the grant is nil should none of the applicable performance conditions be met.

DIRECTORS' REPORT

LEGACY PLANS - LTI VESTING IN FY2012	
Background	This section provides commentary on the retention incentive arrangements granted to Executive KMP in previous financial years that have vested and been paid in FY2012. These grants were made by CNPR Group prior to Aggregation and the establishment of CRF.
Objective	As equity instruments could not be utilised by CNPR Group to provide meaningful long-term incentives to employees during the transition period prior to Aggregation, two cash based retention and incentive programs were implemented by CNPR (in addition to its STI plan). The purpose of these plans was to retain those executives considered critical to the achievement of the Group's restructuring and recapitalisation objectives. The plans were specific to the transition period, as detailed in CNPR's FY2011 Remuneration Report, and do not form part of CRF's remuneration framework going forward.
Long term compensation plan (LTCP)	The LTCP was a cash based retention incentive plan, paid in three tranches: January 2011, January 2012 and July 2012. The first and second tranches were fully funded by the CNPR Group as they related solely to the period prior to Aggregation. The third and final tranche was paid by CRF following the end of the CRF Financial Year, with 59% being reimbursed by CNPR in line with the service period of the third tranche relating to the CNPR Group period of ownership. These payments mark the completion of the LTCP. No further obligations are attributable to CRF beyond 30 June 2012.
Special bonus plan (SBP)	The SBP was a cash based plan with all payments finalised and paid to participating executives on 31 December 2011, other than in the case of a final payment of $560,000 to be made to Mark Wilson in November 2012, subject to his continuing employment at that time. The SBP was paid by CRF but fully funded by the CNPR Group. Other than the final payment to Mark Wilson, the SBP has now completed. CRF has expensed amounts in relation to the service period of Mark Wilson's final payment. In November 2012, CNPR Group will reimburse CRF in full.

Employment agreements

Remuneration and other terms of employment for Executive KMP are formalised in Executive Services Agreements. The key features of the employment arrangements for Executive KMP include:

- eligibility to participate in short term incentive and long term incentive plans;
- ongoing employment until terminated by either the Executive KMP member or CRF;
- the Executive KMP member may terminate their employment on six months' notice or immediately in the case of fundamental change;
- CRF may terminate on 12 months' notice or immediately in certain circumstances including serious misconduct or serious negligence in the performance of duties;
- CRF may make payments in lieu of all or part of the applicable notice period;
- the Executive KMP will receive up to12 months' Total Fixed Remuneration where they terminate for fundamental change; and
- treatment of incentives on termination will vary depending on the reason for termination, however, in most 'good leaver' scenarios short term and long term incentives will continue on foot (subject to satisfaction of the applicable performance conditions) and will lapse or be forfeited in 'bad leaver' scenarios.

CEO remuneration

During FY2012, Steven Sewell was appointed CRF CEO, commencing 22 February 2012. (Mr Sewell has subsequently been appointed CRF Managing Director on 20 July 2012). Mr Sewell succeeded Robert Tsenin, who was the Interim Chief Executive Officer and Managing Director from 1 December 2011 to 22 February 2012. Prior to this, Mr Tsenin was the Group Chief Executive Officer and Managing Director of CNPR Group from 1 March 2010. The key remuneration and employment conditions for Mr Sewell and Mr Tsenin are summarised below.

Steven Sewell

CRF Non-executive Directors sought independent external advice from KPMG regarding an appropriate remuneration package for the new CEO. The remuneration package was benchmarked against two comparator groups –

1. Primary comparator group - being a combination of S&P/ASX 200 A-REIT Index and specified real estate companies. These companies were selected on the basis that they operate in the same industry as CRF and are the most relevant in terms of CEO remuneration; and
2. Secondary comparator group - being the five ASX listed companies with market capitalisation immediately above and below the estimated market capitalisation of CRF (at the time of the analysis).

Mr Sewell's remuneration was structured to reflect a greater orientation toward longer-term, performance based reward.

DIRECTORS' REPORT

<table>
<tr><th>REMUNERATION COMPONENT</th><th>EXPLANATION</th></tr>
<tr><td>Executive Services Agreement</td><td>The Executive Services Agreement (the Agreement) has no fixed term. Under the terms of the Agreement, Mr Sewell is required to provide the Group with six months' notice upon resignation. The Group may provide 12 months' notice where it terminates employment. The Group is entitled to pay Mr Sewell in lieu of part or all of the applicable notice period.</td></tr>
<tr><td>Total fixed remuneration (TFR)</td><td>Mr Sewell receives a TFR of $900,000 per annum, which includes the Group's contributions to his nominated superannuation fund of at least the minimum statutory amount.</td></tr>
<tr><td>STI</td><td>Mr Sewell has an STI opportunity of between 100% of TFR (for target performance) to a maximum of 150% (where a stretch level of performance is achieved). Payment of the STI is subject to the achievement of company financial and non-financial objectives set by the Board and specific to the CEO role. Mr Sewell's FY2012 STI is pro-rated to reflect his period of service. Detailed below (in Table 7) are the objectives set for Mr Sewell for the FY2012 performance period and results achieved as assessed by the CRF Chairman and Board.
Table 7: Mr Sewell's STI grant for FY2012
<table>
<tr><th>Objective & Weighting</th><th>Measure</th><th>Why chosen</th><th>Result as assessed by the Board</th></tr>
<tr><td>Leadership & Organisation (33.33%)</td><td>Lead and manage an effective and engaged leadership team to ensure CRF delivers on targets.
Review organisational effectiveness, including structure, culture, brand, and systems.</td><td>A highly effective leadership team and optimal organisational structure is critical to ensuring CRF is well positioned to deliver on its critical initiatives.</td><td>Exceeded – 'stretch' level of performance achieved.</td></tr>
<tr><td>Financial (33.33%)</td><td>Achieve operating metrics (including distributions per security and underlying earnings) and cash flows, as per CRF's operating plan in the disclosure document.
Develop and implement an effective capital management strategy;
Execute and complete the joint venture transaction of three assets.</td><td>Securityholder value and confidence will be maximised if the PDS targets are met.</td><td>Consistent with other Executive KMP, the Board has determined this component will be awarded at 86.2% of the maximum.</td></tr>
<tr><td>Strategic (33.33%)</td><td>Lead the corporate strategy review.
Deliver a vision, strategy, structure and business plan that delivers an improvement in portfolio and operational performance.</td><td>Achieving these will ensure that CRF is positively regarded as an investment and employer of choice, with a clear vision, strategy and business plan.</td><td>Exceeded – 'stretch' level of performance achieved</td></tr>
</table></td></tr>
<tr><td>LTI</td><td>An initial grant for FY 2012 of performance rights to the value of $1.08 million or 120% of TFR, subject to the satisfaction of performance conditions as described in Section 4.</td></tr>
<tr><td>Sign-on bonus</td><td>$350,000 paid at commencement. Should Mr Sewell leave within 12 months of commencing employment or should his employment be terminated by the Group in the first 12 months of the employment, he will be liable to repay $150,000 of the sign-on bonus, less the amount of taxation withheld from that portion. The sign-on bonus was provided to Mr Sewell to compensate him for a combination of STI and LTI foregone when he resigned from his previous employer.</td></tr>
<tr><td>Relocation allowance</td><td>$100,000 each year for the first two years of employment.</td></tr>
</table>

Robert Tsenin

REMUNERATION COMPONENT	EXPLANATION
Executive Services Agreement	Following the end of Mr Tsenin's fixed - term contract with CNPR Group, he was appointed as Interim CEO of CRF on a fixed term from 14 December 2011 to 30 June 2012, or earlier, in the event of the appointment of a permanent CEO. Following the announcement of Mr Sewell's appointment as permanent CEO, it was agreed with Mr Tsenin that his employment with CRF would end, on 29 February 2012.
Total fixed remuneration	$1,510,000 per annum plus a living away from home allowance of $90,000 per annum.
STI	Between 75% and 150% of total fixed remuneration, paid in February 2012 and pro-rated to reflect the period of fixed term employment. Mr Tsenin received an STI payment of $444,200 reflecting his performance against the agreed financial and non-financial objectives for the performance period from 14 December 2011 to 29 February 2012. Detailed below (in Table 8) are the objectives and results achieved by Mr Tsenin (as assessed by the Board) for the subject period.

Table 8: Mr Tsenin's CRF Financial Year STI grant.

Objective & Weighting	Measure	Why chosen	Result as assessed by the Board
Leadership (33.33%)	Leadership of an effective and engaged management team.	To ensure that the new CEO has a committed and engaged management team to work with in the period following his commencement.	Exceeded the expected level of performance.
Financial (33.33%)	To achieve the forecast result as detailed in the CRF PDS and Supplemental PDS.	To focus the CEO on the achievement of the PDS targets, the achievement of which would enhance investor confidence at the end of the first CRF financial year.	Based on the year to date results at the time of Mr Tsenin's departure, and the short period that had elapsed following Aggregation, the Board determined that an 'on target' level of performance was achieved.
Strategic (33.33%)	Meaningful engagement with all relevant stakeholders to ensure a positive launch of CRF.	To ensure that CRF is positively regarded by all stakeholders and meets all governance and regulatory requirements.	Exceeded the expected level of performance.

Termination payment	With the appointment of Mr Sewell as CEO, it was agreed with Mr Tsenin that his employment would end on 29 February 2012. A termination payment of $516,669 was paid to Mr Tsenin for the period from 1 March 2012 to 30 June 2012, being the remainder of the period covered by the interim employment agreement. This amount was paid by CRF and reimbursed in full by CNPR.

Total remuneration

Table 9: Total Executive KMP Remuneration for FY2012.

In the interests of transparency, Table 9 below details remuneration expenses for Executive KMP over the full 12 month period up to 30 June 2012. The amounts disclosed therefore relate both to the Executive KMP's employment with:

1. CNPR Group, during the Pre-Aggregation Period (1 July to 30 November 2011) and expensed by CNPR (voluntary disclosure);
2. CRF, during the CRF Financial year (1 December 2011 to 30 June 2012);

All other disclosures in this Remuneration Report relate to CRF only, unless expressly stated otherwise.

DIRECTORS' REPORT

Executive KMP	Period	Short term benefits Base Salary ($)	STI[1] ($)	Non-monetary[2] ($)	Other[3] ($)
Steven Sewell	CRF	315,147	458,705	546	391,667
	CNPR	-	-	-	-
	Total	**315,147**	**458,705**	**546**	**391,667**
Michael Benett	CRF	253,297	153,504	1,914	-
	CNPR	173,427	109,646	1,367	-
	Total	**426,724**	**263,150**	**3,281**	**-**
Gerard Condon	CRF	265,307	163,707	13,831	-
	CNPR	177,860	116,933	20,975	-
	Total	**443,167**	**280,640**	**34,806**	**-**
Dimitri Kiriacoulacos	CRF	320,381	212,596	3,801	-
	CNPR	208,593	151,854	2,715	-
	Total	**528,974**	**364,450**	**6,516**	**-**
Chris Nunn	CRF	271,865	145,384	1,310	-
	CNPR	212,988	103,846	9,147	-
	Total	**484,853**	**249,230**	**10,457**	**-**
Marlon Teperson	CRF	142,985	89,190	273	599
	CNPR	-	-	-	-
	Total	**142,985**	**89,190**	**273**	**599**
Mark Wilson	CRF	398,423	265,475	5,036	-
	CNPR	251,047	189,625	3,597	-
	Total	**649,470**	**455,100**	**8,633**	**-**
Robert Tsenin	CRF	373,556	444,200	29,532	-
	CNPR	622,593	1,001,566	43,411	-
	Total	**996,149**	**1,445,766**	**72,943**	**-**
Totals	**CRF**	**2,340,961**	**1,932,761**	**56,243**	**392,266**
	CNPR	**1,646,508**	**1,673,470**	**81,212**	**-**
CRF & CNPR combined total		**3,987,469**	**3,606,231**	**137,455**	**392,266**

Notes

(1) STI awards are to be paid in late August or early September 2012 (following Board approval of the audited FY2012 accounts). The CRF component relates to performance from 1 December 2011 to 30 June 2012, whilst the CNPR Group performance relates to performance for the period from 1 July 2011 to 30 November 2011.

(2) Non-monetary includes motor vehicles and other non cash fringe benefits (including the value of death and total permanent disability insurance premiums paid by CRF and CNPR on behalf of the KMP).

(3) Other includes relocation allowances and/or reimbursements, and, in the case of Mr Sewell, a sign on bonus paid on commencement and a relocation allowance.

(4) Further details regarding the historical cash based LTCP can be found on page 66. This was a 'legacy' plan put in place prior to Aggregation. Payment of the first tranche of the historical LTCP was made prior to Aggregation and funded by CNPR. The second tranche, expensed in CNPR in FY2011 was paid in January 2012. The third and final tranche (which vested as at 30 June 2012) was paid by and partially funded by CRF in July 2012 (7 months). This completed CRF's obligations to make payments to executives under this historical plan.

(5) Leave entitlements reflect long service leave accrued for the period.

(6) Further details regarding the historical Special Bonus Plan can be found on page 66 of this Report. All grants under this plan have been funded by CNPR.

(7) In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of the equity compensation granted or outstanding during the year (i.e., performance rights awarded under the LTI plan that remained unvested as at 30 June 2012). The fair value of the equity instruments is determined as at the grant date and is progressively allocated over the vesting period. This amount included as remuneration is not related to or indicative of the benefit (if any) that Executive KMP may ultimately realise should the performance rights vest. The fair value of the performance rights at the date of their grant has been determined in accordance with AASB 124 applying a Monte Carlo simulation valuation method.

Other long term benefits			Share based payments	Post employment		
Cash based LTCP[4] ($)	Leave entitlements[5] ($)	Special Bonus Plan[6] ($)	Performance rights[7] ($)	Superannuation contributions ($)	Termination payments ($)	Total
-	-	-	244,003	5,259	-	**1,415,327**
-	-	-	-	-	-	**-**
-	**-**	**-**	**244,003**	**5,259**	**-**	**1,415,327**
70,984	4,221	-	71,137	9,203	-	**564,260**
50,703	9,009	92,308	-	6,573	-	**443,033**
121,687	**13,230**	**92,308**	**71,137**	**15,776**	**-**	**1,007,293**
76,247	4,706	-	79,041	12,703	-	**615,542**
54,462	18,959	99,231	-	8,073	-	**496,493**
130,709	**23,665**	**99,231**	**79,041**	**20,776**	**-**	**1,112,035**
65,660	-	-	68,705	9,203	-	**680,346**
46,900	-	103,846	-	6,573	-	**520,481**
112,560	**-**	**103,846**	**68,705**	**15,776**	**-**	**1,200,827**
96,837	-	-	-	23,108	552,729	**1,091,233**
69,169	-	126,923	-	19,291	-	**541,364**
166,006	**-**	**126,923**	**-**	**42,399**	**552,729**	**1,632,597**
-	-	-	-	2,629	-	**235,676**
-	-	-	-	-	-	**-**
-	**-**	**-**	**-**	**2,629**	**-**	**235,676**
94,694	25,893	326,667	136,193	9,911	-	**1,262,292**
67,639	14,595	350,000	-	7,286	-	**883,789**
162,333	**40,488**	**676,667**	**136,193**	**17,197**	**-**	**2,146,081**
-	-	-	-	14,606	516,699	**1,378,593**
1,375,000	-	-	-	6,573	-	**3,049,143**
1,375,000	**-**	**-**	**-**	**21,179**	**516,699**	**4,427,736**
404,422	**34,820**	**326,667**	**599,079**	**86,622**	**1,069,428**	**7,243,269**
1,663,873	**42,563**	**772,308**	**-**	**54,369**	**-**	**5,934,303**
2,068,295	**77,383**	**1,098,975**	**599,079**	**140,991**	**1,069,428**	**13,177,572**

SECTION 5
NON-EXECUTIVE DIRECTORS

Remuneration philosophy

The table below details the remuneration philosophy for Non-executive Directors (NEDs) of CRF and provides an overview of the key components of their remuneration.

PHILOSOPHY	EXPLANATIONS
Securing and retaining talented and qualified directors	Fee levels are set with regard to: ▪ time commitment and workload; ▪ the risk and responsibility attached to the role; and ▪ external market benchmarking. Non-executive Director and Committee fees are positioned between the median and 75th percentile of the primary comparator group. Further detail regarding external market benchmarking is provided below.
Promoting independence and impartiality	No element of Non-executive Director remuneration is 'at risk'; i.e., it is not based on the performance of CRF.
Aggregate Board and Committee fees are approved by Securityholders	The current fee pool of $2.25 million was endorsed by CRL Securityholders in November 2011. No increase to the Non-executive Director fee pool will be sought for FY2013.

Board and Committee fees

Prior to the establishment of CRF, the Remuneration Committees of CNPR Group and Centro Retail Group engaged KPMG to undertake a benchmarking analysis of NED fees in the external market. This analysis informed the CRF NED fee structure for FY2012.

The review included comparisons of NED fees against two comparator groups:

- Primary comparator group – being a combination of S&P/ASX 200 A-REIT Index and specified real estate companies. These companies were selected on the basis that they operate in the same industry as CRF and are the most relevant in terms of Director fees; and
- Secondary comparator group – being the five ASX listed companies with market capitalisation immediately above and below the estimated market capitalisation of CRF. Although this comparator group included data from a wide variety of industries, it provided a broad overview and additional check having regard for company size.

Based on the external benchmarking analysis, CRF Board and Committee fees (inclusive of company superannuation contributions) were established as detailed in the table below:

BOARD/COMMITTEE	ROLE	FY2012 FEES ($)
Board	Chairman	450,000
	Non-executive Director	160,000
Audit & Risk Committee	Chairman	40,000
	Non-executive Director	20,000
Remuneration and HR Committee	Chairman	35,000
	Non-executive Director	20,000

The Chairman of the Board receives no further remuneration for Committee membership, although he may attend other Committee meetings.

On occasions, NEDs may sit on other committees of the Board. In these instances they may receive additional fees. During FY2012, no payments for membership of ad hoc Committees were made.

NEDs are entitled to be reimbursed for all business related expenses, including travel on company business, as may be incurred in the discharge of their duties.

Board and Committee fees

Remuneration outcomes for the NEDs for FY2012 are set out below:

Non-executive Director		Short-term benefits				Post-employment benefits[4]	Total fees
		Fees ($)	Committee fees ($)	Special payments[5] ($)	Non-monetary benefits ($)	Superannuation contributions ($)	($)
CURRENT NON-EXECUTIVE DIRECTORS							
Bob Edgar	FY2011	-	-	-	-	-	**-**
	FY2012	238,823	-	-	-	9,203	**248,026**
Clive Appleton	FY2011	-	-	-	-	-	**-**
	FY2012	80,169	16,750	-	-	8,363	**105,282**
Peter Day[(1)(3)]	FY2011	360,850	-	-	-	15,200	**376,050**
	FY2012	243,952	8,210	100,000	-	15,233	**367,395**
Timothy Hammon	FY2011	-	-	-	-	-	**-**
	FY2012	80,169	8,210	-	-	7,954	**96,333**
Charles Macek	FY2011	-	-	-	-	-	**-**
	FY2012	80,169	14,513	-	-	8,363	**103,045**
Fraser MacKenzie[(2)(3)]	FY2011	115,000	34,000	-	-	13,050	**162,050**
	FY2012	97,321	30,404	50,000	-	49,028	**226,753**
Debra Stirling	FY2011	-	-	-	-	-	**-**
	FY2012	80,169	16,750	-	-	8,363	**105,282**
Sub Total	**FY2011**	**475,850**	**34,000**	**-**	**-**	**28,250**	**538,100**
	FY2012	**900,772**	**94,837**	**150,000**	**-**	**106,507**	**1,252,116**
FORMER NON-EXECUTIVE DIRECTORS[(3)]							
William Bowness	FY2011	115,000	29,500	-	-	12,645	**157,145**
	FY2012	52,340	11,606	50,000	-	5,755	**119,701**
Anna Buduls	FY2011	72,391	22,805	-	-	8,038	**103,234**
	FY2012	52,340	13,199	50,000	-	5,898	**121,437**
Paul Cooper	FY2011	115,000	11,500	-	-	11,385	**137,885**
	FY2012	52,340	5,234	50,000	-	5,182	**112,756**
Michael Humphris	FY2011	115,000	33,000	-	-	12,960	**160,960**
	FY2012	52,340	13,199	50,000	-	5,898	**121,437**
Sub Total	**FY2011**	**417,391**	**96,805**	**-**	**-**	**45,028**	**559,224**
	FY2012	**209,360**	**43,238**	**200,000**	**-**	**22,733**	**475,331**
Grand Total	**FY2011**	**893,241**	**130,805**	**-**	**-**	**73,278**	**1,097,324**
	FY2012	**1,110,132**	**138,075**	**350,000**	**-**	**129,240**	**1,727,447**

(1) Mr Day was Chairman of Centro Retail Group from 1 July to 14 December 2011 at which time he retired as Chairman, but remained a Non-executive Director. Fees earned from 1 July to 14 December 2011 and 15 December 2011 to 30 June 2012 totalled $171,395 and $96,000 respectively.

(2) Mr MacKenzie was a Non-executive Director of Centro Retail Group for the entire 2012 financial year. Fees earned from 1 July to 14 December 2011 and 15 December 2011 to 30 June 2012 totalled $71,933 and $104,820 respectively.

(3) Fees paid to Non-executive Directors of Centro Retail Group from 1 July 2011 to 14 December 2011 were reimbursed by CNPR Group to Centro Retail Group.

(4) Non-executive Directors receive no post-employment benefits other than statutory superannuation.

(5) Additional payments for special exertion required of Non-executive Directors, relating specifically to the Aggregation process.

DIRECTORS' REPORT

Other Board Fees

During 2012 Messrs Day, Hammon and MacKenzie were also remunerated in their capacity as Non-executive Directors of Centro MCS Manager Limited and Retail Responsible Entity Limited, which are 100% owned subsidiaries of CRF and act as responsible entity for various Centro managed funds. The table below discloses the fees paid during 2012, for their work as Non-executive Directors of these entities and the total fees they received, including the fees earned in their capacity as directors of CRF.

	Fees earned from Centro MCS Manager Limited (CMCS) and Retail Responsible Entity Limited (RREL)				
	Board fees ($)	Non-monetary benefits ($)	Superannuation contributions ($)	Total CRF fees ($)	Total board fees (CMCS, RREL and CRF) ($)
Peter Day	47,953	-	381	367,395	**415,729**
Timothy Hammon	37,312	-	381	96,333	**134,026**
Fraser MacKenzie	27,500	-	-	226,753	**254,253**

Non-audit Services

CRF may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are essential and will not compromise their independence.

Details of the amounts paid or payable to the auditor Ernst & Young for audit and non-audit services provided during the year are set out in Note 24 to the financial statements.

The Board has considered the non-audit services provided during the year and is satisfied these services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 10 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 75.

Rounding of Amounts to the Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with that class order, to the nearest thousand dollars or in certain cases, to the nearest dollar.

Signed in Melbourne on 28 August 2012 in accordance with a resolution of the Directors.

Bob Edgar
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Auditor's independence declaration to the directors of Centro Retail Limited

In relation to our audit of the financial report of Centro Retail Australia for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

B R Meehan
Partner
Melbourne
28 August 2012

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Centro Retail Limited and its Controlled Entities 30.06.12[1] $'000	30.06.11[2] $'000
REVENUE			
Property ownership revenue		286,731	-
Services revenue		16,126	-
Distribution revenue		7,420	-
Interest revenue		8,022	3
Total Revenue		**318,299**	**3**
Share of net profits of associates and joint venture partnerships accounted for using the equity method	11(b)	25,300	-
Fair value adjustment on financial assets at fair value through profit or loss	11(c)	(351)	-
Property revaluation increment for directly owned properties	11(d)	18,352	-
Other income		1,658	1,229
Borrowing costs	6	(93,986)	-
Direct property expenses		(75,203)	-
Employee benefits expenses	6	(34,907)	-
Other expenses from ordinary activities		(14,431)	(1,232)
Net movement on mark to market of derivatives		(21,764)	-
Movement in net assets attributable to puttable interests in consolidated finite life trusts		2,592	-
Discount on acquisition of puttable interests in consolidated finite life trusts		3,130	-
Fair value adjustment on Class Action True Up Securities	19	(203,261)	-
Stamp duty expenses		(55,806)	-
Settlement of class action and class action litigation defence costs		(94,158)	-
Net gain from capital transactions	7	14,648	-
Deferred debt costs written off as a result of capital transactions		(10,770)	-
LOSS BEFORE INCOME TAX EXPENSE		**(220,658)**	**-**
Income tax expense	8(a)	(2,239)	-
NET LOSS AFTER TAX		**(222,897)**	**-**
Net loss attributable to:			
Centro Retail Limited members		(25,554)	-
Other stapled entities of Centro Retail Australia		(197,343)	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL AUSTRALIA		**(222,897)**	**-**
Basic loss per share in Centro Retail Limited (cents)	21	(1.91)	-
Diluted loss per share in Centro Retail Limited (cents)	21	(1.91)	-
Basic loss per stapled security in Centro Retail Australia (cents)	21	(16.63)	-
Diluted loss per stapled security in Centro Retail Australia (cents)	21	(16.63)	-

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

(1) Results shown for the current period are primarily for seven months from 1 December 2011 to 30 June 2012. Refer to Note 1(c) for further details.

(2) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Centro Retail Limited and its Controlled Entities	
	30.06.12[1] $'000	30.06.11[2] $'000
NET LOSS	**(222,897)**	**-**
TOTAL COMPREHENSIVE LOSS	**(222,897)**	**-**
Total comprehensive loss attributable to:		
Centro Retail Limited members	(25,554)	-
Other stapled entities of Centro Retail Australia	(197,343)	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL AUSTRALIA	**(222,897)**	**-**

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

(1) Results shown for the current period are primarily for seven months from 1 December 2011 to 30 June 2012. Refer to Note 1(c) for further details.

(2) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

BALANCE SHEETS AS AT 30 JUNE 2012

		Centro Retail Limited and its Controlled Entities	
	Notes	30.06.12 $'000	30.06.11[1] $'000
CURRENT ASSETS			
Cash assets and cash equivalents		200,478	37
Receivables and other assets	10	127,397	19
Derivative financial instruments	15	551	-
Financial assets carried at fair value through profit or loss	11(c)	78,292	-
Total current assets		**406,718**	**56**
NON-CURRENT ASSETS			
Receivables and other assets	10	3,587	-
Investments accounted for using the equity method	11(b)	590,834	-
Financial assets carried at fair value through profit or loss	11(c)	192,254	-
Investment property	11(d)	3,701,041	-
Intangible assets	12	199,735	-
Plant and equipment		3,319	-
Total non-current assets		**4,690,770**	**-**
TOTAL ASSETS		**5,097,488**	**56**
CURRENT LIABILITIES			
Trade and other payables	13	165,926	56
Provisions	14	83,001	-
Interest bearing liabilities	16	140,111	-
Derivative financial instruments	15	3,565	-
Total current liabilities		**392,603**	**56**
NON-CURRENT LIABILITIES			
Provisions	14	4,541	-
Interest bearing liabilities	16	1,238,662	-
Derivative financial instruments	15	5,266	-
Puttable interests in consolidated finite life trusts	17	106,561	-
Deferred tax liability	8	2,239	-
Total non-current liabilities		**1,357,269**	**-**
TOTAL LIABILITIES		**1,749,872**	**56**
NET ASSETS		**3,347,616**	**-**

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

(1) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

BALANCE SHEETS AS AT 30 JUNE 2012 (CONTINUED)

		Centro Retail Limited and its Controlled Entities	
	Notes	**30.06.12 $'000**	**30.06.11[1] $'000**
EQUITY			
Equity attributable to members of Centro Retail Limited			
Contributed equity		-	-
Share based payment reserve		898	-
Accumulated losses		(25,554)	-
Total equity attributable to members of Centro Retail Limited		**(24,656)**	**-**
Equity attributable to other stapled entities of Centro Retail Australia			
Contributed equity	18	3,453,502	-
Class Action True Up Securities (CATS)	19	203,261	-
Accumulated losses		(284,491)	-
Total equity attributable to other members of Centro Retail Australia		**3,372,272**	**-**
Equity attributable to members of Centro Retail Australia:			
Centro Retail Limited members		(24,656)	-
Other stapled entities of Centro Retail Australia		3,372,272	-
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL AUSTRALIA		**3,347,616**	**-**

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

(1) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Centro Retail Limited and its Controlled Entities				
	Contributed equity $'000	Class Action True up Securities $'000	Accumulated losses $'000	Share base payment reserve $'000	Total $'000
AT 1 JULY 2010	-	-	-	-	-
Net loss for the year	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-
Total comprehensive loss(2)	-	-	-	-	-
At 30 June 2011(1)	**-**	**-**	**-**	**-**	**-**

	Centro Retail Limited and its Controlled Entities				
	Contributed equity $'000	Class Action True up Securities $'000	Accumulated losses $'000	Share base payment reserve $'000	Total $'000
AT 1 JULY 2011	-	-	-	-	-
Arising on Aggregation	3,453,502	-	-	-	3,453,502
Net loss for the year	-	-	(222,897)	-	(222,897)
Total comprehensive loss(3)	**-**	**-**	**(222,897)**	**-**	**(222,897)**
Recognition of CATS as equity(2)	-	203,261	-	-	203,261
Share based payment transactions	-	-	-	898	898
Distributions payable	-	-	(87,148)	-	(87,148)
At 30 June 2012	**3,453,502**	**203,261**	**(310,045)**	**898**	**3,347,616**

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

(1) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

(2) At 30 June 2012, the CATS have been presented under equity rather than under liabilities on the basis that they represent an obligation by CRF to issue a fixed number of its own securities. Refer to Note 19.

(3) For accounting purposes CRL is the identified parent of CRF. As a result, under AASB 127, CAWF, DHT and CRT are considered as non controlling interests. The analysis of total comprehensive loss between CRL and other stapled entities is as follows:

	30.06.12 $'000	30.06.11 $'000
Total comprehensive loss attributable to Centro Retail Limited	(25,554)	-
Total comprehensive loss attributable to other stapled entities of Centro Retail Australia	(197,343)	-
Total comprehensive loss	**(222,897)**	**-**

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Centro Retail Limited and its Controlled Entities 30.06.12[(1)] $'000	30.06.11[(2)] $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		316,454	1,169
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(127,775)	(1,202)
Distributions received from associates and managed investments		27,131	-
Interest and other income received		7,398	3
Interest paid/derivative settlements		(102,177)	-
Deferred debt costs paid		(6,409)	-
Settlement of class action and class action litigation defence costs		(94,158)	-
Net cash inflow/(outflow) from operating activities	**20**	**20,464**	**(30)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Arising on Aggregation	3	88,086	-
Net cash outflow on acquisition of syndicate	26	(24,050)	-
Proceeds from other investments		22,403	-
Payments for other investments/redemptions		(49,074)	-
Proceeds from disposal of property investments		789,175	-
Transaction costs paid on capital transactions		(4,970)	-
Payments for development of property investments		(35,792)	-
Stamp duty paid on Aggregation		(51,791)	-
Other stamp duty paid		(12,504)	-
Net cash inflow from investing activities		**721,483**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,636,474	-
Repayments of borrowings		(2,175,489)	-
Proceeds from related party borrowings		20,866	1
Acquisition of puttable interests in consolidated finite life trusts		(19,354)	-
Distributions paid to puttable interests in consolidated finite life trusts		(4,003)	-
Net cash (outflow)/inflow from financing activities		**(541,506)**	**1**
Net increase/(decrease) in cash and cash equivalents		**200,441**	**(29)**
Cash and cash equivalents at the beginning of the year		37	66
Cash and cash equivalents at 30 June		**200,478**	**37**

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

(1) Results shown for the current period are primarily for seven months from 1 December 2011 to 30 June 2012. Refer to Note 1(c) for further details.

(2) Comparatives represent those of Centro Retail Limited which was for the most part inactive in the prior year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements of the consolidated entities of Centro Retail Australia (the Group or CRF) consisting of Centro Retail Limited, Centro Retail Trust, Centro Australia Wholesale Fund and Centro DPF Holding Trust ("the Trust") and their controlled entities.

(a) Corporate Information

This financial report of CRF, comprising Centro Retail Limited and its controlled entities, for the year ended 30 June 2012 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 28 August 2012. The nature of the operations and principal activities of the Group are described in the Directors' Report.

(b) Statement of compliance with International Financial Reporting Standards

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

(c) Basis of Preparation of Financial Statements

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

CRF was formed by the stapling of Centro Retail Limited (the Company or CRL), Centro Retail Trust (CRT), Centro Australia Wholesale Fund (CAWF), Centro DPF Holding Trust (DHT) (collectively known as the Trusts) through schemes of arrangement that were approved by the Supreme Court of New South Wales on 1 December 2011 (the Aggregation).

The financial statements of CRF reflect the consolidation of CRL, CRT, CAWF, DHT, and their controlled entities. For the purposes of preparing the consolidated financial statements, CRL is identified as the parent entity of CRF as required by AASB 3R *Business Combinations* and AASB 127 *Separate Financial Statements*. As such, the comparatives shown are those of CRL. Prior to the formation of CRF, CRL was for the most part inactive and provided Directors' services to Centro Retail Trust.

The date of Aggregation for accounting purposes of CRF was 1 December 2011, being the date that the schemes were approved by the Supreme Court of New South Wales and when all the risks and rewards passed to CRF securityholders. Accordingly the financial report for the year ended 30 June 2012 comprises results and transactions of CRL (the Parent Company) for twelve months and those of the Trusts and their controlled entities, and the assets and liabilities acquired by CRL pursuant to the scheme of arrangement, for seven months period from 1 December 2011 to 30 June 2012.

The Articles of Association of the Company and the Constitutions of the Trusts ensure that shares in the Company and units in the Trusts are "stapled" together and are traded on the Australian Securities Exchange together, effectively as a "stapled security" (under the symbol CRF).

The Financial Report has been prepared on a going concern basis.

(i) Historical cost convention

These financial statements have been prepared on an historical cost basis, except for available-for-sale financial assets, certain financial assets and liabilities (including derivative instruments) and investment property which have all been recognised at fair value.

(ii) Significant accounting judgement and estimates

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

The Group has not elected to early adopt any new Australian Accounting Standards that have been issued but are not yet effective.

(iii) Presentation of members interests in CRT, CAWF and DHT

Under AASB 127, given that CRL is the parent of CRF, members' interests in CRT, CAWF and DHT are presented as non-controlling interests and described as other stapled entities of Centro Retail Australia, rather than as attributable to owners of the parent, representing the fact that CRT, CAWF and DHT are not owned by CRL, but by securityholders directly.

(d) Principles of consolidation

These Group financial statements comprise the consolidated accounts of Centro Retail Limited, Centro Retail Trust, Centro Australia Wholesale Fund, Centro DPF Holding Trust and their controlled entities as defined by AASB 127 *Consolidated and Separate Financial Statements*, with Centro Retail Limited identified as the parent for the Group.

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Where control of an entity is obtained during a financial year, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed and de-consolidated from the date that control ceased.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The effect of all transactions between entities in the Group is eliminated in full. Non-controlling interests in the results and equity of controlled entities are shown separately in the Income Statement and Balance Sheet respectively. Investments in subsidiaries are accounted for at cost by Centro Retail Limited. If the Group loses control of a subsidiary it:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(e) Investments in associates, joint ventures and jointly controlled assets

Investments in associates and joint ventures

Associates are those entities over which the Group exercises significant influence, but not control. Investments in joint ventures are those entities in which the Group has a contractual arrangement that establishes joint control over the economic activities of the entity.

Investments in associates are accounted for in the Group's financial statements using the equity method. Under the equity method, the Group's share of the post-acquisition profits or losses of associates is recognised in the consolidated Income Statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

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

Investments in jointly controlled assets

The Group recognises its share of the asset, classified as investment property. In addition, the Group recognises its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

(f) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from any goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed, for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operation or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred to the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

(g) Combination of businesses under common control

The Group accounts for combination of businesses under common control using the "pooling-of-interests" method. Under the pooling-of-interests method, the assets and liabilities contributed by entities under common control are transferred to the receiving entity at their carrying value at the date of transfer (although adjustments are recorded to achieve uniform accounting policies where necessary).

Specifically, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable accounting standards. No goodwill is recognised from the combination of businesses under common control. Any differences between the acquirer's cost of investment and the acquiree's equity is recognised directly in equity and presented separately within equity as a common control reserve. Non-controlling interests are measured as a proportionate share of the book values of the related assets and liabilities. Expenses of the combination are written off immediately in the income statement. Comparative amounts are not re-stated, rather comparative information is presented only from the date of the combination of businesses under common control.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. Revenue is recognised for the following activities:

(i) Property ownership revenue

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

(ii) Services revenue

- **Property, leasing and development management**

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

Fee revenue is recognised on an accruals basis as earned and when it can be reliably measured.

- **Funds management**

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

(iii) Distribution revenue

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

(iv) Interest revenue

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

(i) Income tax

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

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

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

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

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

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

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade and other debtors is reviewed on an ongoing basis. Debts which are individually known to be uncollectible are written off when identified. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(l) Trade and other payables

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

(m) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability. The increase in the provision arising from the passage of time is recognised in finance costs.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for annual leave are recognised as a provision for employee benefits and are measured based on the amounts expected to be paid when the liabilities are settled. Amounts due to be settled within twelve months of the reporting date are classified as current liabilities. Non accumulating sick leave is expensed as the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

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

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

(iii) Termination benefits

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

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

(n) Distributions

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

(o) Plant and Equipment

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

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

(p) Investment properties

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

Subsequent to initial recognition as assets, investment properties are revalued to fair value. Directors assess fair value of property investments at each reporting date and obtain independent valuations on a regular basis to assist in assessing fair value.

Changes in fair values are recorded in the Income Statement in the period in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

(q) Intangible assets

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

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is considered to have an indefinite life.

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

(r) Other financial assets and financial liabilities

(i) Classification

Subsequent to initial recognition, the Group classifies financial assets and financial liabilities into the following categories. The classification depends on the purpose for which the financial instruments were acquired.

Financial assets or financial liabilities at fair value through profit or loss

These include financial assets and financial liabilities that are held for trading purposes and those designated as financial assets or liabilities at fair value through profit or loss on initial recognition.

Financial assets that are held for trading include investments in listed and unlisted equity instruments.

Financial assets and financial liabilities designated at fair value through profit or loss at initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets and will be discounted to present value. Loans and receivables are included in receivables in the Balance Sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

(ii) Recognition and de-recognition

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

(iii) Subsequent measurement

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

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. The fair value of units or interests in unlisted property managed investment schemes is determined by reference to the fair value of the scheme's net assets, as advised by the relevant responsible entity at each reporting period.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

(v) Reassessment of presentation of financial instruments

The Group reassesses the presentation of its financial instruments as liability or equity, subsequent to initial recognition, whenever there is a change in circumstances that could result in a different presentation from liability to equity (or vice versa).

(s) Assets and disposal groups held for sale/discontinued operations

Non-current assets and disposal groups (Cash Generating Units (CGU's)) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale that are investment properties are stated at fair value. All other assets held for sale are stated at the lower of carrying value and fair value less costs to sell. Non-current assets classified as held for sale are presented separately from the other assets in the Balance Sheet.

A disposal group is a part of the Group's business that:

- it has disposed of or classified as held for sale and that represents a major line of its business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

The results of disposal groups are presented separately on the face of the Income Statement and the assets and liabilities are presented separately on the Balance Sheet. The comparative Income Statement is re-presented as if the disposal group had been discontinued from the start of the comparative year.

(t) 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. A change in the fair value of any derivative instrument that does not qualify for hedge accounting is immediately recognised in the Income Statement. No derivatives within the financial instruments are currently designated into a hedging relationship and therefore all movements in fair value have been taken to the Income Statement.

(u) Fair value estimation

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are valued at bid prices, while financial liabilities are valued at asking prices.

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

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

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

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

(v) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the reporting date.

(w) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the year of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed to the Income Statement using the effective interest rate method. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing funds. Other costs, for example, establishment fees incurred, are deferred on the Balance Sheet as deferred debt costs under interest bearing liabilities and amortised as part of borrowing costs using the effective interest rate method.

(x) Share-based payments

Certain executives were awarded with Group securities under the share-based Long Term Incentive (LTI) plan. The fair value of the securities granted is determined at the grant date and recognised as an expense in the Income Statement with a corresponding increase in the share based payment reserve component of equity, over the vesting period.

The fair value at grant date is determined using a recognised option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(y) Contributed equity

Ordinary stapled securities are classified as equity.

Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new stapled securities, preference units or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(z) Earnings per security

(i) Basic earnings per security

Basic earnings per security is determined by dividing the net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary securities or preference units, by the weighted average number of stapled securities and their equivalents outstanding during the reporting period, adjusted for bonus elements in securities issued during the year.

(ii) Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

(aa) Financial guarantee contracts

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

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

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

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

(ab) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

(ac) Puttable interests in consolidated finite life trusts

Puttable interests in consolidated finite life trusts represent those instruments which can be redeemed by the holder at the cessation of the trust and are essentially non-controlling interests in managed investment schemes consolidated by the Group.

(ad) Changes in accounting policies

CRF has adopted the following amendments to Australian Accounting Standards as of 1 July 2011:

(i) AASB 2010-6 Amendments to Australian Accounting Standards- Disclosures on transfers of financial assets and Amendments to AASB 7

The amendment enhances the disclosure requirements for transfers of financial assets and is intended to improve financial statement users' understanding of financial asset transfer transactions, including risks associated with the transferor. These amendments have no material effect on the amounts recognised or disclosures in the financial report.

(ii) AASB 124 Related party disclosures

The amendment simplifies the definition of a related party and clarifies whether the following relationships are related party:

- a subsidiary and an associate with the same investor as related parties of each other,
- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other and
- whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

The amendment also provides partial exemption from the disclosure requirements for government-related entities. These amendments have no material effect on the amounts recognised or disclosures in the financial report.

(iii) AASB 2010-5 Amendments to Australian Accounting Standards, AASB 2010-3 and AASB 2010-4 Amendments to Australian Accounting Standards arising from the annual improvements project

These pronouncements make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no material effect on the amounts recognised or disclosures in the financial report.

(iv) AASB 2009-12 Amendments to Australian Accounting Standards

This pronouncement is an amendment to AASB 8 and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no material effect on the amounts recognised or disclosures in the financial report.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. The Group's assessment of the impact of these new standards and interpretations that are relevant to the Group are set out below:

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

AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2015 and is available for early adoption. AASB 9 addresses the current classification and measurement models of financial assets in AASB 139 *Financial Instruments: Recognition and Measurement* with a new model. Under this new model, financial assets that are debt instruments with certain characteristics are measured at amortised cost. All other financial assets are measured at fair value. For equity instruments, an option is available to recognise all fair value changes in other comprehensive income.

These changes may impact the classification and measurement of financial assets held by the parent and the Group. The Group is still assessing the impacts of this standard.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

AASB 2010-7 is applicable for annual reporting periods beginning on or after 1 January 2015 and is available for early adoption. The amendment addresses the current measurement models of financial liabilities in AASB 139 *Financial Instruments: Recognition and Measurement*. Under the revised model, financial liabilities which are designated at Fair Value through Profit or Loss are required to have any credit value adjustments pass through other comprehensive income and there is no recycling of these adjustments to profit or loss on extinguishment.

The amendment is not expected to have a material impact on the financial statements.

(iii) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

AASB 2010-8 is applicable for annual reporting periods beginning on or after 1 January 2012 and is available for early adoption. The amendment addresses the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

The amendment is not expected to have a material impact on the financial statements of CRF as no income tax is payable by CRF provided the taxable income is fully distributed to securityholders or the securityholders become presently entitled to all the taxable income.

(iv) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

AASB 2011-4 is applicable for annual reporting periods beginning on or after 1 July 2013 and is not available for early adoption. The amendment deletes from AASB 124 *Related Party Disclosures*, individual key management personnel disclosure requirements for disclosing entities that are not companies.

(v) AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income

AASB 2011-9 is applicable for annual reporting periods beginning on or after 1 July 2012 and is available for early adoption. The amendment requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

The amendment is not expected to have a material impact on the net results or net assets of the Group.

(vi) AASB 10 Consolidated Financial Statements

AASB 10 is applicable for annual reporting periods beginning on or after 1 January 2013, and is available for early adoption under certain circumstances. AASB 10 replaces both AASB 127 *Consolidated Financial Statements* and AASB Interpretation 112 *Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

This standard may lead to some entities that are currently held as managed funds at fair value through profit or loss being consolidated into the Group's financial results when they are restated on application of this accounting standard. In assessing the impact of AASB 10 on the Group management is currently undertaking an analysis to determine:

1) **The amount of power the Group has over a Centro MCS Syndicate (Syndicate) and its ability to affect its returns through its power by analysing:**
   - the Group's equity interests, and the dispersion of interests held by external investors (the higher the Group's equity interests are, and the higher the dispersion of external investors' interest, the more power the Group is deemed to have);
   - the Group's powers as Responsible Entity (RE) and property manager of the syndicates;
   - The rights of other investors to remove the RE;
   - The Group's ability to vote its interests on key matters and how much the Group has been able to influence the voting in the past; and
   - Who appoints the directors of the RE.
2) **The amount of variable returns that CRF earns from the syndicates. This includes analysing the total fees and distributions earned from the syndicate compared to other investors.**

(vii) AASB 11 Joint Arrangements

AASB 11 replaces the recognition and measurement requirements of AASB 131 *Joint Ventures*. The standard is applicable for annual reporting periods beginning on or after 1 January 2013, and is available for early adoption under certain circumstances. AASB 11 clarifies the distinction between joint operations and joint ventures, and eliminates the option to use proportionate consolidation in accounting from joint ventures. Joint operations that give the joint venture parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations.

Based on preliminary analysis, the adoption of AASB 11 is not expected to have a material impact on the net assets or net results of CRF.

(viii) AASB 12 Disclosure of Interest in Other Entities

AASB 12 is applicable for annual reporting periods beginning on or after 1 January 2013, and is available for early adoption under certain circumstances. AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non controlling interests.

Additional disclosures are likely to be required on adoption of AASB 12; however there will be no impact on CRF's net assets or net results.

(ix) AASB 13 Fair Value Measurement

This standard is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. The amendment does not change when an entity is required to use fair value, but rather establishes a single source of guidance on how fair value is determined when fair value is required or permitted. AASB 13 also expands the disclosure requirements for all assets or liabilities recognised at fair value, including where disclosures of assets at fair value are required. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Based on preliminary analysis, other than additional disclosures on how fair value is determined, the adoption of AASB 13 is not expected to impact net assets or net results of the Group as the existing fair value methods used by the Group are consistent with the guidance under AASB 13.

(x) AASB 119 Employee Benefits

AASB 119 is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revises the method of calculating the return on plan assets and changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.

The adoption of AASB 119 will not have any impact on the net assets or net results of CRF.

(xi) Annual improvements to IFRS – 2009-2011 Cycle

This standard is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. The standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The Group is still assessing the impacts of this standard.

(af) Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars ($'000), or in certain cases, the nearest dollar.

2. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Group. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

a) Investment property values (refer Note 11(d))

Investment properties are carried at their fair value. Valuations are based on either an independent valuation or a Directors' valuation which is supported by the extrapolation of independent valuations on similar properties. Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Refer to Note 11(d) for further information regarding investment property valuations.

b) Fair value of financial instruments

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

c) Intangible assets (refer Note 12)

At 30 June 2012, the Group carries a value for goodwill of $199.7 million. The recoverable amount of the goodwill has been determined based on the fair value less costs to sell. The Directors believe that the value of the goodwill under the Implementation Agreement that was executed as part of the formation of CRF is the best estimation of fair value less costs to sell. As at 30 June 2012, this amount equals the carrying amount. Additionally, the Board has considered the requirements of fair value less costs to sell at 30 June 2012 and have determined no reasonably possible changes would give rise to impairment. Therefore, no impairment has been recognised.

d) Aggregation to form Centro Retail Australia (refer Note 3)

On 1 December 2011, the Supreme Court of New South Wales approved the schemes of arrangement necessary to effect the formation of CRF and lodged with the Australian Securities and Investments Commission (ASIC) on 2 December 2011. Trading of CRF securities commenced on 5 December 2011 on a deferred settlement basis. The legal Aggregation Implementation date was 14 December 2011.

(i) Parent company of CRF

In preparing the consolidated accounts of CRF, AASB 3 and AASB 127 requires a parent to be identified for CRF. Centro Retail Limited has been identified as the parent of CRF on the basis that the directors and management of CRF are employed by CRL and its subsidiaries, and the financial and operating policies of CRF are governed by CRL.

(ii) Date of Aggregation

For accounting purposes, the date of Aggregation was determined to be 1 December 2011. This was the date that all substantive conditions precedent under the Implementation Agreement to effect the formation of CRF through Aggregation were satisfied and when all the risks and rewards passed to CRF securityholders. The accounts of CRF therefore reflect the results of the accounting parent, CRL, for the year ended 30 June 2012, combined with the results of CRT, CAWF, DHT and their controlled entities from 1 December 2011 only.

(iii) Accounting for the formation of CRF as a common control transaction

The formation of CRF is a combination of businesses under common control because CRL and CRT (previously stapled as Centro Retail Trust or CER), CAWF and DHT were all controlled by the same party since 2008, and the control was not considered transitory.

The pooling of interest method has been applied in accounting for the formation of CRF. Had the formation of CRF been accounted for using the acquisition method, the financial position and financial result of CRF for the year ended 30 June 2012 would not be materially different to the financial position and financial result of CRF using the pooling of interest method adopted.

3. AGGREGATION TO FORM CENTRO RETAIL AUSTRALIA

On 1 December 2011, the Supreme Court of New South Wales approved the schemes of arrangement necessary to effect the formation of Centro Retail Australia (CRF). While the legal Aggregation implementation date was 14 December 2011, the accounting date of Aggregation is 1 December 2011 being the date that all requisite approvals had been obtained and all the risks and rewards passed to CRF securityholders.

CRF was formed by the stapling of CRL, CRT, CAWF and DHT as well as the acquisition of certain assets and liabilities, including the services business, from Centro Properties Group, and certain property and managed fund investments from Centro MCS Syndicates (the Aggregation). As discussed in Note 2(d), the pooling of interest method has been used to account for the formation of CRF which is a combination of businesses under common control. All the assets and liabilities were transferred at their carrying amounts at 1 December 2011. There was no difference between the consideration received or paid and the carrying amounts of assets transferred or received among the aggregating funds.

The carrying amount of the assets and liabilities of the entities aggregating to form CRF (excluding the parent CRL) on 1 December 2011 were as follows:

	01.12.11 $'000
ASSETS	
Cash assets and cash equivalents	88,086
Non-current assets classified as held for sale	113,669
Investments accounted for using the equity method	583,589
Financial assets carried at fair value through profit or loss	304,525
Investment property	4,194,190
Intangible assets	199,735
Other assets	193,076
Total assets	**5,676,870**
LIABILITIES	
Interest bearing liabilities	1,876,060
Puttable interests in consolidated finite life trusts	111,838
Other liabilities	235,470
Total liabilities	**2,223,368**
Net assets	**3,453,502**
Contributed equity	3,453,502
Total equity	**3,453,502**

4. PARENT ENTITY INFORMATION

(a) Parent entity

In preparing the consolidated accounts of CRF, AASB 3 and AASB 127 requires a parent to be identified for CRF. Centro Retail Limited has been identified as the parent of CRF on the basis that the directors and management of CRF are employed by Centro Retail Limited and its subsidiaries, and the financial and operating policies of CRF are governed by Centro Retail Limited.

(b) Financial information

The financial information presented below represents that of CRL only and is not comparable to the consolidated results of Centro Retail Limited, as presented in the Income Statement or Balance Sheet.

	Centro Retail Limited	
	30.06.12 $'000	**30.06.11 $'000**
INCOME STATEMENT INFORMATION		
Net loss attributable to members of the parent entity	(23,268)	-
COMPREHENSIVE INCOME INFORMATION		
Total comprehensive loss attributable to members of the parent entity	**(23,268)**	**-**
BALANCE SHEET INFORMATION		
Current assets	112,263	56
Total assets	398,707	56
Current liabilities	50,660	56
Total liabilities	421,077	56
Equity attributable to members of the parent entity:		
Contributed equity	-	-
Share based payment reserve	898	
Accumulated losses	(23,268)	-
	(22,370)	**-**

(c) Related party transactions

The Parent had the following transaction and balances with related parties during the year:

- Centro Retail Limited had related party loan receivable from syndicates for $107.8 million of which $15.2 million was impaired. The net balance of related party loan receivable is $92.6 million.
- Centro Retail Limited borrows from CRT, DHT and CAWF on an unsecured basis. The balance outstanding at 30 June 2012 is $370.4 million. The interest payable on the borrowings for the year ended 30 June 2012 is $21.1 million.
- Centro Retail Limited has amounts payable to its subsidiaries of $29.7 million.

As some of the above transactions and balances are with other entities that are consolidated in the Group, the effects of such related party transactions have been eliminated in the consolidated accounts of the Group.

(d) Guarantees

Centro Retail Limited is a guarantor under the syndicated debt facility held by CRL Finance Holdings Pty Ltd.

Centro Retail Limited is a party to the guarantee of $45 million entered into in relation to certain loan facilities of the Group.

Bank guarantees of $5 million each have been arranged by Centro Retail Limited in the name of Centro Retail Australia Limited and Centro MCS Manager Limited in order for these entities to meet their financial obligations under their Australia Financial Services Licences. Centro Retail Australia Limited and Centro MCS Manager Limited act as responsible entities for numerous listed funds and managed investment schemes.

(e) Contingent liabilities

With the exception of matters disclosed in Note 27, Centro Retail Limited does not have any contingent liabilities as at 30 June 2012. In 2011, there were contingent liabilities relating to the Class Action Litigation, which has been settled during the year.

(f) Contractual capital commitments

Centro Retail Limited does not have any contractual capital commitments as at 30 June 2012 (2011:$nil).

5. SEGMENT INFORMATION

AASB 8 *Operating Segments* requires a 'management approach' to identifying and presenting segment information, that is, segment information is presented on the same basis as that used for internal reporting purposes. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the Chief Operating Decision Maker or CODM) in assessing performance and in determining the allocation of resources. There are no comparatives as CRF commenced on 1 December 2011.

Operating segments

Operating segments have been identified as investment activities and services business activities as follows:

- **Investment activities**

  CRF has investments in direct ownership of properties in Australia as well as unlisted funds. The CODM reviews its investments based on its percentage ownership held irrespective of whether it controls the investment or not.

- **Services business activities**

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

The CODM monitors segment performance using segment income. Segment income for investment activities is the Group's percentage share of net operating income from properties, syndicates and other investments. The CODM also monitors the Group's performance using underlying earnings – which is consistent with the performance measure used in the Australian REIT sector. Underlying earnings is a financial measure which represents the profit/(loss) under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items. The inclusion of underlying earnings as a measure of profitability of Central Retail Australia provides investors with the same basis that is used internally for evaluating operating segment performance. Underlying earnings is used by the CODM and the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

Overheads comprise corporate office overhead costs incurred. Borrowing costs include interest expense on borrowings, interest income and amortisation of deferred debt costs. Both overheads and borrowings costs are not allocated to individual segments, but are included in order to arrive at underlying earnings and facilitate reconciliation to the Group's net loss for the year.

Accounting policies

The accounting policies used by the Group in reporting segment information are the same as those detailed in Note 1 to this report for the year ended 30 June 2012 except as detailed below.

Segment income

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

The segment information comprises seven months segment result for CRF. No comparatives are disclosed as this is the first segment report for CRF since its formation on 1 December 2011.

	Centro Retail Limited and its Controlled Entities
	30.06.12 $'000
SEGMENT INCOME STATEMENT	
Direct property investment income	191,567
Managed fund investment income	16,076
Investment income	**207,643**
Property management, development and leasing	7,407
Funds management	11,252
Services income	**18,659**
Total segment income	**226,302**
Overheads, net of recoveries	(23,697)
Depreciation and amortisation	(704)
Borrowing costs	(78,717)
Underlying earnings	**123,184**
Non-distributable items:	
Fair value adjustment on Class Action True Up Securities	(203,261)
Fair value adjustment on financial assets carried at fair value through profit or loss	(351)
Investment property revaluations(1)	23,571
Net gain from capital transactions	14,648
Deferred debt costs written off as a result of capital transactions	(10,770)
Discount on acquisition of puttable interests and syndicate investments	2,813
Net mark to market movements on derivatives	(21,965)
Settlement of class action and class action litigation defence costs	(94,158)
Stamp duty expenses	(55,806)
Deferred tax expense	(2,239)
Net profits in consolidated syndicates, net of declared distributions	3,684
Other non-distributable items	(2,247)
Net loss	**(222,897)**

(1) Includes revaluations of properties accounted for as equity accounted investments.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Reconciliation of total segment income to the Income Statement

The following is a reconciliation of total segment income to total revenue per the Income Statement. Segment income is the share of net operating income of investments properties and distributions received from managed fund investments. Therefore, to reconcile to total revenue per the income statement, we deduct the distributions received, intra-group revenues, add back expenses deducted in determining net operating income from properties and add back interest revenue not included in segment income, as shown below:

	Centro Retail Limited and its Controlled Entities
	30.06.12 $'000
Total segment income	**226,302**
Less:	
Net property income from equity accounted investments not shown in revenue per the income statement	(32,559)
Distribution income from consolidated managed fund investments included in managed fund investment income	(8,656)
Intra-group services income from consolidated managed funds eliminated on consolidation	(2,533)
Add:	
Revenue from consolidated direct property investments that are equity accounted in segment income	9,136
Net expenses directly attributable to direct property investments deducted in determining segment income	77,228
Property ownership revenue from consolidated managed fund investments	41,359
Interest revenue not included in segment income	8,022
Total revenue per income statement	**318,299**

Segment balance sheet

The CODM reviews the financial position of the Group using a balance sheet prepared under an alternative basis of preparation. This provides the CODM with a snapshot of CRF's actual economic interests in all of its investments, excluding interests held by external parties (classified as puttable interests) on a line by line basis.

The segment balance sheet is adjusted for the following items:

(a) Centro MCS Syndicate investments are recognised as "Managed fund investments" regardless of the level of ownership held by Centro Retail Australia. The investment value is calculated based on the ownership interest attributable to Centro Retail Australia multiplied by the net asset value per unit for each CMCS Syndicate.

(b) Investments held in joint ventures and associates are reported on a "look-through" or gross basis, to reflect the gross property value of the underlying investment property. Any borrowings and interest rate swap derivatives of the equity accounted investments are also grossed up and separately recorded on the balance sheet of Centro Retail Australia.

Set out below is the balance sheet of CRF prepared in accordance with Australian Accounting Standards together with the adjustments required to arrive at the segment balance sheet prepared on the alternative basis of presentation as reviewed by the CODM.

No comparatives are disclosed as this is the first segment report for CRF since its formation on 1 December 2011.

	Statutory basis	Reverse consolidation of CMCS Syndicates	Reverse eliminations of CMCS Syndicates	Recognise Equity Accounted Investments at Gross Values	Segment balance sheet
AS AT 30 JUNE 2012	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash	200,478	(17,287)	(809)	-	182,382
Non-current assets held for sale	-	-	-	-	-
Managed fund investments	78,292	-	-	-	78,292
Other	127,948	(9,001)	19,625	-	138,572
Total current assets	**406,718**	**(26,288)**	**18,816**	**-**	**399,246**
NON-CURRENT ASSETS					
Investment property	3,701,041	(579,150)	(90,520)	-	3,031,371
Equity accounted investments	590,834	(37,860)	68,320	151,678	772,972
Managed fund investments	192,254	-	216,728	-	408,982
Intangible assets	199,735	-	-	-	199,735
Other	6,906	-	(4)	(3,587)	3,315
Total non-current assets	**4,690,770**	**(617,010)**	**194,524**	**148,091**	**4,416,375**
Total assets	**5,097,488**	**(643,298)**	**213,340**	**148,091**	**4,815,621**
CURRENT LIABILITIES					
Borrowings	140,111	(49,189)	(14,350)	113,800	190,372
Other	252,492	(21,160)	9,766	677	241,775
Total current liabilities	**392,603**	**(70,349)**	**(4,584)**	**114,477**	**432,147**
NON-CURRENT LIABILITIES					
Borrowings	1,238,662	(247,553)	(91)	33,000	1,024,018
Puttable interests in consolidated finite life trusts	106,561	(106,561)	-	-	-
Other	12,046	(218,835)	218,015	614	11,840
Total non-current liabilities	**1,357,269**	**(572,949)**	**217,924**	**33,614**	**1,035,858**
Total liabilities	**1,749,872**	**(643,298)**	**213,340**	**148,091**	**1,468,005**
Net assets	**3,347,616**	**-**	**-**	**-**	**3,347,616**

6. LOSS BEFORE INCOME TAX EXPENSE

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Included in loss before income tax expense are:		
Borrowing costs:		
– Interest expense	87,058	-
– Amortisation of deferred borrowing costs	6,928	-
	93,986	**-**
Employee benefits expenses:		
– Salaries and wages	30,869	-
– Defined contribution superannuation expense	3,140	-
– Share-based payments expense	898	-
	34,907	**-**

7. NET GAIN FROM CAPITAL TRANSACTIONS

In December 2011, CRF sold Centro Newton which had a carrying amount of $37.8 million for $37.8 million. In January 2012 CRF sold Perth City Central and Centro Lansell which had a carrying amount of $28.5 million and $32.4 million for $28.5 million and $32.5 million respectively. In June 2012, CRF sold 50% of its interests in The Glen, Galleria and Colonnades which had a carrying amount of $667.7 million for $690.4 million. The gain recognised on all these transactions was $14.6 million analysed as follows:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Proceeds from asset sales	789,175	-
Less: Carrying value of assets sold	(766,425)	-
Less: Directly attributable costs	(8,102)	-
Net gain from capital transactions	**14,648**	**-**

8. INCOME TAX

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
(a) Income tax expense		
Current income tax expense	-	-
Deferred income tax expense	(2,239)	-
	(2,239)	**-**
(b) Numerical reconciliation of tax expense recognised in the Income Statement and tax expense per the statutory income tax rate		
A reconciliation between the tax expense and the product of accounting loss before tax multiplied by the Group's application income tax rate is as follows:		
Loss before income tax expense	(220,658)	-
Income tax benefit calculated at 30% (2011: 30%)	66,197	-
Effect of Trust losses not subject to income tax	(59,203)	-
Initial recognition of deferred tax liability as a result of income tax law changes	(8,993)	-
Permanent differences	(240)	-
Income tax expense	**(2,239)**	**-**
(c) Summary of deferred income tax (expense)/benefit		
The following is a summary of deferred income tax recognised:		
Deferred tax assets	6,279	-
Deferred tax liabilities	(8,518)	-
	(2,239)	**-**
The deferred tax liability balance comprises temporary differences attributable to:		
Accrued expenses	1,226	-
Provision for employee benefits	2,602	-
Tax losses	2,183	-
Accrued rollover and performance fee income	(7,735)	-
Deferred revenue	(515)	-
	(2,239)	**-**

(d) Unrecognised temporary differences

At 30 June 2012, there are no unrecognised temporary differences.

(e) Tax consolidation legislation

Centro Retail Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Centro Retail Limited, as the head entity in the tax consolidated group, accounts for its own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Centro Retail Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(f) Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group assessed the potential impact of these changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances as at 30 June 2012 (2011: $nil).

9. DISTRIBUTIONS

On 20 June 2012, the Directors declared a distribution of 6.5 cents for payment on 28 August 2012 to holders of stapled securities at the close of business on 29 June 2012. The details of the distribution are as follows:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
(a) Final distributions of 6.5 cents per stapled security comprising:		
Distribution from the Trusts of 6.5 cents (2011:$nil)	87,148	-
Distribution from the Company of nil cents (2011:$nil)	-	-
Distribution payable	**87,148**	**-**

	Centro Retail Limited and its Controlled Entities	
	30.06.12 %	**30.06.11 %**
(b) The components of the distribution are:		
Centro Retail Trust		
– Tax advantaged	100.00	-
– Taxable	-	-
	100.00	**-**
Centro Australia Wholesale Fund		
– Tax advantaged	100.00	-
– Taxable	-	-
	100.00	**-**
Centro DPF Holding Trust		
– Tax advantaged	-	-
– Taxable(1)	135.41	-
	135.41	**-**
Total		
– Tax advantaged	89.48	-
– Taxable	10.52	-
	100.00	**-**

(1) The taxable income of Centro DPF Holding Trust is greater than the cash distribution.

10. RECEIVABLES AND OTHER ASSETS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
CURRENT		
Trade receivables	13,864	19
Less: Impairment provision on trade receivables	(1,177)	-
Related party receivables[(1)]	26,267	-
Less: Impairment provision on related party trade receivables[(3)]	(1,214)	-
Prepayments	19,695	-
	57,435	**19**
Related party loans[(2)]	59,411	-
Less: Impairment provision on related party loans[(3)]	(15,231)	-
	44,180	**-**
Accrued rollover, performance, windup and deferred RE fees from related parties	25,782	-
Total current receivables and other assets	**127,397**	**19**
NON-CURRENT		
Other receivables	3,587	-
Total non-current receivables and other assets	**3,587**	**-**
Total receivables and other assets	**130,984**	**19**

(1) Related party receivables relate to outstanding Responsible Entity fees, fund management fees and other service fees that are outstanding from non-consolidated Centro MCS Syndicates at 30 June 2012. These trade receivables are provided on the same terms as trade receivables with non related parties.

(2) Related party loans owed by non consolidated Centro MCS Syndicates. These loans are provided at market interest rates, and callable on demand but providing reasonable notice. CRF has provided to the Centro MCS Syndicates with loans outstanding an undertaking to not call on these loans without first providing reasonable notice which CRF anticipates would not be less than 12 months from the signing date of the syndicates' 30 June 2012 financial statements, noting that this undertaking does not apply to the extent that any trigger event under an existing loan facility would allow for earlier repayment or the Responsible Entity of the syndicates being replaced during the period. Irrespective of the above undertaking, related party loans expected to be repaid within 12 months after the reporting date, based on individual Syndicate strategies, are classified as current.

(3) Impairment provisions on receivables and related party loans are made where there is objective evidence of the non-collectability of the receivable. It is the Group's policy to raise a provision for impairment on related party loans and receivables when the Loan-to-Value Ratio of the debtor exceeds 80%.

(a) Impairment provision

The Group has recognised a loss of $0.8 million (2011: $nil) in respect of impaired trade receivables during the year ended 30 June 2012. The loss has been included in 'other expense' in the Income Statement.

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

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Opening balance at the beginning of the year	-	-
Arising on aggregation	(17,911)	-
Provision for impairment recognised during the year	(799)	-
Receivables written off during the year against the provision	1,088	-
Closing balance	**(17,622)**	**-**
Comprises:		
Impairment provision on trade receivables	(1,177)	-
Impairment provision on related party receivables	(1,214)	-
Impairment provision on related party loans	(15,231)	-

(b) Past due but not impaired

The Group considers receivables that are over 30 days as past due. These related to a number of individual customers for whom there is no recent history of default.

The ageing analysis of trade receivables is as follows:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Less than 30 days (not past due)	10,494	-
Between 31 days and 90 days (past due)	965	-
Greater than 91 days (past due)	1,228	-
	12,687	**-**

The ageing analysis of loans and receivables from related parties is as follows:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Less than 30 days (not past due)	86,138	-
Between 31 days and 90 days (past due)	634	-
Greater than 91 days (past due)	11,830	-
	98,602	**-**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

11. INVESTMENTS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Included in the balance sheet as:		
Non-current assets classified as held for sale (11a)	-	-
Investments accounted for using the equity method (11b)	590,834	-
Financial assets carried at fair value through profit or loss (11c)	270,546	-
Investment property (11d)	3,701,041	-
	4,562,421	**-**

(a) Non-current assets held for sale

	Notes	30.06.12 $'000	30.06.11 $'000
Movements for the year of non-current assets held for sale:			
Opening balance at the beginning of the year		-	-
Arising on Aggregation	3	113,669	-
Transfer to investment property[1]	11(d)	(15,300)	-
Recognition of selling costs		381	-
Disposal during the year[2]		(98,750)	-
Closing balance		**-**	**-**

(1) Centro Woodlands is owned by Centro MCS 30 which is consolidated by CRF. After successful refinancing of their borrowings, the RE of the syndicate has decided to hold the investment property until the rollover date (31 August 2014) of the syndicate.
(2) The sale of Centro Newton was settled on 19 December 2011. The sale of Perth City Central and Centro Lansell were settled on 24 January 2012 and 31 January 2012 respectively.

(b) Investments accounted for using the equity method

		Centro Retail Limited and its Controlled Entities					
		Group entity interest		Carrying amount		Share of net profit	
	Valuation Type	30.06.12 %	30.06.11 %	30.06.12 $'000	30.06.11 $'000	30.06.12 $'000	30.06.11 $'000
Centro Bankstown[1]	Independent	50.0	-	285,000	-	17,390	-
Centro Roselands[1]	Independent	50.0	-	168,063	-	9,993	-
Perth City Central[4]	n/a	n/a	-	n/a	-	(206)	-
Centro Lutwyche[1]	Independent	50.0	-	26,000	-	(2,543)	-
Tuggeranong Hyperdome[3]	Independent	50.0	-	39,036	-	(3,683)	-
Victoria Gardens Shopping Centre[3]	Independent	50.0	-	54,135	-	5,481	-
Centro Emerald Village[2]	Directors	50.0	-	11,000	-	(1,132)	-
Centro Emerald Market[2]	Independent	50.0	-	7,600	-	-	-
				590,834	**-**	**25,300**	**-**

(1) 50% owned directly and 50% owned by a non-consolidated Centro MCS Syndicate.
(2) 50% owned through a consolidated Centro MCS Syndicate and 50% owned by a non-consolidated Centro MCS Syndicate.
(3) 50% owned directly and 50% owned by an external party.
(4) Investment was sold in January 2012.

		Centro Retail Limited and its Controlled Entities	
	Notes	30.06.12 $'000	30.06.11 $'000
Movements for the year for investments accounted for using the equity method:			
Opening balance at the beginning of the year		-	-
Arising on Aggregation	3	583,589	-
Share of net profits of equity accounted investments		25,300	-
Distribution of net income from equity accounted investments		(24,620)	-
Additional investment during the year		6,565	-
Closing balance		**590,834**	**-**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

(c) Financial assets carried at fair value through profit or loss

		Centro Retail Limited and its Controlled Entities	
	Notes	30.06.12 $'000	30.06.11 $'000
Centro MCS 4[(1)]		11,376	-
Centro MCS 5		12,977	-
Centro MCS 8[(1)]		68	-
Centro MCS 9		7,556	-
Centro MCS 10		6,640	-
Centro MCS 11[(1)]		5,387	-
Centro MCS 14		12,645	-
Centro MCS 15		7,903	-
Centro MCS 16[(1)]		1,930	-
Centro MCS 17[(1)]		87	-
Centro MCS 18		8,647	-
Centro MCS 19 UT		8,452	-
Centro MCS 19 N/ZI[(1)]		200	-
Centro MCS 20		3,447	-
Centro MCS 21[(1)]		48,188	-
Centro MCS 22[(1)]		6,579	-
Centro MCS 23[(1)]		4,477	-
Centro MCS 28		63,008	-
Centro MCS 33		32,701	-
Centro MCS 34		20,917	-
External investments		7,361	-
		270,546	**-**
Classified as follows:			
Current assets[(1)]		78,292	-
Non-current assets		192,254	-
		270,546	**-**
Movements for the year of financial assets carried at fair value through profit or loss:			
Opening balance at the beginning of the year		-	-
Arising on Aggregation	3	304,525	-
Fair value losses during the year arising on valuation of financial assets carried at fair value through profit or loss		(351)	-
Disposals		(3,245)	-
Return of capital during the year		(19,846)	-
Obtained control during the year and now consolidated		(10,537)	-
Closing balance		**270,546**	**-**

(1) The above investments carried at fair value through profit or loss are classified as current as the Responsible Entity of these investments has indicated its intention to wind-up the funds within the next twelve months.

(d) Investment property

	Valuation Type	Centro Retail Limited and its Controlled Entities 30.06.12 $'000	30.06.11 $'000
Centro Albany	Independent	26,800	-
Centro Albury[1]	Directors	54,800	-
Centro Armidale	Independent	38,800	-
Centro Arndale	Directors	100,546	-
Centro Box Hill South	Independent	105,000	-
Centro Buranda	Directors	34,300	-
Centro Brandon Park[1]	Directors	111,000	-
Centro Cranbourne	Independent	124,000	-
Centro Gladstone Home[1]	Directors	26,000	-
Centro Glenorchy[1]	Independent	19,000	-
Centro Goulburn	Directors	48,500	-
Centro Halls Head	Directors	28,000	-
Centro Indooroopilly[1]	Directors	43,800	-
Centro Karingal	Independent	182,000	-
Centro Karratha[2]	Independent	98,120	-
Centro Lavington	Directors	59,000	-
Centro Maddington[1]	Directors	93,500	-
Centro Mandurah	Independent	248,450	-
Centro Mildura	Directors	88,000	-
Centro Monier Village[1]	Directors	11,700	-
Centro Mornington	Directors	55,000	-
Centro Mount Gambier	Independent	29,000	-
Centro Nepean[1]	Directors	107,500	-
Centro North Shore	Independent	18,000	-
Centro Oakleigh[1]	Independent	43,000	-
Centro Oxenford[1]	Independent	22,800	-
Centro Raymond Terrace[1]	Independent	25,600	-
Centro Somerville	Independent	38,500	-
Centro Springwood	Independent	49,000	-
Centro Taigum	Independent	77,700	-
Centro Toombul	Independent	212,700	-
Centro Tweed	Directors	76,000	-
Centro Victoria Park	Independent	21,500	-
Centro Warnbro	Independent	51,300	-
Centro Warriewood	Independent	138,000	-
Centro Warrnambool	Independent	12,100	-
Centro Warwick	Directors	128,000	-
Centro Westside	Independent	35,000	-
Carried forward		2,682,016	-

(d) Investment property

	Valuation Type	Centro Retail Limited and its Controlled Entities 30.06.12 $'000	30.06.11 $'000
Brought forward		2,682,016	-
Centro Whitehorse (Box Hill North)	Independent	61,000	-
Centro Whitsundays	Directors	48,550	-
Centro Wodonga	Independent	44,000	-
Centro Woodlands(1)	Independent	14,450	-
Goldfields Plaza	Independent	20,700	-
Katherine Oasis Shopping Centre	Independent	25,200	-
Keilor Land	Independent	8,800	-
Sunshine Marketplace(1)	Independent	91,000	-
The Glen(3)	Directors	207,425	-
Galleria(3)	Directors	333,000	-
Colonnades(3)	Directors	150,000	-
Tweed Supermarket(1)	Independent	14,900	-
		3,701,041	**-**

(1) Owned through consolidated Centro MCS Syndicates.
(2) 50% owned directly and 50% owned through consolidated Centro MCS Syndicates.
(3) Represents CRF's 50% ownership in jointly controlled assets. The other 50% of the property is held by an external party.

	Notes	30.06.12 $'000	30.06.11 $'000
Movements for the year of investment property:			
Opening balance at the beginning of the year		-	-
Arising on Aggregation	3	4,194,190	-
Capital expenditure during the year		28,806	-
Transferred from non-current assets classified as held for sale	11(a)	15,300	-
Disposal of 50% interest to external parties		(667,697)	-
Property revaluation increment for directly owned properties		18,352	-
Straight-lining of rent adjustment		1,879	-
Tenant allowance amortisation		12	-
Acquired on acquisition of syndicate	26(b)	110,199	-
Closing balance		**3,701,041**	**-**

Investment property valuation basis

Investment properties are carried at fair value. Members of the Australian Property Institute were engaged to independently value the portfolio as indicated above as at 30 June 2012. The Board of Directors of Centro Retail Australia have reviewed these valuations and determined that they are appropriate to use as at 30 June 2012. Directors' valuations are based on the assumptions on growth rates, occupancy and capitalisation rates used in the independent valuations of similar properties, adjusted for any factors specific to the actual property.

A movement in the adopted property capitalisation rates of 0.25%, across the investment property portfolio would impact net assets by approximately $121.1 million and impact net tangible assets attributable to members of Centro Retail Limited by approximately $0.08 per stapled security.

12. INTANGIBLE ASSETS

	Notes	Centro Retail Limited and its Controlled Entities 30.06.12 $'000	30.06.11 $'000
Goodwill		199,735	-
Movements:			
Balance at the beginning of the year		-	-
Arising on Aggregation	3	199,735	-
Closing balance		**199,735**	**-**

Goodwill represents the value of the Services Business which provides property management, development, leasing and funds management services to the Group and various managed funds.

Impairment tests for intangible assets

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

	Centro Retail Limited and its Controlled Entities 30.06.12 $'000	30.06.11 $'000
Funds management	82,523	-
Property, leasing and development	117,212	-
Total	**199,735**	**-**

The recoverable amount of a CGU is determined as the higher of the value in use and fair value less costs to sell. CRF has determined the recoverable amount of a CGU based on fair value less costs to sell.

The Board believes that the value of the goodwill under the Implementation Agreement that was executed as part of the formation of CRF is the best estimation of fair value less costs to sell. As at 30 June 2012, this amount equals the carrying amount. Additionally, the Board has considered the requirements of fair value less costs to sell at 30 June 2012 and have determined no reasonably possible changes would give rise to impairment. Therefore, no impairment has been recognised.

13. TRADE AND OTHER PAYABLES

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
CURRENT		
Trade payables	10,733	56
Accrued expenses	51,245	-
Accrued interest	6,188	-
Distributions payable[1]	89,739	-
Other payables	8,021	-
Total trade and other payables	**165,926**	**56**

(1) Comprises distributions payable to CRF securityholders as per Note 9 and distributions payable to puttable interests in finite life trusts.

14. PROVISIONS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
CURRENT		
Employee benefits	4,134	-
Provision for stamp duty	78,867	
Total current provisions	**83,001**	**-**
NON-CURRENT		
Employee benefits – long service leave[1]	**4,541**	**-**
Total non-current provisions	**4,541**	**-**

(1) The provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The amount is presented as non-current because based on past experience, the Group does not expect all employees to take the full amount of the accrued long service leave or require payment within the next 12 months.

Movements in the provision for stamp duty

The movement in the provision for stamp duty during the year is set out below:

	30.06.12 $'000
Opening balance at the beginning of the year	-
Arising from Aggregation	88,484
Stamp duty provision provided	54,678
Stamp duty paid on Aggregation	(51,791)
Other stamp duty paid	(12,504)
Closing balance	**78,867**

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Derivative assets		
Interest rate swap contracts	551	-
Total derivative assets	**551**	**-**
Classified as follows:		
Current	551	-
Non-current	-	-
Derivative liabilities		
Interest rate swap contracts	8,831	-
Total derivative liabilities	**8,831**	**-**
Classified as follows:		
Current	3,565	-
Non-current	5,266	-

The majority of bank borrowings of the Group are at variable interest rates. To mitigate the interest rate risk arising from these variable interest rate borrowings, CRF has entered into a number of interest rate swaps. Refer to Note 25 Financial Risk Management for details on the use of derivatives and effectiveness in mitigating interest rate risk for the Group.

16. INTEREST BEARING LIABILITIES

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Interest bearing liabilities	1,390,887	-
Deferred debt costs(1)	(12,114)	-
Total interest bearing liabilities	**1,378,773**	**-**
Classified as follows:		
Current	140,111	-
Non-current	1,238,662	-
Total interest bearing liabilities	**1,378,773**	**-**

(1) Represents costs incurred and deferred on the Balance Sheet as deferred debt costs under interest bearing liabilities. These costs are amortised to the Income Statement as part of borrowing costs using the effective interest rate method.

(a) Financing arrangements

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
The Group has access to the following lines of credit:		
Total facilities available	1,874,426	-
Facilities utilised at the end of the year	1,390,887	-
Total facilities not utilised at the end of the year	**483,539**	**-**

(b) Defaults on debt obligations

At 30 June 2012, the Group had no defaults on debt obligations.

(c) Breaches of lending covenants

At 30 June 2012, the Group had no breaches of lending covenants.

(d) Assets pledged as security

Security provided is standard for loans of this nature including mortgages or real property, mortgages over shares and units in each property owner, fixed and floating charges and guarantees.

(e) Maturity profile of interest bearing liabilities

	Centro Retail Limited and its Controlled Entities				
	Less than 1 year $'000	1 to 3 years $'000	Greater than 3 years $'000	Total $'000	Carrying amount $'000
Interest bearing liabilities[(1)]	140,450	1,015,607	234,830	1,390,887	1,378,773

(1) Maturity profile excludes deferred debt costs.

(f) Hedging policy for interest rate risk

Centro Retail Australia's interest rate risk arises from the variable interest rate borrowings. Policies and limits are implemented in respect of the use of derivative instruments to hedge the cash flows subject to interest rate risks. The proportion of hedging reduces with term to maturity. CRF's hedging policy has been approved by the Board and is monitored by management. CRF's hedging policy does not permit derivatives to be entered into for speculative purposes.

(g) Interest rate risk sensitivity

The Group manages its cash flow interest rate risk exposure by using floating-to-fixed interest rate swaps. Under the terms of floating-to-fixed interest rate swaps, the Group agrees to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed notional principal amount.

As at the balance date, the Group (which includes consolidated Centro MCS Syndicates) had the following exposure to cash flow interest rate risk:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Total interest bearing liabilities	1,378,773	-
Add: Deferred debt costs	12,114	-
Less: Fixed rate borrowings	(371,300)	-
Variable rate borrowings	1,019,587	-
Less: Related party loan receivables at variable rate	(44,180)	-
Net variable rate borrowings exposed to cash flow interest rate risk	975,407	-
Less: Notional value of outstanding interest rate swap contracts	(696,828)	-
Net exposure to cash flow interest rate risk	**278,579**	**-**

Centro Retail Limited and its Controlled Entities' Sensitivity

While interest rates can move up or down, a parallel shift in the forward interest rate curve of +/- 25bps, assuming the net exposure remains unchanged for the next 12 months, will increase/decrease the Group's cash interest cost for the next 12 months by $0.7 million. This sensitivity analysis should not be considered a projection.

17. PUTTABLE INTERESTS IN CONSOLIDATED FINITE LIFE TRUSTS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Puttable interests in consolidated finite life trusts	106,561	-

Puttable interests in consolidated finite life trusts represent the non-controlling interest in managed investment schemes consolidated by the Group. It should be noted that the entitlement of these holders is solely to the residual equity of the individual trusts concerned, pari passu with the interest held by the Group.

18. CONTRIBUTED EQUITY

		Centro Retail Limited and its Controlled Entities	
	Note	**30.06.12 Number '000**	**30.06.11 Number '000**
Number of stapled securities issued:			
Opening balance at the beginning of the year		-	-
Arising on Aggregation		1,340,723	-
Closing balance		**1,340,723**	**-**
		30.06.12 $'000	**30.06.11 $'000**
Paid up capital			
– Ordinary	3	3,453,502	-

(a) Ordinary stapled securities

An ordinary stapled security comprises one share in Centro Retail Limited, and one unit in each of Centro Retail Trust, Centro Australia Wholesale Fund and Centro DPF Holding Trust. Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Group or Trusts in proportion to the number of securities held.

(b) Capital risk management

CRF's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders and to provide benefits to other stakeholders. Management also aims to maintain an optimal capital and funding structure that optimises the cost of capital available to CRF over the long term.

CRF is not subject to any externally imposed capital requirements.

CRF monitors capital on the basis of its Gearing Ratio, which is calculated off CRF's Segment Balance Sheet as total borrowings divided by total tangible assets. CRF intends to maintain its Gearing Ratio between 25% and 35%, which is considered reasonable for the business based on a number of factors such as the stage of the property cycle and capital markets. As at 30 June 2012, the Gearing Ratio for the Group was 26.3%.

19. CLASS ACTION TRUE UP SECURITIES

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Class Action True Up Securities (CATS)	**203,261**	-

A brief summary of the calculation associated with the CATS structure as well as explanation of the financial statements implications are set out below.

- At the time of the aggregation process leading to the formation of CRF concluded in December 2011, the potential liability arising from the CER Class Action Litigation was not known and was therefore not taken into account in CER's pre-aggregation balance sheet.
- No adjustment was made to the aggregation ratios to take into account this potential liability – CER contributed 32% of the net assets on aggregation and CER securityholders received 32% of the CRF securities, notwithstanding the CER Class Action Litigation.
- The remaining 68% of CRF securities were issued to the other parties to the aggregation.
- As part of aggregation, 908 million CATS were issued to those CRF securityholders who were not exposed to the CER Class Action Litigation pre-aggregation. These parties were issued with 1 CATS for every 1 CRF stapled security held by them on aggregation.
- CATS were not issued to CER securityholders.
- Court approved settlement of the CER Class Action Litigation has occurred at a total cost of $94.2 million (including costs).
- In accordance with the formula in the CATS terms (as set out in the disclosure document issued in connection with aggregation) 86.7 million new CRF securities will be issued on 31 July 2012.

On Aggregation the CATS were considered as a financial liability due to CRF's obligation to settle the CATS either by an issue of new CRF securities (for nil consideration) or a cash payment, both of which were variable and contingent at the date of Aggregation. As a result, the recognition of this liability was reflected in CRF's subsequent Income Statement and Balance Sheet. At 31 December 2011, the Income Statement included an expense of $66 million in relation to the CATS, with a liability of the same amount reflected in the 31 December 2011 Balance Sheet. This amount reflected the then "market implied" fair value of the CATS securities.

The CATS were designated at fair value through profit or loss on initial recognition as they were managed on a fair value basis.

For the year ended 30 June 2012, CRF's Income Statement included a total expense of $203.3 million reflecting the fair value of the required equity adjustment between the different securityholders resulting from the Court's approval of settlement of CER Class Action Litigation on 19 June 2012. The Court approval of settlement in conjunction with CRF's announced intention (on 10 May 2012) to settle the obligation under the CATS terms by issuing a fixed number of new CRF securities, resulted in the CATS amount being reflected within equity in CRF's 30 June 2012 Balance Sheet.

On 31 July 2012, 86.7 million new CRF securities were issued for settlement of the Class Action True Up Securities.

The issue of these new securities to CATS holders effectively re-balances the ratio of Aggregation between non-CER securityholders and former CER securityholders so as to take into account the outcome of CER Class Action Litigation as contemplated by the Aggregation terms. The amounts involved have been independently verified.

20. CASH FLOW INFORMATION

	Notes	Centro Retail Limited and its Controlled Entities 30.06.12 $'000	30.06.11 $'000
Reconciliation of loss after tax to net cash inflow from operating activities			
Net loss after tax		(222,897)	-
Exclude non-cash items:			
Gain on capital transactions		(22,690)	-
Net loss on disposal of equity accounted investments		671	-
Depreciation and amortisation		696	-
Provision for bad and doubtful debts		799	-
Property revaluation increment for directly owned properties	11(d)	(18,352)	-
Fair value adjustment on financial assets at fair value through profit or loss		351	-
Fair value adjustment on Class Action True Up Securities	19	203,261	-
Share of net profits of associates and joint venture partnerships accounted for using the equity method	11(b)	(25,300)	-
Discount on acquisition		(3,130)	-
Movement in net assets attributable to puttable interests in consolidated finite life trusts		(2,592)	-
Straight lining of rents		(1,879)	-
Net tax expense	8	2,239	-
Net movements on mark to market of derivatives		21,764	-
Share-based payment expense		898	-
Other non cash items		122	-
Distribution received from associates		24,620	-
Movement in working capital:			
Decrease/(increase) in trade and other receivables		33,707	(19)
Decrease in provisions		(10,696)	-
Decrease in trade and other payables		(30,393)	(11)
Exclude items shown under investing activities:			
Stamp duty paid on Aggregation	14	51,791	-
Other Stamp duty paid	14	12,504	-
Payment for capital transaction cost		4,970	-
Net cash inflow from operating activities		**20,464**	**(30)**

21. LOSS PER SECURITY

	Centro Retail Limited and its Controlled Entities	
	30.06.12 Cents	**30.06.11 Cents**
Basic loss per share in Centro Retail Limited	(1.91)	-
Diluted loss per share in Centro Retail Limited	(1.91)	-
Basic loss per security in Centro Retail Australia	(16.63)	-
Diluted loss per security in Centro Retail Australia	(16.63)	-
(a) Reconciliation of earnings used in calculating earnings per security (basic and diluted)		
	30.06.12 $'000	**30.06.11 $'000**
Net loss attributable to members of Centro Retail Limited	(25,554)	-
Net loss attributable to members of Centro Retail Australia	(222,897)	-
(b) Weighted average number of securities		
	Number '000	**Number '000**
Basic weighted average number of securities on issue for the year	1,340,723	-

22. NET TANGIBLE ASSET BACKING

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Net assets attributable to members of Centro Retail Australia	3,347,616	-
Less: Intangible assets	(199,735)	-
Net tangible assets attributable to members of Centro Retail Australia ($'000)	3,147,881	-
	Number '000	**Number '000**
Number of securities outstanding at the end of the year	1,340,723	-
Issue of CRF securities on settlement of Class Action True Up Securities on 31 July 2012 (refer Note 19)	86,669	-
Adjusted number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security	1,427,392	-
	$	**$**
Adjusted net tangible asset backing per security	2.21	-

23. SHARE-BASED PAYMENTS

The following provides a summary of the share-based Long Term Incentive (LTI) Plans used by the Group to provide the long term incentive component of performance based remuneration together with details of total holdings which remain in place for each of those LTI plans.

(a) Expenses arising from share-based payment transactions

The expense recognised for employee services received during the year based on the performance period in the LTI Plan is shown in the table below.

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Expense arising from equity settled share based payment transactions	898	-

The share based payment plans are described below. There have been no cancellations or modifications to the plans during the year.

(b) Centro Senior Executive Performance Right Plan

Performance rights are provided to certain senior executives and provide the executive with a right to acquire CRF securities at a future time for nil consideration. Centro Senior Executive Performance Right Plan (The Plan) is designed to align participants' interests with those of shareholders by increasing the value of CRF's securities. As such, the performance rights under the Plan have dual performance measures comprising of relative Total Shareholder Return (TSR) and underlying Earnings Per Share (EPS). The performance conditions must be satisfied for performance rights to vest. There is no retesting of the performance rights and any performance rights that do not vest at the end of the performance period will lapse.

The Plan performance period is for a minimum period of three complete financial years. However, with the establishment of CRF in December 2011, the performance period for the financial year 2012 grant will be for two years and seven months (i.e. 31 months).

The allocations of performance rights under the Plan are tied to a combination of external and internal performance hurdles. 50% of each grant is tied to relative TSR hurdles, with the other 50% tied to EPS performance measures. For the purposes of Plan assessment, each performance measure operates independently of the other.

The Board adopted relative TSR as the externally focused performance measure on the basis that it is transparent and represents one of the best ways of linking executive reward and Securityholder return. Relative TSR measures the performance of an ordinary CRF share (including the value of any cash dividends and other shareholder benefits paid during the performance period) relative to the other companies in the comparator group over the same period.

The Board has decided that an appropriate comparator group for the relative TSR performance hurdle is the S&P/ASX 200

A-REIT Index. This index currently includes the following companies:

Abacus Property Group	Goodman Group
Australand Holdings Limited	GPT Group
BWP Trust	Investa Office Fund
CFS Retail Property Trust	Mirvac Group
Charter Hall Group	Stockland Corporation Limited
Charter Hall Retail REIT	Westfield Group
Commonwealth Property Office Fund	Westfield Retail Trust
Dexus Property Group	

The vesting schedule of performance rights subject to the relative TSR performance hurdle is detailed below:

Relative TSR percentile ranking	Percentage of total performance rights that may vest
Less than the 50th percentile	0%
At the 50th percentile	50%
Greater than the 50th percentile, but less than the 75th percentile	Progressive pro-rata vesting from 50% to 100%, i.e., on a straight line basis
At the 75th percentile or greater	100% (i.e. maximum amount under the plan)

Underlying Earnings Per Share (EPS) was adopted as the internally focused measure as underlying EPS is a key driver of the Group's capacity to pay dividends which is typically a primary objective for investors in the A-REIT sector.

The scale setting out the proportion of the financial year 2012 grant to vest is detailed below:

% of Underlying EPS target achieved	Percentage of underlying EPS performance rights to vest
98%	50%
99%	70%
100%	80%
101%	90%
102% and above	100%

The underlying EPS vesting scale for the 2012 LTI grant is a 'one off' arrangement adopted only for this grant. If underlying EPS is used again as a performance hurdle for the FY2013 LTI grant, it is expected that the vesting scale will require 100% of the applicable EPS target to be met before a partial vesting of the underlying EPS performance rights occurs.

Until the performance rights vest, an executive has no entitlement to receive dividends from the performance rights; no legal or beneficial interest in the underlying securities and no voting rights in relation to the performance rights.

There are a number of other circumstances (other than failure to meet the performance hurdle) in which executives' performance rights will not vest. These include where an executive:

1. resigns, or is terminated for poor performance;
2. deals (or purports to deal) with their performance rights in contravention of the Plan Rules or Offer Letter; or
3. acts fraudulently or in a manner that brings the Group into disrepute or where they are convicted of an offence or have a judgement entered against them in connection with the affairs of the Group.

In the event of cessation for reasons such as redundancy, death, total and permanent disablement, retirement or separation by mutual agreement, a pro rata amount of unvested performance shares will lapse based on the remaining performance period. The portion relating to the executive's completed service may still vest at the end of the performance period subject to meeting the performance measures under the Plan. The Board retains discretion to determine the treatment of an executive's performance rights upon cessation of employment.

The Plan Rules provide for a clawback where a material misstatement has occurred due to a participant's fraud, dishonesty or other breach of their obligations to the Group. The Plan Rules also give the Board discretion to re-evaluate the treatment of a participant's LTI securities where the participant's holding vests as a result of someone else's fraud, dishonesty or non-compliance.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

The following table illustrates the outstanding performance rights granted under the Plan at the beginning and end of the financial year:

	Centro Retail Limited and its Controlled Entities			
	2012	2012	2011	2011
Executive Performance Right Plan	Number	Weighted average exercise price	Number	Weighted average exercise price
Opening balance at 1 July	-	-	-	-
Granted during the year	3,008,937	nil	-	-
Closing balance at 30 June	**3,008,937**	**nil**	**-**	**-**
Exercisable at 30 June	Nil			
Weighted average remaining contractual life	2 years			

(c) Fair value and Pricing model

The weighted average fair value of the performance rights granted during the year was as follows:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $	30.06.11 $
Performance Rights with Relative TSR hurdle	1.65	-
Performance Rights with underlying EPS hurdle	1.00	-

The fair value of performance rights granted under the Plan is estimated at the date of grant using a Monte-Carlo Simulation Model taking into account the terms and conditions upon which the performance rights were granted. The model simulates the CRF security price, TSR and the comparator group TSRs to the vesting date using the Monte Carlo Simulation technique. The simulation is repeated numerous times to produce a distribution of payoff amounts. The performance rights fair value is taken as the average payoff amount calculated, discounted back to the valuation date. In valuing the performance rights, a number of assumptions were used as shown in the table below:

	CEO performance rights	Other Senior Executive performance rights
Grant dates	5 April 2012	17 May 2012
Distribution Yield (%)	6.5	6.5
Risk-free interest rate (%)	3.4	2.6
Volatility of CRF securities (%)	47.0	47.0
Share price at measurement date ($)	1.84	1.91

Distribution yield is based on CRF's expected annual distribution rate over the next three years. As CRF was established upon Aggregation in December 2011, there are no historical distribution payments to date. However, a distribution yield of 6% to 7% per annum is not inconsistent with the historical distribution yields of listed property trusts.

The risk free rate adopted is based on government bond yields (with a duration consistent with the life of the performance right) sourced from the Reserve Bank of Australia as at the grant dates of the performance rights.

The volatility assumptions are derived having regard to a detailed analysis of historical total share return volatility (i.e. standard deviation) and the implied volatilities of exchange traded options. The implied volatilities fluctuate significantly over time and vary depending on the option considered. However, a sensitivity of the volatility assumptions using a wide range of volatility assumption values will not have a material impact on the fair value of the performance rights calculated.

24. AUDITORS REMUNERATION

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $	30.06.11 $
During the year, the following fees were paid or payable for services provided by the auditors of the Group or its related practices.		
Assurance services		
(a) Audit services		
Ernst & Young Australian firm:		
– Audit and review of financial reports and other audit work under the *Corporations Act 2001*	1,312,377	-
Moore Stephens Australian firm:		
– Audit and review of financial reports and other audit work under the *Corporations Act 2001*	305,500	-
Total remuneration for audit services	**1,617,877**	-
(b) Other assurance services		
Ernst & Young Australian firm	500,000	-
Total remuneration for other assurance services	**500,000**	-
Total remuneration for assurance services	**2,117,877**	-
(c) Taxation services		
Ernst & Young Australian firm:		
– Taxation compliance services, including review of company income tax returns	260,000	-
Moore Stephens Australian firm:		
– Taxation compliance services, including review of company income tax returns	42,300	-
Total remuneration for taxation services	**302,300**	-

25. FINANCIAL RISK MANAGEMENT

This note details the requirements of AASB 7 Financial Instrument Disclosures, which mandates disclosures regarding only financial assets and financial liabilities. As a result, these disclosures, in particular the sensitivity analysis, do not take into account movements in non-financial assets such as investment property and investments accounted for using the equity method.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. To the extent that they are able to access them, the Group uses derivative financial instruments such as interest rate swaps to manage its exposures to interest rate risk, whenever possible.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

At 30 June 2012, the Group has the following financial instruments:

		Centro Retail Limited and its Controlled Entities	
	Notes	30.06.12 $'000	30.06.11 $'000
Financial assets			
Cash and cash equivalents		200,478	-
Trade and other receivables	10	130,984	19
Financial assets carried at fair value through profit or loss (FVTPL)	11(c)	270,546	-
Derivative financial instruments	15	551	-
		602,559	**19**
Financial liabilities			
Trade and other payables	13	165,926	56
Derivative financial instruments	15	8,831	-
Interest bearing liabilities	16	1,378,773	-
Puttable interests in consolidated finite life trusts	17	106,561	-
		1,660,091	**56**

(a) Market Risk

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

(i) Price risk

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

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

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Financial assets carried at fair value through profit or loss	270,546	-

The table below summarises the impact of increase/decrease in the unit prices of its investments on post-tax profit or loss for the year and on equity (excluding retained profits) if unit prices had decreased/increased by -10%/+10%.

Management considers these sensitivities are reasonable having regard to historic movements in the unit price of its investments. The sensitivities have been reassessed by management during the financial year in light of the current economic environment, however should be used with caution as they do not represent a prediction.

	Centro Retail Limited and its Controlled Entities			
	30.06.12		30.06.11	
	-10% $'000	+10% $'000	-10% $'000	+5% $'000
Impact on post-tax profit or (loss):				
Financial assets carried at fair value through profit or loss	(27,055)	27,055	-	-

Other than the impact of net profit/(loss) on accumulated losses of the Group, there would be no other impact on equity.

(ii) Cash flow Interest rate risk

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

The Group's ability to adhere to this policy is subject to credit limits being available to enter into derivative contracts.

Where available, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under the terms of interest rate swaps, the Group agrees to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The sensitivity to interest rate risk of the groups floating rate assets and liabilities is illustrated in Note 16(g).

(iii) Fair value interest rate risk

As at the balance date, the Group had the following instruments whose fair value is exposed to interest rate risk:

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	30.06.11 $'000
Derivative assets	551	-
Derivative liabilities	(8,831)	-
Total increase / (decrease)	**(8,280)**	**-**

While interest rates can move up or down, having regard to the forward interest rate curve for BBSY Bid 30 June 2012, the tables below disclose the impact that a 25 basis point (bps) (i.e. +0.25%/-0.25%) shift upwards in interest rates would have on the Group's post-tax profits and equity (excluding retained profits). The sensitivities have been reassessed by management during the financial year in light of the current interest rate curve. This should not be considered a projection.

	Centro Retail Limited and its Controlled Entities			
	30.06.12		30.06.11	
	+25 bps Post-tax profit or (loss) $'000	-25 bps Post-tax profit or (loss) $'000	+25 bps Post-tax profit or (loss) $'000	-25 bps Post-tax profit or (loss) $'000
Derivative assets	(27)	27	-	-
Derivative liabilities	6,021	(6,073)	-	-
Total increase/(decrease)	**5,994**	**(6,046)**	**-**	**-**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(iv) Foreign Exchange risk

The group is not exposed to foreign exchange risk for the year ended 30 June 2012.

(b) Credit risk

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

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

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

Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. The maximum exposure to credit risk at the balance date is the carrying amount of the Group's financial assets. Refer to Note 10(a) for details of financial assets that have been impaired.

(c) Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Inherent in this process, is the Group's objective to secure borrowing facilities with maturities that match the Group's liquidity needs, including the maintenance of some borrowing facilities undrawn at 30 June 2012.

(i) Financing arrangements

The financing arrangements of the Group are disclosed in Note 16(a).

(ii) Contractual maturities of financial liabilities

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

	Centro Retail Limited and its Controlled Entities						
	< 6 months	6 – 12 months	1 – 2 years	2 – 5 years	5+ years	Total contractual cash flows	Carrying amount
30 JUNE 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Derivative financial liabilities (net inflow/(outflow))	3,524	2,190	2,526	(3,110)	-	5,130	8,831
Trade and other payables	165,926	-	-	-	-	165,926	165,926
Borrowings – variable rate	89,750	99,087	378,797	557,060	-	1,124,694	1,019,587
Borrowings – fixed rate	11,855	14,582	304,791	89,393	-	420,621	371,300
Puttable interests in consolidated finite life trusts	-	-	53,282	28,963	24,316	106,561	106,561
	271,055	**115,859**	**739,396**	**672,306**	**24,316**	**1,822,932**	**1,672,205**

(d) Fair value

Under AASB 7 entities classify the fair value measurements of its financial assets and liabilities based on how observable the inputs to the fair value measurement are. The Group uses various methods in estimating the fair value of a financial instrument. The methods used comprise the following inputs:

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

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

	Centro Retail Limited and its Controlled Entities		
30 JUNE 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Financial assets			
Financial assets carried at fair value through profit or loss (FVTPL)	-	-	270,546
Derivative financial instruments	-	551	-
	-	**551**	**270,546**
Financial liabilities			
Derivative financial instruments	-	8,831	-
	-	**8,831**	**-**

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

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

Reconciliation of Level 3 fair value movements

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

		Centro Retail Limited and its Controlled Entities	
30 JUNE 2012	**Notes**	**Financial assets at FVTPL $'000**	**Class Action True Up Securities $'000**
Opening balance at the beginning of the year		-	-
Arising on aggregation	3	304,525	-
Losses recognised in profit or loss		(351)	(203,261)
Disposals		(3,245)	-
Return of capital		(19,846)	-
Obtained control during the year and now consolidated		(10,537)	-
Transferred to equity		-	203,261
Closing balance		**270,546**	**-**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

	Centro Retail Limited and its Controlled Entities		
		Effect of reasonably possible alternative assumptions	
30 JUNE 2012	**Carrying Amount $'000**	**+ $'000**	**- $'000**
Financial assets			
Financial assets carried at FVTPL[1]	270,546	(13,116)	14,002

(1) The sensitivity has been calculated by changing the capitalisation rates of the underlying property investments by 25bps.

A comparison of the fair value of financial assets and financial liabilities of the Group with the carrying values as at 30 June 2012 is shown below:

		Centro Retail Limited and its Controlled Entities	
		Carrying Value	**Fair Value**
	Notes	**30.06.12 $'000**	**30.06.12 $'000**
Financial assets			
Cash and cash equivalents		200,478	200,478
Trade and other receivables	10	130,984	130,984
Financial assets carried at fair value through profit or loss (FVTPL)	11	270,546	270,546
Derivative financial instruments	15	551	551
		602,559	**602,559**
Financial liabilities			
Trade and other payables	13	165,926	165,926
Interest bearing liabilities[1]	16	1,378,773	1,386,346
Derivative financial instruments	15	8,831	8,831
Puttable interests in consolidated finite life trusts	17	106,561	105,139
		1,660,091	**1,666,242**

(1) The fair value of interest bearing liabilities is higher than the carrying amount as the fair value reflects the changes improvement in the credit risk of the Group following the achievement of certain milestones that had not been finalised at the time the facilities were executed. These milestones include the:

- Appointment of Steven Sewell as Managing Director and Chief Executive of the Group and finalisation of the executive team;
- Reduction of the Group's gearing mainly due to the sale of 50% of the Group's interests in Galleria, The Glen and Colonnades with majority of net proceeds applied towards repayment of borrowings; and
- The settlement of the class action litigation.

26. ACQUISITION OF SYNDICATE

(a) Summary of acquisition

On 31 January 2012, as part of the rollover process of Centro MCS 6 (CMCS 6), CRF acquired 17.4 million units from securityholders who elected to exit the syndicate, for cash consideration of $27.7 million. This acquisition increased CRF's total ownership in CMCS 6 from 16.4% to 61.06%, which resulted in CRF obtaining control of CMCS 6 with effect from 31 January 2012. By obtaining control, CRF is required to consolidate the results of CMCS 6 from 31 January 2012. CMCS 6's sole asset is Centro Brandon Park, which was valued at $111.0 million at 30 June 2012.

Prior to the acquisition, CRF accounted for its interest in CMCS 6 at fair value through profit or loss. The syndicate contributed $6.7 million of revenue during the year since acquisition and contributed $1.1 million to net profit. If the acquisition had taken place at the beginning of the year, contribution to consolidated revenue for the year of the syndicate would have been $13.7 million and contribution to net profit would have been $3.9 million.

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

	CMCS 6
	$'000
Cash paid	27,682
Fair value through profit or loss balance given up	9,946
Total purchase consideration	37,628
Fair value of net identifiable assets acquired attributable to securityholders of CRF (refer (b) over)	(38,446)
Discount on acquisition	**(818)**
The discount on acquisition arose from the difference between the fair value of the assets given up carried at net asset backing (NAB) which is less than the fair value of the net assets acquired.	
Purchase consideration	
The cash inflow on acquisition is as follows:	
Cash consideration paid	(27,682)
Cash balance acquired	3,632
Net cash outflow	**(24,050)**

(b) Assets and liabilities acquired

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

	CMCS 6	
	Fair value on acquisition $'000	**Carrying value $'000**
CURRENT ASSETS		
Cash and cash equivalents	3,632	3,632
Receivables	908	908
Other current assets	-	-
Total current assets	**4,540**	**4,540**
NON-CURRENT ASSETS		
Investment property	110,199	110,199
Total non-current assets	**110,199**	**110,199**
Total assets	**114,739**	**114,739**
CURRENT LIABILITIES		
Payables	1,470	1,470
Provisions	320	320
Total current liabilities	**1,790**	**1,790**
NON-CURRENT LIABILITIES		
Interest bearing liabilities	49,989	49,989
Total non-current liabilities	**49,989**	**49,989**
Total liabilities	**51,779**	**51,779**
Net assets	**62,960**	**62,960**
Less fair value of net assets attributable to external non-controlling interests acquired	(24,514)	(24,514)
Net assets related to members of Centro Retail Australia acquired	38,446	38,446

There were no business combinations during the previous financial year.

27. CONTINGENT LIABILITIES

(a) Guarantees

Bank guarantees of $5 million each have been arranged by the Group in the name of Centro Retail Australia Limited and Centro MCS Manager Limited to guarantee obligations under Australian Financial Services Licence and responsible entity requirements.

A bank guarantee of $45 million has been arranged by CAWF as security for the Tuggeranong Hyperdome Property Facility.

(b) Other Contingent liabilities

The Victorian, West Australian and Northern Territory State Revenue Offices are investigating or have made assessments in relation to the acquisition of certain property interests and the establishment of certain funds. The total value of these assessments and investigations, including duty, penalties and interest, is estimated at $95.7 million. Appropriate provision has been included in the Balance Sheet.

(c) Contingent Commitments

CRF is a co-investor in some of its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, CRF has provided exit mechanisms to investors at the then net asset backing of the relevant fund. A summary of these exit mechanisms are detailed below.

(i) Centro MCS 37 includes a limited liquidity mechanism for investors. CMCS 37 investors have a limited exit opportunity annually from 30 June 2009 onwards. Based on current net asset backing and external ownership interest, this arrangement may result in CRF acquiring annually up to one million units in CMCS 37 at the then net asset backing. Based on 30 June 2012 values, the gross commitment to CRF would be approximately $0.7 million per annum.

(ii) CMCS syndicates managed by CRF have fixed investment periods. The constitutions of certain syndicates provide investors in those syndicates with a Flexible Exit Mechanism ("FEM"). Towards the end of the investment period, the constitutions provide that the FEM must be triggered or the Responsible Entity may choose to terminate the syndicate if in the best interest of investors.

This FEM entitles investors to put their units in the syndicate to CRF at the then net asset value. In the 12 months ending 30 June 2013, CRF may be obligated to acquire up to $98.4 million of externally owned units in syndicates (based on 30 June 2012 values).

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management Personnel

The Board of Centro Retail Limited and Centro Retail Australia Limited as RE of the Trusts (together, the Centro Retail Australia Board) consists of the same members. The following persons were Directors of the Centro Retail Australia Board from 14 December 2011 and up to the date of this report unless otherwise stated:

(i) Non-executive Directors

- Bob Edgar (Chairman) (appointed 14 December 2011)
- Clive Appleton (appointed 15 December 2011)
- Peter Day
- Tim Hammon (appointed 15 December 2011)
- Charles Macek (appointed 15 December 2011)
- Fraser MacKenzie
- Debra Stirling (appointed 15 December 2011)

(ii) Executive Directors

- Steven Sewell (Chief Executive Officer appointed 22 February 2012, and Managing Director appointed 20 July 2012)
- Robert Tsenin (Chief Executive Officer and Managing Director retired 22 February 2012)

The following persons were Directors of CRL from 1 July 2011 to 14 December 2011.

- Peter Day (Chairman)
- Bill Bowness
- Anna Buduls
- Paul Cooper
- Michael Humphris
- Fraser MacKenzie

Ms Buduls, Mr Bowness, Mr Cooper, and Mr Humphris retired from the board on 14 December 2011. Mr Day retired as Chairman of the board, however remains a director of CRL.

On the formation of Centro Retail Australia, the Responsible Entity of CRT, CAWF and DHT changed from Centro MCS Manager Limited to Centro Retail Australia Limited. The change in Responsible Entity was effective 14 December 2011.

(iii) Other Key Management Personnel

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

Current KMP

Steven Sewell	Chief Executive Officer and Managing Director (appointed 22 February 2012 and 20 July 2012 respectively)
Marlon Teperson	Chief Financial Officer (appointed 16 April 2012)
Michael Benett	Chief Investment Officer
Mark Wilson	Chief Operating Officer
Dimitri Kiriacoulacos	Group General Counsel and Executive General Manager Corporate Development
Gerard Condon	Executive General Manager Syndicates

Former KMP

Robert Tsenin	Former Chief Executive Officer (retired 22 February 2012)
Chris Nunn	Former Chief Finance Officer (resigned 16 April 2012)

(b) Key Management Personnel compensation

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Short-term employee benefits	6,433	1,078
Post-employment benefits	217	80
Other long-term employee benefits	766	-
Termination benefits	1,069	-
Share-based payments	599	-
	9,084	**1,158**

(c) Equity holdings of Key Management Personnel

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

YEAR ENDED 30 JUNE 2012

Name	Balance at the start of the year(1)	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
DIRECTORS OF THE GROUP				
Current Directors				
Bob Edgar	-	-	50,000	50,000
Steven Sewell	-	-	-	-
Clive Appleton	-	-	11,850	11,850
Peter Day	100,000	-	(66,379)(2)	33,621
Tim Hammon	-	-	10,000	10,000
Charles Macek	-	-	50,000	50,000
Fraser MacKenzie	100,000	-	(41,079)(3)	58,921
Debra Stirling	-	-	10,000	10,000
	200,000	**-**	**24,392**	**224,392**
Former Directors				
Bill Bowness	300,000	-	n/a	n/a
Anna Buduls	-	-	n/a	n/a
Paul Cooper	-	-	n/a	n/a
Michael Humphris	70,000	-	n/a	n/a
	370,000	**-**	**n/a**	**n/a**
EXECUTIVE KEY MANAGEMENT PERSONNEL OF THE GROUP				
Current KMP				
Steven Sewell	-	-	-	-
Marlon Teperson	-	-	-	-
Mark Wilson	-	-	-	-
Dimitri Kiriacoulacos	-	-	-	-
Gerard Condon	-	-	-	-
Michael Benett	-	-	20,000	20,000
	-	**-**	**20,000**	**20,000**
Former KMP				
Robert Tsenin	-	-	-	-
Chris Nunn	-	-	-	-
	-	**-**	**-**	**-**

(1) Represents CER securities held at the beginning of the year prior to the Aggregation of CRF.
(2) Other changes during the year comprise the conversion of 100,000 CER securities held at the beginning of the year prior to Aggregation to 18,921 CRF securities on Aggregation and the acquisition of an additional 14,700 CRF securities.
(3) Other changes during the year comprise the conversion of 100,000 CER securities held at the beginning of the year prior to Aggregation to 18,921 CRF securities on Aggregation and the acquisition of an additional 40,000 CRF securities.
n/a Information is not disclosed as no longer a director at 30 June 2012.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

YEAR ENDED 30 JUNE 2011

Name	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
DIRECTORS OF THE GROUP				
Ordinary securities				
Peter Day	100,000	-	-	100,000
Bill Bowness	300,000	-	-	300,000
Anna Buduls	-	-	-	-
Paul Cooper	-	-	-	-
Michael Humphris	70,000	-	-	70,000
Fraser MacKenzie	100,000	-	-	100,000
Jim Hall	20,000	-	n/a	n/a
	590,000	**-**	**-**	**570,000**

n/a Information is not disclosed as no longer a Director at 30 June 2011

(d) Performance rights holdings of Key Management Personnel

The numbers of performance rights in the Group held during the financial year by each Director and other Key Management Personnel of the Group, including their personally-related entities, are set out below:

YEAR ENDED 30 JUNE 2012

Performance rights	Balance at the start of the year	Granted during the period as compensation	Exercised during the period	Balance at the end of the year
Steven Sewell	-	840,467	-	840,467
Marlon Teperson	-	-	-	-
Mark Wilson	-	451,613	-	451,613
Dimitri Kiriacoulacos	-	227,823	-	227,823
Gerard Condon	-	262,097	-	262,097
Michael Benett	-	235,888	-	235,888
	-	**2,017,888**	**-**	**2,017,888**

(e) Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel that were not conducted on a normal arm's length basis. All transactions with Key Management Personnel require approval by the Board. The Group has established a policy that requires all 'non-standard' transactions to be subject to prior approval by the Board, with legal advice being sought as necessary.

29. RELATED PARTY DISCLOSURES

(a) Parent entity

For accounting purposes, as discussed in Note 1(c), the parent entity of the Group is Centro Retail Limited.

(b) Domicile

The Company is domiciled and incorporated in Australia.

(c) Subsidiaries and associated entities

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

- Section (f) – Ownership interests in significant controlled entities;
- Section (g) – Ownership interests in significant associates designated as financial assets carried at fair value through profit or loss.

(d) Key Management Personnel

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

(e) Information on related party transactions and balances

(i) Related party loans and interest bearing borrowings

Loan receivable and interest bearing borrowings from related parties are disclosed in the table below:

	30.06.12 $000	30.06.11 $000
Related party loans		
Centro MCS Syndicate No. 4	18,758	-
Centro MCS Syndicate No. 9	14,305	-
Centro MCS Syndicate No. 16	15,231	-
Centro MCS Syndicate No. 21	2,480	-
Centro MCS Syndicate No. 34	7,737	-
Centro Bankstown Sub Trust No. 1	900	-
	59,411	**-**
Related party interest bearing liabilities		
Centro Roselands	73,500	-
Centro Lutwyche	14,500	-
	88,000	**-**

(ii) Related party receivables

Trade receivables from related parties are disclosed in the table following in section (iii).

An impairment assessment is undertaken each financial year by examining the financial position of the related party to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Outstanding related party trade receivables balances at year end are unsecured and settlement occurs in cash. Interest is charged on an arm's length basis on amounts greater than 90 days outstanding. The Group does not hold any collateral in relation to related party receivables.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

(iii) Related party revenue

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

30 JUNE 2012	Property management $'000	Development and leasing $'000	Funds management $'000	Total $'000	Amount included in receivables $'000
Centro MCS Syndicate No. 3(1)	264	-	9	273	-
Centro MCS Syndicate No. 4	218	36	463	717	684
Centro MCS Syndicate No. 5	165	3	324	492	206
Centro MCS Syndicate No. 6(1)	281	74	575	930	-
Centro MCS Syndicate No. 8	-	-	17	17	3
Centro MCS Syndicate No. 9	579	141	707	1,427	6,571
Centro MCS Syndicate No. 10	153	151	320	624	343
Centro MCS Syndicate No. 11	430	52	7	489	7,249
Centro MCS Syndicate No. 12(1)	170	60	292	522	-
Centro MCS Syndicate No. 14	163	69	286	518	170
Centro MCS Syndicate No. 15	89	22	429	540	1,698
Centro MCS Syndicate No. 16	150	11	312	473	1,226
Centro MCS Syndicate No. 17	106	40	325	471	-
Centro MCS Syndicate No. 18	107	58	276	441	1,649
Centro MCS Syndicate DPI No. 19	196	45	637	878	5,261
Centro MCS Syndicate No. 20	38	11	583	632	452
Centro MCS Syndicate No. 21 Property Trust	434	-	871	1,305	6,084
Centro MCS Syndicate No. 22 Property Trust	31	-	198	229	337
Centro MCS No. 23 Property Syndicate	107	21	(384)	(256)	26
Centro MCS Syndicate No. 25(1)	397	-	586	983	-
Centro MCS Syndicate No. 26(1)	443	-	554	997	-
Centro MCS Syndicate No. 27(1)	291	-	375	666	-
Centro MCS Syndicate No. 28	673	-	1,060	1,733	4,679
Centro MCS Syndicate No. 30(1)	42	40	99	181	-
Centro MCS Syndicate No. 32	-	-	15	15	-
Centro MCS Syndicate No. 33	511	1	664	1,176	434
Centro MCS Syndicate No. 34	313	-	424	737	1,562
Centro MCS Syndicate No. 35	-	-	44	44	-
Centro MCS Syndicate No. 36	-	-	19	19	-
Centro MCS Syndicate No. 37(1)	236	11	386	633	-
Centro MCS Syndicate No. 38	-	-	10	10	-
Centro MCS Syndicate No. 40	-	-	4	4	-
Centro Direct Property Fund No. 1	-	-	703	703	-
Centro DPF International	-	-	69	69	-
Carried forward	**6,587**	**846**	**11,259**	**18,692**	**38,634**

(1) The entities are controlled by the Group and therefore are consolidated. As such, the transactions with these related parties and related party balances are eliminated on consolidation.

30 JUNE 2012	Property management $'000	Development and leasing $'000	Funds management $'000	Total $'000	Amount included in Loans and receivables $'000
Brought forward	6,587	846	11,259	18,692	38,634
Centro America Fund	-	-	4	4	-
Centro MCS Syndicate Investment Trust Fund[(1)]	2,110	-	33	2,143	-
Centro Direct Property Holding Trust[(1)]	-	-	1	1	-
Lutwyche Holding Trust	-	-	-	-	286
Bankstown Partnership	-	-	-	-	1,482
Tuggeranong Town Centre Trust	-	-	-	-	1,727
Emerald Village	-	-	-	-	334
Victoria Gardens	-	-	-	-	1,632
Perth City Central	-	-	-	-	84
Other related parties	-	-	1	1	6,656
	8,697	**846**	**11,298**	**20,841**	**50,835**

(1) The entities are controlled by the Group and therefore are consolidated. As such, the transactions with these related parties and related party balances are eliminated on consolidation.

(iv) Related party derivatives

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

	Fair value of derivatives	
	30.06.12 $000	**30.06.11 $000**
Centro MCS Syndicate No.10	551	-

(f) Ownership interests in significant controlled entities

	Group entity interest	
	30.06.12 %	30.06.11 %
Centro MCS Syndicate No. 3	100.00	-
Centro MCS Syndicate No. 6	61.06	-
Centro MCS Syndicate No. 12	58.09	-
Centro MCS Syndicate No. 12 Unit Trust	49.84	-
Centro MCS Syndicate No. 25	68.60	-
Centro MCS Syndicate No. 26	86.31	-
Centro MCS Syndicate No. 27 Investment Trust	60.01	-
Centro MCS Syndicate No. 27 Property Trust	79.70	-
Centro MCS Syndicate No. 30	57.08	-
Centro MCS Syndicate No. 37	54.22	-
Centro MCS Syndicate No. 37 Equity Notes	100.00	-
Centro MCS Syndicate Investment Funds	100.00	-
CRL Custodian Pty Ltd	100.00	-
CRL RE Holdings Ltd	100.00	-
Centro Retail Australia Limited	100.00	-
Retail Responsible Entity Limited	100.00	-
Centro MCS Manager Limited	100.00	-
Centro Corporate Services Pty Ltd	100.00	-
CPT Custodian Pty Ltd	100.00	-
Centro Development Management Pty Ltd	100.00	-
Centro Property Services Pty Ltd	100.00	-
CRL Finance Holdings Pty Ltd	100.00	-
CPM (SA) Pty Ltd	100.00	-
CPM (NSW) Pty Ltd	100.00	-
CPM (QLD) Pty Ltd	100.00	-
Centro Property Management (Vic) Pty Ltd	100.00	-
CPM (ACT) Pty Ltd	100.00	-
CPM (WA) Pty Ltd	100.00	-

(g) Ownership interests in significant associates designated as financial assets carried at fair value through profit or loss

	Group entity interest		Carrying amount		Share of net profit	
	30.06.12 %	**30.06.11 %**	**30.06.12 $'000**	**30.06.11 $'000**	**30.06.12 $'000**	**30.06.11 $'000**
Centro MCS Syndicate No. 4	36.2	-	11,376	-	491	-
Centro MCS Syndicate No. 5	36.0	-	12,977	-	77	-
Centro MCS Syndicate No. 6[(1)]	n/a	-	n/a	-	411	-
Centro MCS Syndicate No. 8	8.8	-	68	-	(17)	-
Centro MCS Syndicate No. 9	9.0	-	6,300	-	(432)	-
Centro MCS Syndicate Unit Trust No. 9	6.4	-	1,256	-	(86)	-
Centro MCS Syndicate No. 10	15.3	-	3,978	-	(398)	-
Centro MCS Syndicate Unit Trust No. 10	31.5	-	2,662	-	(266)	-
Centro MCS Syndicate No. 11	4.8	-	3,940	-	(701)	-
Centro MCS Syndicate Unit Trust No. 11	8.4	-	1,447	-	(258)	-
Centro MCS Syndicate No. 14	24.8	-	9,653	-	254	-
Centro MCS Syndicate Unit Trust No. 14	28.0	-	2,992	-	79	-
Centro MCS Syndicate No. 15	28.7	-	5,723	-	(85)	-
Centro MCS Syndicate Unit Trust No. 15	25.8	-	2,180	-	(33)	-
Centro MCS Syndicate No. 16	26.8	-	1,738	-	(139)	-
Centro MCS Syndicate Unit Trust No. 16	52.7	-	192	-	(15)	-
Centro MCS Syndicate No. 17	6.1	-	52	-	102	-
Centro MCS Syndicate Unit Trust No. 17	14.2	-	35	-	68	-
Centro MCS Syndicate No. 18	17.5	-	6,283	-	57	-
Centro MCS Syndicate Unit Trust No. 18	29.2	-	2,364	-	21	-
Centro MCS Syndicate Unit Trust No. 19	13.1	-	5,650	-	52	-
Centro MCS Syndicate DPI No. 19	34.9	-	3,002	-	28	-
Centro MCS Syndicate No. 20	16.2	-	3,447	-	101	-
Centro MCS Syndicate No. 21 Holding Trust	22.7	-	6,897	-	250	-
Centro MCS Syndicate No. 21 Property Trust	50.0	-	41,291	-	1,494	-
Centro MCS Syndicate No. 22 Investment Trust	21.6	-	2,681	-	124	-
Centro MCS Syndicate No. 22 Property Trust	20.2	-	3,898	-	180	-
Centro MCS 23 Investment Syndicate	40.6	-	1,751	-	(135)	-
Centro MCS 23 Property Syndicate	24.9	-	2,726	-	(210)	-
Centro MCS Syndicate No. 28	30.4	-	63,008	-	289	-
Centro MCS Syndicate No. 33	40.4	-	32,701	-	(921)	-
Centro MCS Syndicate No. 34	42.0	-	20,917	-	-	-
Centro MCS Syndicate No. 38	-	-	-	-	(39)	-
Centro MCS Syndicate No. 39	-	-	-	-	22	-
Centro MCS Syndicate No. 40	-	-	-	-	26	-
Other	-	-	7,361	-	(742)	-
	-	**-**	**270,546**	**-**	**(351)**	**-**

(1) The Group obtained control of Centro MCS Syndicate No 6 on 31 January 2012. As a result, this entity is now consolidated from 31 January 2012. Refer Note 26.

(h) Summarised financial information of associates

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Share of associates' contingent liabilities	1,521	-
Share of associates' expenditure commitments	-	-
Summary of the performance and financial position of associates accounted for using equity accounting method:		
Aggregate revenue	94,846	-
Aggregate net profits after income tax	50,600	-
Assets	1,670,714	-
Liabilities	(488,914)	-
Summary of the performance and financial position of associates accounted for as financial assets carried at Fair Value Through Profit or Loss:		
Aggregate revenue	118,916	-
Aggregate net losses after income tax	(9,106)	-
Assets	1,593,665	-
Liabilities	(857,094)	-

30. COMMITMENTS

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
Capital expenditure contracted for at the reporting date but not recognised as liabilities as follows:		
– Dianella acquisition	56,800	-
Capital expenditure:		
– Capital expenditure projects[1]	38,017	-
Payable:		
– Within one year	38,017	-

(1) Includes Centro Development Management Pty Ltd, a wholly-owned entity of Centro Retail Australia, which has undertaken to act as agent on behalf of Centro managed vehicles. Centro will initially incur the capital expenditure, but expects to recoup 100% of these costs from the Centro managed vehicles.

31. OPERATING LEASES

	Centro Retail Limited and its Controlled Entities	
	30.06.12 $'000	**30.06.11 $'000**
The property of the Group is leased to third party tenants under operating leases at balance date. Lease terms vary between tenants and some leases include percentage rent payments. Future minimum rental revenues under non-cancellable operating leases at balance date are as follows:		
Receivable:		
– Within one year	318,748	-
– Later than one year but not later than five years	857,537	-
– Later than five years	499,124	-
	1,675,409	**-**

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

32. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

(a) Issue of CRF securities in settlement of CATS

On 31 July 2012, CRF issued a total of 86.7 million new securities in accordance with the Terms of Issue for the CATS. The new securities were issued to various pre-aggregation investors in accordance with the disclosure document issued in connection with Aggregation and final terms of Aggregation approved by stakeholders, with the formation of CRF in December 2011.

In summary, the CATS structure (and this consequent issue of CRF securities) was put in place at Aggregation so as to be able to compensate a portion of CRF securityholders following the approval of any settlement of the CER Class Action Litigation. As noted previously, the settlement was approved in June 2012 for approximately $94.2 million (CRF's contribution, including costs of $8.5 million).

The new securities, issued on 31 July 2012, are quoted on the ASX and rank equally with existing CRF securities. The new securities represent an additional 6.5% of issued capital, with the total number of issued securities after this new issue being approximately 1.43 billion.

(b) CRF senior executive appointments

CRF appointed several key executives following the completion of the first stage of its organisational review.

Kerrie Lavey was appointed as the newly-created role of Executive General Manager, Corporate Communications. Kerrie Lavey will join CRF on 28 August 2012.

Jonathan Timms was appointed as Executive General Manager, Development and Asset Strategy and he will join CRF on 3 September 2012.

Colleen Harris was appointed as Executive General Manager, People & Culture and she joined CRF on 21 August 2012.

With these appointments and Mr Sewell as Chief Executive Officer and Managing Director[1], the senior management team is as follows:

- Marlon Teperson, Chief Financial Officer
- Mark Wilson, Chief Operating Officer
- Michael Benett, Chief Investment Officer[2]
- Dimitri Kiriacoulacos, General Counsel and EGM Corporate Development
- Paul Belcher, Deputy CFO and EGM Finance
- Gerard Condon, EGM Syndicates
- Colleen Harris, EGM People & Culture (commenced 21 August 2012)
- Kerrie Lavey, EGM Corporate Communications (commencing 28 August 2012)
- Jonathan Timms, EGM Development & Asset Strategy (commencing 3 September 2012)

(c) Core debt facility restructure progressing

As announced on 28 August 2012, CRF has received commitment letters and credit approvals from its core lenders for the restructuring of the facility. Subject to finalisation of documentation, the satisfaction of conditions precedent and material adverse change clauses usual for facilities of this nature, CRF's existing core debt will be restructured to support the Group's key strategic objectives on the following terms:

- an increase of the current facility from $1.0 billion to $1.8 billion, including several delayed starts totalling $525 million to satisfy the remaining facilities maturing before 31 December 2013;
- the new facility of $1.8 billion has a blended maturity split of $650 million for three years and $1,150 million for five years; and
- usual covenants and terms customary for facilities of this nature.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 30 June 2012 and the date hereof that has significantly affected or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

(1) Mr Sewell was appointed Managing Director on 20 July 2012.
(2) Mr Benett will be leaving the organisation at the end of September 2012.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 76 to 138 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001, the Constitutions of the Trusts and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the 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.

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

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

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

Bob Edgar
Chairman

Signed in Melbourne, 28 August 2012

INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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

Report on the financial report

We have audited the accompanying financial report of Centro Retail Australia (the 'Group'), which comprises the balance sheets as at 30 June 2012, and the income statements, the statements of comprehensive income, the statements of changes in equity and the cash flow statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Centro Retail Limited (the 'Company') and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 (b), 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Opinion

In our opinion:

a. the financial report of Centro Retail Australia is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the remuneration report

We have audited the remuneration report included in pages 52 to 74 of the Directors' Report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Centro Retail Australia for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

B R Meehan
Partner
Melbourne
28 August 2012

SUMMARY OF SECURITYHOLDERS AS AT 28 AUGUST 2012

	Fully paid Ordinary Securities	
RANGE	Number of securityholders	% of issued securities
1 to 1,000	5,743	0.14%
1,001 to 5,000	2,582	0.42%
5,001 to 10,000	694	0.34%
10,001 to 50,000	943	1.32%
50,001 to 100,000	168	2.16%
100,001 and over	48	95.62%
Number of Securityholders	**10,178**	**100.00%**
Holdings less than a marketable parcel	2,544	

	Fully paid Ordinary Securities	
SUBSTANTIAL SECURITYHOLDERS	Number held	% of Issued securities
Angelo, Gordon & Co., L.P.	114,779,754	8.04%
BT Investment Management Ltd (BTT)	91,439,924	6.41%
Vanguard Investments Australia Ltd	86,311,928	6.05%
CBRE Clarion Securities LLC	84,692,142	5.93%
BlackRock Group	74,116,510	5.19%

	Fully paid Ordinary Securities	
20 LARGEST SECURITYHOLDERS	Number held	% of Issued securities
HSBC Custody Nominees (Australia) Limited	331,044,282	23.19%
J P Morgan Nominees Australia Limited	218,073,828	15.28%
Citicorp Nominees Pty Limited	203,670,743	14.27%
National Nominees Limited	170,341,505	11.93%
HSBC Custody Nominees (Australia) Limited-GSCO ECA	95,441,459	6.69%
BNP Paribas Noms Pty Ltd <DRP>	61,979,563	4.34%
JP Morgan Nominees Australia Limited <Cash Income A/C>	53,213,754	3.73%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	36,477,239	2.56%
BNP Paribas Noms Pty Ltd <Master Cust DRP>	27,785,259	1.95%
AMP Life Limited	24,610,358	1.72%
Australia and New Zealand Banking Group Limited	10,689,630	0.75%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	10,011,100	0.70%
BNP Paribas Noms Pty Ltd <SMP Accounts DRP>	7,926,031	0.56%
National Australia Bank Limited	7,869,146	0.55%
RBC Investor Services Australia Nominees Pty Limited <APN A/C>	7,293,816	0.51%
Sandhurst Trustees Ltd <LMA A/C>	7,074,562	0.50%
NB Distressed Debt Investment Fund Limited	6,693,955	0.47%
Bond Street Custodians Limited <ENH Property Securities A/C>	6,275,835	0.44%
York Credit Opportunities Fund, L.P.	6,244,356	0.44%
York Asian Opportunities Investments Master Fund, L.P.	5,180,146	0.36%
Total 20 largest Securityholders	**1,297,896,567**	**90.93%**
Total Capital	**1,427,391,696**	**100.00%**

	Unquoted equity securities on issue	
	Number	% of securities issued
20 Securityholders	3,008,937	n.a.

GLOSSARY

In this glossary, terms that have been abbreviated in the Annual Report are listed alphabetically by the abbreviation, which is then followed by the spelled-out term and a definition if required.

anchor tenant – typically a retailer (often a supermarket, department store or discount department store) with a lettable area greater than 1,000sqm.

asset – any resource owned by a company, fund or person. Assets can be tangible (e.g., cash, investments, property and equipment) or intangible (e.g., goodwill and patents).

Aggregation – the stapling of securities in each of CRL, CER, CAWF and DHT to create Centro Retail Australia (CRF), which occurred on 1 December 2011 for accounting purposes.

AICD/Finsia – Australian Institute of Company Directors/Financial Services Institute of Australasia.

A-REIT or REIT – Australian real estate investment trust – a trust that owns and, in most cases, operates income-producing real estate, such as shopping centres, offices and industrial properties. REITs were created to make investments in large-scale, income-producing real estate accessible to a wide range of investors.

ASX – Australian Securities Exchange – ASX Limited (ABN 98 008 624 691).

ASX Listing Rules – the official listing rules of the ASX.

Australian Accounting Standards – financial reporting standards, developed by the Australian Accounting Standards Board, for entities in the Australian private and public sectors.

book value – the value of an asset as recorded in a company's statutory accounts, representing its cost plus any additions, less depreciation. The book value may differ from the current market value.

CATS – Class Action True-up Securities – securities that were issued to those CRF securityholders who were not exposed to the CER class action litigation pre-Aggregation. These parties were issued with one CATS for every one CRF Stapled Security held by them on Aggregation. With settlement of the CER class action litigation, 86.7 million new CRF securities were issued at the end of July 2012 to CATS holders in full settlement of the CATS.

CAWF – Centro Australian Wholesale Fund (ARSN 122 223 974).

CAWF Unit – a fully paid ordinary unit in CAWF.

capitalisation rate – the assessed net income from a property expressed as a percentage of the market value of the property.

constitution – refers to the constitution of CRT, CAWF, DPF or DHT, as the case requires.

Centro MCS Manager Limited – prior to formation of CRF, the RE of each of the Trusts; also a wholly owned subsidiary of CRL.

Centro MCS syndicates – the property syndicates of which the RE is either Retail Responsible Entity Limited (ABN 80 145 213 663) or Centro MCS Manager Limited (ABN 69 051 908 984).

Centro Retail Australia Limited –the RE of CRT, CAWF, and DHT (ABN 88 149 781 322).

CEO – Chief Executive Officer.

CER – former ASX entity that was comprised of the stapled entities CRT and CRL prior to Aggregation.

CNPR Group – previously Centro Properties Group.

Corporations Act – the Corporations Act 2001 (Cth).

CRF or the Group – Centro Retail Australia– a fully vertically integrated A-REIT, comprising the stapled securities of CRL, CRT, CAWF and DHT, that specialises in the ownership and management of Australian shopping centres.

CRF Financial Year – 1 December 2011 to 30 June 2012.

CRL – Centro Retail Limited (ABN 90 114 757 783).

CRL Share – a fully paid ordinary share in CRL.

CRT – Centro Retail Trust (ARSN 104 931 928).

CRT Unit – a fully paid ordinary unit in CRT.

DHT – Centro DPF Holding Trust (ARSN 153 269 759).

DHT Unit – a fully paid ordinary unit in DHT.

distributions – income payments made by a trust to its investors.

DPF – Centro Direct Property Fund (ARSN 099 728 971).

EBIT – earnings before interest and taxes.

EPS – earnings per security.

FY2011, FY2012 or FY2013 – 2011, 2012 or 2013 financial year – a 12-month period beginning on 1 July of the prior year and ending 30 June of the relevant year.

GLA – gross lettable area.

Group – see CRF.

HIN – Holder Identification Number.

index – a portfolio of securities representing a particular market or a portion of it. Each index has its own calculation method and is usually expressed in terms of a change from a base value. For example, the S&P/ASX All Ordinaries Index represents the 500 largest companies listed on the ASX. CRF forms part of many indices, including S&P/ASX 100 Index, S&P/ASX 200 Index, S&P/ASX 200 A-REIT Index, MSCI Global Standard Index, and FTSE EPRA NAREIT Global Real Estate Index.

IPD – Investment Property Databank – an independent body that publishes annual property Indices in 25 national markets measuring total returns for all directly held real estate assets.

KMP – key management personnel – those persons with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

GLOSSARY

MAT – moving annual turnover – the volume of shopping centre sales in a rolling 12-month period.

mini major – a retailer with a large national chain that occupies an area greater than 400sqm and less than 1000sqm.

mark to market – the accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value.

net tangible assets – calculated as the total assets of an entity, minus any intangible assets such as goodwill, patents and trademarks, less all liabilities.

NOI –net operating income - property revenues less property expenses, excluding debt service, depreciation and capital expenditures.

PDS – product disclosure statement – one or more documents that describe the features, benefits, cost and risks associated with a financial product or service.

Pre-Aggregation Period – 1 July 2011 to 30 November 2011.

RE – responsible entity – a company appointed as responsible entity of a managed investment scheme that is registered with the Australian Securities and Investments Commission under the Corporations Act.

real estate index – an index similar to the S&P/ASX All Ordinaries Index, specifically including real estate securities. They are designed to represent general trends in eligible real estate equities in Australia and worldwide.

Retail Responsible Entity Limited – The Responsible Entity of various Centro MCS Syndicates (ABN 80 145 213 663).

ROE – return on equity – underlying earnings plus change in valuations divided by average equity.

SBP – Special Bonus Plan.

Services Business – the business under CRL that provides property management, development, funds management and leasing services to managed funds.

sqm – square metres.

SRN – Securityholder Reference Number.

stamp duty – a charge imposed by any government agency that includes, but is not limited to, any interest, fine, penalty, charge or other amount imposed in respect of any of them.

stapled or stapling – an arrangement by which one CRL Share, one CRT Unit, one CAWF Unit and one DHT Unit or any of them may not be dealt with without the others that are stapled.

stapled securityholder – a holder of a stapled security.

stapled security or security – a CRL Share, a CRT Unit, a CAWF Unit and a DHT Unit.

statutory net profit or loss – Net profit or loss per the income statement.

syndicate – a direct property investment vehicle whereby investors' funds are pooled over a set group of properties for a fixed term. This is administered by a RE with ownership vested with a custodian on behalf of investors.

TFR – total fixed remuneration –comprises base salary, superannuation contributions and any salary sacrifice amounts.

The Plan – the Centro Senior Executive Performance Right Plan.

total securityholder return – is a calculation of the profits earned by a company's securities based on the rise and fall in their price and the dividends paid to securityholders over a particular period.

Trusts – a collective term to refer to CRT, CAWF and DHT.

underlying earnings – a financial measure that represents the profit or loss under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items. Also called underlying profit.

Unit – a unit in any of CRT, CAWF or DHT as the case requires.

CORPORATE DIRECTORY

Centro Retail Australia

Comprising :

Centro Retail Limited

ABN 90 114 757 783 and

Centro Retail Australia Limited

ABN 88 149 781 322

As Responsible Entity for:
Centro Retail Trust
ARSN 104 931 928
Centro Australia Wholesale Fund
ARSN 122 223 974
Centro DPF Holding Trust
ARSN 153 269 759

Board of Directors

Bob Edgar
Steven Sewell
Clive Appleton
Peter Day
Tim Hammon
Charles Macek
Fraser MacKenzie
Debra Stirling

Secretaries of Centro Retail Limited and Centro Retail Australia Limited

Elizabeth Hourigan
Dimitri Kiriacoulacos

Registered Office

Corporate Offices
Level 3, The Glen
235 Springvale Road
Glen Waverley Victoria 3150
Australia

Telephone	+61 3 8847 0000
Toll Free (AU)	1800 802 400
Toll Free (NZ)	0800 449 605
Facsimile	+61 3 9886 1234
Email	crfinvestor@centro.com.au
Website	crfinvestor.com.au

Auditor

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Security Registrar

Link Market Services Limited
Level 1
333 Collins Street
Melbourne Victoria 3000

CENTRO
RETAIL
AUSTRALIA