Centro Shopping Centre Securities Ltd

ACN 122 693 565

Financial report
for the year ended 30 June 2011

Financial report - 30 June 2011

Company	**Centro Shopping Centre Securities Ltd** A.C.N. 122 693 565 3rd Floor, Centro The Glen 235 Springvale Road Glen Waverley, VIC 3150 Telephone: (03) 8847 0000
Directors	Paul Cooper (Chairman) Anna Buduls Jim Hall Susan Oliver Robert Tsenin Robert Wylie
Secretaries of the Company	Elizabeth Hourigan Dimitri Kiriacoulacos Paul Flanigan
Auditor	Moore Stephens Level 10, 530 Collins Street Melbourne, VIC 3000

Directors' report

The Directors of Centro Shopping Centre Securities Ltd (the "Company") present their report on the Company for the year ended 30 June 2011.

Directors
The following persons were Directors of Centro Shopping Centre Securities Ltd during the financial year and up to the date of this report (unless otherwise stated):

Paul Cooper (Chairman)
Anna Buduls
Jim Hall
Susan Oliver
Robert Tsenin
Robert Wylie

Company Secretaries
The Company Secretaries of Centro Shopping Centre Securities Ltd are Elizabeth Hourigan and Dimitri Kiriacoulacos. Paul Flanigan is the Assistant Company Secretary and acts as the Company Secretary as required.

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

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

Dividends
No dividends were paid or declared during, or subsequent to the end of, the year ended 30 June 2011 (2010: $nil).

Review of operations
The Directors report a loss of $276,613 for the period ended 30 June 2011, compared to a profit of $750,693 for the same period last year.

Significant matters
During the year the following significant matters occurred:

- The commercial mortgage-backed securities (CMBS) and the related party loans mature on 20 December 2011. The intention is that once the CMBS are repaid from proceeds received from the the related party loans; the Company will be wound up. The financial statements are prepared on a liquidation basis as described in note 1(b) of the financial statements. As a result of adopting the liquidation basis of preparation, assets are measured at their net realisable value which approximates fair value less costs to sell. Liabilities are measured at their estimated settlement value. Adopting the liquidation basis of preparation has resulted in a liquidation value adjustment of $384,330 being recognised in the income statement;
- The Company received payment of related party loans to the value of $257,016,889.

Matters subsequent to the end of the financial year
Sale of investment properties securing receivables

The loan receivables of Centro Shopping Centre Securities Ltd are secured by the value of investment properties, including Centro White Hill, Centro Lismore (Lismore Central and BWS Lismore) and Coles Morwell. Unconditional sale contracts were executed for Centro Lismore and Coles Morwell for a consideration of $23,500,000 and $9,050,000 respectively, and a conditional sales contract was executed for Centro White Hill for a consideration of $16,030,000. The net proceeds from the sale of these assets will be utilised to repay a portion of the debt owed by the syndicates to Centro Shopping Centre Securities Ltd. Centro Shopping Centre Securities Ltd will repay the same amount to the noteholders.

Matters subsequent to the end of the financial year

Other than above matters, since 30 June 2011 no events have occurred which have had a material impact on the financial position or results of the operations of the Company.

Environmental regulation

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

Meetings of directors

One board meeting was held during the year on the 5th August 2010 and was attended by all the Directors.

Indemnification and Insurance of Directors and Officers

The Company must indemnify the Directors, on a full indemnity basis and to the extent permitted by law, against all losses or liabilities incurred by the Directors as an officer of the Responsible Entity 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 Shopping Centre Securities Ltd. This excludes a liability which arises out of a wilful breach of duty or improper use of inside information. The premium also insures the Company for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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

Paul Cooper
Director

Melbourne
14 September 2011

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800
F +61 (0)3 8102 3400

www.moorestephens.com.au

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT

TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF CENTRO SHOPPING CENTRE SECURITIES LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there has been:

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

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

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Kevin W. Neville
Partner
Melbourne, 14 September 2011

Centro Shopping Centre Securities Ltd
Income statement
For the year ended 30 June 2011

	30 June 2011 $	30 June 2010 $
Revenue		
Interest received	45,217,590	42,691,879
Total revenue	45,217,590	42,691,879
Expenses, gains and losses		
Financing costs	(43,503,099)	(40,370,539)
Other expenses	(721,015)	(935,427)
Net foreign exchange gains	8,694,560	28,473,703
Net movement on mark to market of derivatives	(9,366,470)	(27,723,010)
Management fees	(982,509)	(1,385,913)
Liquidation value adjustment	384,330	-
Net (loss)/profit before income tax expense	(276,613)	750,693
Income tax expense	-	-
Net (loss)/profit for the year	(276,613)	750,693
Net (loss)/profit for the half-year is attributable to:		
Members of Centro Shopping Centre Securities Ltd	(276,613)	750,693
	(276,613)	750,693

The above income statement has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

Centro Shopping Centre Securities Ltd
Statement of comprehensive income
For the year ended 30 June 2011

	30 June 2011 $	30 June 2010 $
Net (loss)/profit for the year	**(276,613)**	750,693
Other comprehensive income for the year	-	-
Total comprehensive (loss)/income for the year	**(276,613)**	750,693
Total comprehensive (loss)/income for the year is attributable to:		
Members of Centro Shopping Centre Securities Ltd	**(276,613)**	750,693
	(276,613)	750,693

The above statement of comprehensive income has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

	Notes	30 June 2011 $	30 June 2010 $
ASSETS			
Current assets			
Cash and cash equivalents		**1,456,377**	3,087,593
Trade and other receivables	3	**561,346,864**	258,482,079
Total current assets		**562,803,241**	261,569,672
Non-current assets			
Related party loan receivable		**-**	560,268,186
Derivative financial instruments - Cross currency interest rate swaps		**-**	661,059
Total non-current assets		**-**	560,929,245
Total assets		**562,803,241**	822,498,917
LIABILITIES			
Current liabilities			
Trade and other payables	4	**2,501,647**	4,914,671
Interest bearing liabilities	5	**527,075,345**	-
Derivative financial instruments - Cross currency interest rate swaps		**33,226,249**	24,520,838
Total current liabilities		**562,803,241**	29,435,509
Non-current liabilities			
Interest bearing liabilities	5	**-**	792,786,795
Total non-current liabilities		**-**	792,786,795
Total liabilities		**562,803,241**	822,222,304
Net assets		**-**	276,613
EQUITY			
Contributed equity	6	**1**	1
Retained earnings		**(1)**	276,612
Total equity		**-**	276,613

The above balance sheet has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

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

Centro Shopping Centre Securities Limited	Contributed equity $	(Accumulated losses) / Retained earnings $	Total equity $
Balance at 1 July 2010	**1**	**276,612**	**276,613**
Net profit/(loss) for the year	-	(276,613)	(276,613)
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss) for the year	**-**	**(276,613)**	**(276,613)**
Balance at 30 June 2011	**1**	**(1)**	**-**

The above statement of changes in equity has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

Centro Shopping Centre Securities Ltd
Cash flow statement
For the year ended 30 June 2011

	Notes	30 June 2011 $	30 June 2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		-	-
Payments to suppliers (inclusive of goods and services tax)		(3,362,887)	(1,199,913)
Interest received		45,614,679	42,026,357
Interest paid		(43,883,008)	(39,828,679)
Net cash (outflow)/inflow from operating activities	7	(1,631,216)	997,765
Cash flows from financing activities			
Proceeds from related party loans		(257,016,889)	82,514,928
Repayments of interest bearing liabilities		257,016,889	(82,514,928)
Net cash inflow/(outflow) from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(1,631,216)	997,765
Cash and cash equivalents at the beginning of the financial year		3,087,593	2,089,828
Cash and cash equivalents at the end of the financial year		1,456,377	3,087,593

The above cash flow statement has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Centro Shopping Centre Securities Ltd ("the Company").

(a) Statement of compliance with International Financial Reporting Standards

This general purpose financial report complies with Australian Accounting Standards as applied under the liquidation basis of preparation. 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).

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as they apply to liquidation basis. The financial report is presented in Australian dollars.

Liquidation Basis

Financial statements are normally prepared on a going concern basis where there is neither the intention nor the need to materially curtail the scale of the Syndicate's operations. If such an intention or need exists, the financial statements cannot be prepared on a going concern basis.

At 30 June 2011, it is the intention that once all the loans are repaid by their maturity date of 20 December 2011, the Company will be wound up.

As a result, the Directors of the Company have concluded that the going concern assumption is no longer appropriate. The Directors of the Company have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that "When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the Company is not regarded as a going concern."

Accordingly the financial statements have been prepared on a liquidation basis.

With the exception of Centro Retail Trust, repayment by each obligor is subject to the successful refinancing of each loan or equivalent asset sales. The obligors have notified the Company that refinance negotiations are underway, however, a condition for which may be a successful restructure of Centro Properties Group ("CNP").

On 9 August 2011, CNP announced that it had entered into an agreement (Implementation Agreement) with its senior lenders to implement its restructure transaction together with the proposed Aggregation of the Australian assets and interests held by CNP, Centro Retail Trust (CER) and certain CNP managed funds.

Under the Implementation Agreement, CNP has agreed with holders of more than 83% of its senior debt (senior lenders) to implement a creditor's scheme of arrangement (Senior Debt Scheme) to effect, if all CNP and other approvals are obtained, the cancellation of CNP senior debt in return for substantially all of CNP's Australian assets and interests.

The directors of CNP have reasonable grounds to believe that the aggregation and restructure will be successfully completed.

In the event that the obligors are unable to refinance prior to the maturity of their existing loans, the obligors would be required to dispose of their assets. Any proceeds from an asset sale would be used to settle the obligors' liabilities owing to the Company. Upon receipt of these settlements from the obligors, the Company would settle its liabilities to the noteholders and be wound up. Such an occurrence would not be an event of default of the issuer (Centro Shopping Center Securities Limited).

Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report

Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets is their net realisable value. The liquidation value of liabilities is their estimated settlement amount. For assets, net realisable value approximates the carrying amount of assets under accounting standards, except for investment properties, where the net realisable value is the carrying amount under accounting standards less estimated selling costs.

Under the liquidation basis of accounting, all assets and liabilities previously classified as non-current are classified as current.

1 Summary of significant accounting policies

In adopting the liquidation basis, the Directors of the Company have continued to apply the disclosure requirements of Australian Accounting Standards to the extent they are relevant to the liquidation basis, and modified them where considered appropriate.

The financial report does not include all of the disclosures required by the following standards on the basis that the disclosures are not considered relevant for decision making by users as described below:

- AASB 7 *Financial Instruments: Disclosures*
  The information on exposures to financial risks are not considered relevant to users given that the financial risk exposures are not representative of the risks that will exist going forward.
- AASB 101 *Presentation of Financial Statements*
  Information on capital management is not considered relevant for users to understand what is managed as capital given the disclosures on scheme of arrangement and the basis of preparation change from "going concern" to "liquidation". The net result of the US asset sale has not been presented as a single line item in the Income Statement.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation. The Company has not adopted any new Australian Accounting Standards.

Comparative information has not been restated and is measured and presented on a going concern basis.

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

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved.

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

(d) Cash and cash equivalents

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

(e) Trade and other receivables

2011 - Trade and other receivables are measured at their net realisable value. No adjustment has been recognised on the change to liquidation basis as the realisable amount approximates the amortised cost using the effective interest method.

2010 - 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 receivables is reviewed on an ongoing basis. Debts which are 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 Company will not be able to collect all amounts due according to the original terms of the receivables.

1 Summary of significant accounting policies

(f) Trade and other payables

2011 - Trade and other payables are measured at their anticipated settlement amount. A liquidation value adjustment of $384,330 has been recognised on the change to liquidation basis.

2010 - These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted.

(g) Derivatives

2011 - Derivatives are measured at their realisable amount. No adjustment has been recognised on the change to liquidation basis as the realisable amount approximates fair value.

2010 - Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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 derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the income statement.

Cross currency interest rate swap contracts

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

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

(h) Borrowings

2011- Borrowings are measured at liquidation value. Any difference between the amortised cost and the liquidation value is recognised in the income statement. Borrowings are classified as current liabilities.

2010 - Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(i) Borrowing costs

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

(j) Goods and Services Tax (GST)

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

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

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

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

1 Summary of significant accounting policies

(k) Contributed equity

Ordinary shares are classified as equity.

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

(l) Australian Accounting Standards issued but not yet effective

The Company financial report is prepared on a liquidation basis for the reasons outlined in note 1(b) above. As a result, Australian Accounting Standards currently on issue but not yet effective are not expected to have any impact on the Company.

(m) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities have been offset and presented as a net amount where there is a legally enforceable right to set off and there is an intention to settle on a net basis.

2 Significant accounting estimates, judgements and assumptions

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

Liquidation value

As noted in the Note 1(b), the accounts have been prepared on a liquidation basis.

Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets and liabilities is the estimated value for which assets are realised and liabilities settled.

As a result certain payables with a carrying amount of $1,670,511 has been adjusted to its settlement amount of $1,286,181. $384,330 is recognised in the Income Statement as a liquidation value adjustment. This reflects the fact that there will be insufficient assets upon the wind up of the Company to settle it's liabilities. It does not suggest that the amount owing to Senior Lenders has been forgiven or reduced. The liquidation value adjustment will be affected by the amount actually realised for the assets of CNP and as such could be materially different to the amount estimated.

In addition all non current assets and liabilities have been classified as current assets and liabilities.

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

Collectability of trade receivables
Collectability of trade receivables is reviewed on an ongoing basis. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company estimates the amount to be provided for based on knowledge of individual retailers circumstances, customer credit-worthiness, and current economic trends. The amount of the allowance is continually reassessed following any changes in individual retailer circumstances, such as bankruptcy, with a complete review undertaken every six months.

3 Current assets - Trade and other receivables

	30 June 2011 $	30 June 2010 $
Related party loans receivable[i]	**560,268,186**	257,016,886
Interest receivable from related parties	**1,068,103**	1,465,193
Prepayments	**10,575**	-
	561,346,864	258,482,079

[i] Refer to note 5a for details of assets pledged as security.

Related party loans receivable are expected to be paid by December 2011.

(a) Impaired trade receivables

There are no impaired trade receivables for the Company in 2011 or 2010.

(b) Past due but not impaired

There are no amounts past due but not impaired for the Company in 2011 or 2010.

4 Current liabilities - Trade and other payables

	30 June 2011 $	30 June 2010 $
Related party payables[1]	**1,286,181**	3,799,197
Accrued expenses	**384,066**	41,201
Other payables	**(79,183)**	(217,118)
Accrued interest	**910,583**	1,291,391
Total trade and other payables	**2,501,647**	4,914,671

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

[1]As a result certain payables with a carrying amount of $1,670,511 has been adjusted to its settlement amount of $1,286,181. $384,330 is recognised in the Income Statement as a liquidation value adjustment. This reflects the fact that there will be insufficient assets upon the wind up of the Company to settle it's liabilities. It does not suggest that the amount owing to Senior Lenders has been forgiven or reduced. The liquidation value adjustment will be affected by the amount actually realised for the assets of CNP and as such could be materially different to the amount estimated.

5 Interest bearing liabilities

	30 June 2011 $	30 June 2010 $
Current		
Secured		
Commercial mortgage backed securities	527,134,030	-
Deferred transactions costs	(58,685)	-
Total secured current interest bearing liabilities	527,075,345	-
Total current interest bearing liabilities	527,075,345	-
Non-current		
Secured		
Commercial mortgage-backed securities	-	792,845,480
Deferred transaction costs	-	(58,685)
Total secured non-current interest bearing liabilities	-	792,786,795
Total non-current interest bearing liabilities	-	792,786,795

During the year, the Company received payment of related party loans to the value of $257,016,889. Additional movement is due to a favourable change in foreign currency exchange rates of Euro denominated borrowings.

Commercial mortgage-backed securities ("CMBS") are repayable at the earlier of the receipt of proceeds from the related party loans receivable (expected December 2011) or the legal maturity date of the CMBS interest bearing liabilities (June 2013).

(a) Secured liabilities and assets pledged as security

Current Commercial mortgage-backed securities issued are secured by the following investment properties: Lennox, Maitland Hunter Mall, Roselands, Kidman Park, Dubbo, Raymond Terrace, Karratha, Oxenford, Emerald, Emerald Market, Maddington, Indooroopilly, Tweed Supermarket, Pinelands, Lismore, Woodcroft, Port Pirie, Morwell Coles, Albury, Newton, Gladstone, Whites Hill, Monier Road, Colonnades, Mildura, Wodonga, Westside, Buranda.

6 Contributed equity

	30 June 2011 No. of shares	30 June 2010 No. of shares	30 June 2011 $	30 June 2010 $
(a) Share capital				
Ordinary shares	1	1	1	1
Total contributed equity			1	1

(b) Ordinary shares

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

7 Cash flow information

	30 June 2011 $	30 June 2010 $
Net (loss)/profit before income tax expense	**(276,613)**	750,693
Liquidation value adjustment	**(384,330)**	-
Unrealised foreign currency (increments)/decrements	**(8,694,561)**	(28,473,703)
Unrealised mark-to-market (increments)/decrements	**9,366,470**	27,723,010
Decrease/(increase) in assets		
Trade and other receivables	**257,403,401**	(713,981)
Increase/(decrease) in liabilities		
Trade and other payables	**(259,045,583)**	1,711,746
Net cash (outflow)/inflow from operating activities	**(1,631,216)**	997,765

8 Key Management Personnel disclosures

(a) Directors

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

Paul Cooper (Chairman)
Anna Buduls
Jim Hall
Susan Oliver
Robert Tsenin
Robert Wylie

(b) Key Management Personnel compensation

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

(c) Loans to Key Management Personnel

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

(d) Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel that were not conducted on a normal arm's length basis. All transactions with Key Management Personnel require approval by the Board. The Company has established a policy that requires all non-standard transactions to be subject to prior approval by the Board, with legal advice being sought as necessary.

9 Remuneration of auditors

	30 June 2011 $	30 June 2010 $
(a) Audit services		
Moore Stephens		
Audit and review of financial reports	34,580	35,270
Total remuneration for audit services	34,580	35,270

(b) Non-audit services

No non-audit services were provided in 2011 or 2010.

10 Related party transactions

(a) Directors

The name of persons who were the Directors of the Company during the year were: Paul Cooper, Anna Buduls, Jim Hall, Susan Oliver, Robert Tsenin, Robert Wylie.

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

(b) Transactions with other related parties

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

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

	30 June 2011 $	30 June 2010 $
Interest revenue		
Centro MCS 10 SPV	**2,711,930**	2,595,854
Centro MCS 17 SPV	**999,018**	2,356,295
Centro MCS 18 SPV	**251,638**	1,302,231
Centro MCS 21 SPV	**6,139,484**	4,326,604
Centro MCS 22 SPV	**887,240**	709,603
Centro MCS 23 SPV	**1,199,474**	961,523
Centro MCS 25 SPV	**2,238,482**	1,788,230
Centro MCS 26 SPV	**2,963,226**	2,367,197
Centro MCS 27 SPV	**1,397,623**	2,390,312
Centro MCS 34 SPV	**3,965,776**	3,171,777
Centro MCS 37 SPV	**5,069,626**	4,169,799
Centro Retail Trust	**17,284,745**	16,452,009
	45,108,262	42,591,435

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

	30 June 2011 $	30 June 2010 $
Expenses		
CPT Manager Ltd	**982,509**	1,376,005
	982,509	1,376,005

10 Related party transactions

(c) Outstanding balances to other related parties

Balance receivable from Centro Retail Trust and Centro MCS Syndicates to the Company at balance date is show in the table below.

	30 June 2011 $	30 June 2010 $
Receivables from:		
Centro MCS 10 SPV	**32,603,924**	32,603,092
Centro MCS 17 SPV	**-**	25,553,722
Centro MCS 18 SPV	**-**	6,436,617
Centro MCS 21 SPV	**73,811,355**	73,809,473
Centro MCS 22 SPV	**16,244,967**	16,244,552
Centro MCS 23 SPV	**21,763,746**	21,763,190
Centro MCS 25 SPV	**41,172,997**	41,171,947
Centro MCS 26 SPV	**54,503,394**	54,502,003
Centro MCS 27 SPV	**-**	54,102,510
Centro MCS 34 SPV	**72,611,596**	72,609,743
Centro MCS 37 SPV	**92,822,612**	92,820,243
Centro Retail Trust	**155,801,698**	327,133,173
	561,336,289	818,750,265

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

	30 June 2011 $	30 June 2010 $
Payables to		
CPT Manager Limited	**1,670,511**	3,799,196
	1,670,511	3,799,196

(d) Terms and conditions

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

Outstanding balances are repayable in cash.

11 Contingencies

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

In the ordinary course of business, the Company may be exposed to various legal and administrative proceedings, the ultimate resolution of which, in the opinion of the Directors, should not have a material effect on the Company's financial position, results of operations or cash flows.

12 Events occurring after the reporting period

Sale of investment properties securing receivables

The loan receivables of Centro Shopping Centre Securities Ltd are secured by the value of investment properties, including Centro White Hill, Centro Lismore (Lismore Central and BWS Lismore) and Coles Morwell. Unconditional sale contracts were executed for Centro Lismore and Coles Morwell for a consideration of $23,500,000 and $9,050,000 respectively, and a conditional sales contract was executed for Centro White Hill for a consideration of $16,030,000. The net proceeds from the sale of these assets will be utilised to repay a portion of the debt owed by the syndicates to Centro Shopping Centre Securities Ltd. Centro Shopping Centre Securities Ltd will repay the same amount to the noteholders.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 30 June 2011 and the date hereof that has significantly affected, or may significantly affect:
(a) the Company's operations in future financial years;
(b) the results of those operations in future financial years; or
(c) the Company's state of affairs in future financial years.

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

(a) The financial statements and notes of Centro Shopping Centre Securities Ltd set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards as they apply on a liquidation basis, the *Corporations Regulations 2001*, its Constitution and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of Centro Shopping Centre Securities Ltd's financial position as at 30 June 2011 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.

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

(c) The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as they apply on a liquidation basis.

Without qualifying the above conclusion, the Directors draw attention to the basis of preparation of the financial report set out in note 1(b).

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

Paul Cooper
Director

Melbourne
14 September 2011

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800
F +61 (0)3 8102 3400

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTRO SHOPPING CENTRE SECURITIES LTD

Report on the Financial Report

We have audited the accompanying financial report of Centro Shopping Centre Securities Ltd (the company), which comprises the balance sheet as at 30 June 2011, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the registered scheme's preparation of the financial report that gives a true and fair view 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 registered scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Independence

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

Opinion

In our opinion:

(a) the financial report of Centro Shopping Centre Securities Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Centro Shopping Centre Securities Ltd's financial position as at 30 June 2011 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.

Adoption of Liquidation Basis of Accounting

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which describes the liquidation basis of accounting effective 30 June 2011. Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets is their net realisable value. The liquidation value of liabilities is their estimated settlement amount. For assets, net realisable value approximates the carrying amount of assets under accounting standards, except for investment properties, where the net realisable value is the carrying amount under accounting standards less estimated selling costs.

Moore Stephens

Moore Stephens
Chartered Accountants

Kevin W. Neville
Partner

Melbourne,

14 September 2011