

Appendix 4E

Preliminary final report

Name of entity

Centro Properties Group comprising Centro Properties Limited and Centro Property Trust

ABN or equivalent company reference Half yearly
(tick) Preliminary
final (tick) Half year/financial year ended ('current period')

Centro Properties Limited 078 590 682
CPT Manager Ltd (RE for Centro
Property Trust) 054 494 307

30 June 2007

Results for announcement to the market (A\$'000)

	30 Jun 07	30 Jun 06	Note
Revenues and income	795,166	859,722	1
Profit from ordinary activities after tax attributable to members	469,719	664,185	2
<p>1. Revenue and other income decreased during 2007 primarily due to the continued implementation of Centro's co-investment business model resulting in less of the substantial revaluation gain on funds under management being recognised as income compared with the prior year. Centro Properties Group ("Centro") does not consider this to be reflective of its underlying performance, represented by the 13.5% increase in distributable earnings to members (see below).</p> <p>2. Profit from ordinary activities after tax attributable to members for the period also decreased during 2007 again primarily due to the above factors as well as the non-cash impact of mark to markets of financial instruments. Again, Centro therefore does not consider this to be reflective of its underlying performance, represented by the 13.5% increase in distributable earnings to members (see below).</p>			
Dividends (distributions)	Amount per security (distribution from Trust)	Amount per security (dividend from Company)	
Final distribution	20.5¢		Nil
Previous corresponding period	19.0¢		Nil
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	29 June 2007		
Distributable earnings reconciliation (refer note 2)	30 Jun 07	30 Jun 06	Growth
Profit from ordinary activities after tax attributable to ordinary members	469,719	664,185	
Adjusted for:			
Revaluation gains	(173,480)	(342,543)	
Financial instruments mark to market	26,011	(37,850)	
Other, including AIFRS Adjustments	13,006	11,474	
Distributable earnings to members	335,256	295,266	13.5%
<p>Centro recorded distributable earnings of \$335.3m for the full year ended 30 June 2007, an increase of 13.5% on the previous year. The strong overall result has delivered an annual distribution of 39.8 cents (19.3 cents interim, 20.5 cents final) representing an 8.2% increase on prior year. Refer attached commentary for further results analysis and detailed reconciliation in note 2.</p>			

“Resilience for Growth”

The full year ended 30 June 2007 was a period of significant activity and growth, providing continuing strong returns for investors in Centro Properties Group (“Centro” or “the Group”). The Directors of Centro Properties Limited (the “Company”) and CPT Manager Limited, the Responsible Entity of Centro Property Trust (the “Trust”) present their report on the results for the full year.

Key Centro Statistics

	30 Jun 07	30 Jun 06	Increase
Funds Under Management	\$26.6bn	\$11.5bn	\$15.1bn or 131.3%
ASX Market Capitalisation	\$7.2bn	\$5.5bn	\$1.7bn or 30.9%
Distributable Earnings	\$335.3m	\$295.3m	\$40.0m or 13.5%
Distributable Earnings per Centro Security	40.5 cents	36.8 cents	3.7 cents or 10.1%
Distributions per Centro Security	39.8 cents	36.8 cents	3.0 cents or 8.2%

Key Highlights

- **Significant Acquisitions Expand Centro’s Substantial US Platform** – During the year Centro successfully acquired New Plan Excel Realty Trust (“New Plan”), Heritage Property Investment Trust (“Heritage”) and Galileo Funds Management, as well as assuming full ownership of Centro’s US management operations. The Heritage, New Plan and Centro Shopping America Trust (“CSF”, formerly Galileo Shopping America Trust) portfolios have provided a unique growth opportunity for Centro to utilise and expand its funds management business platform. This also establishes Centro’s US operations as the fifth largest owner/manager of retail property in the United States with over 850 staff in the Centro US team;
- **Standout 131% FUM Growth to \$26.6 Billion** – Centro’s funds under management (“FUM”) grew from \$11.5 billion at 30 June 2006 to \$26.6 billion at 30 June 2007, largely as a result of the New Plan and Heritage acquisitions and also through domestic acquisitions, value adding developments and revaluations. This provides an outstanding opportunity for the continued implementation of Centro’s business model;
- **Strong Outperformance with 46% Total Return** – Centro investors achieved a total return of 46.0% for the year ended 30 June 2007, covering both income and capital growth. Centro remains the highest performing Listed Property Trust (“LPT”) over the last three, five and 10 years in the S&P/ASX 200 Property Trust Accumulation Index. An investment in Centro has delivered a 25.0% compound average annual total return over the past 10 years (compared to the Australian LPT index average of 14.5%);
- **Sustained Strong 8.2% DPS Growth** – Excellent growth in Services Business earnings (58.3% up on last year) and solid results from Centro’s property ownership (4.9% Australian and 2.1% US comparable property income growth) have provided a full year distribution of 39.8 cents per security. This increase of 8.2% highlights the returns deliverable to investors from Centro’s retail property co-investment model’s risk managed growth philosophy;
- **Strong Performing Retail Property Remains Centro’s Heart** – Continuing Australian stable property income growth of 4.9% reflects the strong overall performance of Centro’s Australian managed shopping centres. Australian retail sales in Centro centres continued to grow at a solid 3.9% on a moving annual turnover basis. Centro’s US property portfolio also continues to perform well with 2.1% comparable income growth on Centro’s total managed US portfolio. The US retail leasing environment remains strong with 6.9% specialty rental renewal growth and solid occupancy of 94.8% in its stable portfolio. The underlining high quality and conservative nature of Centro’s

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Australian and US portfolios are focused on convenience based, non discretionary sales. Demand for retail space remains very high with Centro's Australian shopping centres under management over 99% occupied;

- **Investor Demand Drives Continuing Equity Inflows** – Through its well-established and continually growing funds distribution network, Centro raised a significant total of \$864 million of new co-investment equity during FY07. These funds are co-invested with Centro through its managed listed property trusts, diversified funds, syndicates and wholesale funds. The sustainable and growing inflows into the Centro Direct Property Fund (“DPF”) and Centro Direct Property Fund International (“DPFI”) were also supported by demand for the DPFI reinvestment opportunity offered to Centro investors during the year; and
- **New Wholesale Co-Investment Funds Established** – Following the Heritage acquisition, Centro created two new retail property wholesale funds – the Centro Australia Wholesale Fund (“CAWF”) and the Centro America Fund (“CAF”). CAWF was the result of the spin-off by Centro of \$2.5 billion of directly owned Australian shopping centres, with Centro investors receiving a \$0.75 per security special distribution as part of the transaction. CAF is a portfolio of A\$1.1 billion of US properties acquired through Heritage. In line with Centro's business model, Centro has co-invested in these funds through interests held by the DPF and DPFI, which have grown substantially and delivered strong returns through the opportunity to access these quality investments. External equity of \$52m had been invested into CAF at 30 June.

Operating Profit Review

Strong Sustainable Income Growth Continues

Financial performance	June 07 \$m	June 06 \$m	Change
Australian Property Investment Income	113.9	182.0	-37.4%
Offshore Property Investment Income	46.0	40.6	13.3%
Property Securities Investment Income	220.6	65.0	239.4%
Property Investment Overheads	(19.6)	(20.3)	-3.4%
Net Property Investment Income	360.9	267.3	35.0%
Property Management Income	44.6	31.3	42.5%
Development Management & Leasing Income	21.9	21.0	4.3%
Funds Management Income – Monthly	87.6	45.8	91.3%
Funds Management Income – Other Recurring	74.8	45.3	65.1%
Property Services Overheads	(65.4)	(40.1)	63.1%
Net Property Services Income	163.5	103.3	58.3%
EBIT	524.4	370.6	41.5%
Interest	(186.3)	(75.3)	147.4%
Distribution on Preference Units and OEI	(2.8)	-	n/a
Distributable Earnings	335.3	295.3	13.5%
Attributable to Ordinary Securityholders			
Net AIFRS Adjustments*	134.4	368.9	-63.6%
Net AIFRS Profit	469.7	664.2	-29.3%

* Mainly non-cash revaluations and financial instruments mark-to-market

Financial Results – Distributable Earnings Up 13.5%

Centro recorded distributable earnings of \$335.3 million for the full year ended 30 June 2007, an increase of 13.5% on the previous year. The transfer of assets from owned property to property securities investment has continued during the period, further implementing Centro's co-investment business model. Centro's net Property Investment income increased by 35.0%, benefiting from

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increased investments through Heritage and New Plan, continued solid organic growth and Centro's value adding development program. Interest expense increased accordingly during the period due to the higher investments to fund the significant Heritage and New Plan transactions.

Centro's accounting net profit was \$469.7 million for the full year, with non-distributable AIFRS adjustments of \$134.4 million, mainly non-cash revaluations and financial instruments mark to market, (\$664.2 million net profit for the previous corresponding period).

Continued High Distribution Growth of 8.2%

The strong overall result continues Centro's track record of 7%+ distribution growth over the past 10 years, with a 39.8 cent distribution per Centro security for the full year, representing distribution growth of 8.2% on the prior year. During the year, investors also received a special distribution of 75 cents per security as a benefit from the CAWF spin-off. This total effective distribution of 114.8 cents per Centro security for the full year is a pleasing result and continues Centro's record of providing strong returns for investors.

Importantly, Centro achieved distributable earnings per security of 40.5 cents, an increase of 10.1% on the prior year and 0.7 cents or 1.8% higher than actual distributions per security. This additional earnings of \$5.9 million mainly reflects higher than forecast performance fees from DPF, DPFI and CAWF. These additional earnings will be retained and utilised to reduce Centro's debt balance.

Strong Comparable Property Income Growth Continues

Centro's managed Australian property portfolio performed strongly with comparable property income growth of 4.9% for the year. This pleasing result highlights the quality and strength of Centro's property portfolio and is a reflection of active, value-adding property management and leasing initiatives. Managed US comparable property income growth was 2.1%, reflecting the solid and stable nature of Centro's predominantly convenience shopping centre assets in the US.

Centro's ownership income grew significantly by 35.0% during the year and with the continued implementation of Centro's business model an increased proportion of Centro's property ownership is now through its managed co-invested funds. This is reflected in the movement of Property Investment Income to Property Securities Investment Income with the significant overall growth in this income underpinned by the continued strong performance of Centro's managed funds as detailed below.

Managed Funds	Total Assets		FY07 Total Return
	30 Jun 07 \$bn	Fund Yield	
Centro Direct Property Fund (DPF)	2.4	6.3%	16.6%
Centro Direct Property Fund International (DPFI)	2.0	7.2%	11.0%
Centro Retail Trust (CER)	4.8	8.1%	18.5%
Centro Shopping America Trust (CSF)	2.7	8.4%	11.5%
Centro Australia Wholesale Fund (CAWF)	2.6	5.0%	13.9%
Centro America Fund (CAF)	1.1	6.7%	14.6%
Centro MCS Syndicates (CMCS)	8.7	6.5%	27.1%

Sustainable Services Business Income Grows

Supported by the acquisitions of Heritage and New Plan, the full year financial result was also based on strong 58.3% growth in net Services Business income, especially from new managed funds, including Centro MCS 38, CAWF and CAF. Centro continues to pursue its objective to establish sustained long term income in its Services Business, in preference to one-off fees, highlighted during the year by the increase in monthly funds management income, largely driven by growth in stable and secure trust management fees. Other recurring funds management income also produced strong growth largely due to fees from the establishment of new funds, facilitated by Centro's significant FUM growth and the outperformance of Centro's managed funds delivering significant performance fees.

Retail Property – The Heart of Centro

The foundation of Centro's continuing success and growth is the strong performance of its underlying retail properties. Centro's quality portfolio of 810 shopping centres under management in Australasia and the United States is valued at A\$26.6 billion at 30 June 2007. The growth of \$15.1 billion since 30 June 2006 has been driven by the Heritage and New Plan acquisitions, Australian acquisitions, valuation uplifts and Centro's value adding development program. Centro's substantial property and development management platforms are seen as critical to its capacity to deliver value to its investors and co-investors.

Significant Organic Growth from Developments

Centro's value adding development program continues to add organic growth to the managed property portfolio. The highlight of the year was the opening of the \$119 million Centro Colonnades redevelopment which added approximately 19,000m² in retail space to the centre at a yield on total cost of 8.9%. New Woolworths and Big W stores anchor the development which also features Centro's sub-branded food court and fresh food precincts, Diners Life and Fresh Life. Since opening, Centro Colonnades has traded extremely well with pleasing feedback from the centre's major retailers. The centre has also recently added a new Myer store, enhancing its department store offer.

Centro has \$438 million of approved developments in its current pipeline including ongoing projects at Centro Bankstown, Centro Lake Macquarie and Centro Newcomb. An additional \$389 million of identified projects in master planning and feasibility stage for project commencement by the end of FY09 ensures the development pipeline will be maintained.

Centro US development team has been strengthened and expanded particularly from the New Plan acquisition. A significant development pipeline of US\$482 million was obtained through the New Plan acquisition and the enlarged team is actively reviewing all properties in the US portfolio for value adding potential. The team has already identified several other near term opportunities for Centro's US properties.

The continued success in identifying opportunities and managing development risks demonstrates Centro delivering value by enhancing the value of its retail property portfolio.

Significant Australian and US Revaluation Gains

Centro's managed properties achieved an impressive \$1.0 billion revaluation gain following the annual independent valuations of the Australian and US portfolios. The substantial revaluation gains across both Centro's Australian and US retail property portfolios represent continued high demand for Centro's quality shopping centres, as well as the positive impact of the substantial redevelopment program undertaken during the year and good retailer relationships.

Healthy Retail Sales and Leasing Performance

Centro Managed Australian Centre Sales			
Category	MAT \$m*	Composition	MAT Change per SCCA Standards
Supermarkets	4,342	44.0%	2.6%
DDS	1,392	14.2%	-1.2%
Department Stores	356	3.6%	7.6%
Total Majors	6,090	61.8%	2.0%
Specialties	2,881	29.2%	7.3%
Mini Majors	482	4.9%	6.8%
Cinema/Other	408	4.1%	7.9%
Total	9,861	100.0%	3.9%

*Reflects 100% of centres' sales to 30 June 2007

Retail sales in Centro's Australian managed portfolio have continued to grow strongly following the recent flattening of petrol prices, the positive impact of tax cuts and record high employment. Majors'

sales have been constrained by Coles Group uncertainty, particularly Discount Department Stores. Specialties sales growth remains high, a reflection of the quality retailers and focus on non-discretionary sales, such as fresh food, and the convenience nature of Centro shopping centres.

The continued growth in Australian sales is positive for sustained property income growth which will benefit both investors in Centro and co-investors in its managed funds. This is reflected in the 1,302 maintenance lease deals and 7.3% rental renewal income growth achieved in Centro's Australian managed centres for the year and high portfolio occupancy rate of over 99%.

The performance of Centro's US property portfolio has also been pleasing. Stable portfolio occupancy is 94.8% (92.6% on total portfolio) following a strong year of leasing results. Specialty rent renewal growth was 6.9% on a total of 1,967 maintenance lease deals completed during the year.

Centro Services Businesses – Strong Growth

As well as diversification benefits, Centro has shown that increased funds and assets under management have flow through benefits to increased Services Business income generated from funds management, property management, development and leasing capabilities. This is reflected in the Centro Services Business compound annual growth rate (or CAGR) of 57.5% and 55.9% over the last five and 10 years respectively.

Centro's funds management capability and co-investment philosophy is a major strength and point of difference from its competitors. Centro's philosophy of co-investing 25% to 50% in each managed fund aligns the interests of Centro with external investors.

\$5.5 Billion Independent Valuation

Centro's Services Business was independently valued as at 31 May 2007 for its lending covenants, with KPMG advising a midpoint valuation of \$5.5 billion (compared to previous midpoint \$2.5 billion valuation as at 30 June 2006). This growth in value is a reflection of the strong growth in sustainable income streams generated by Centro's significant FUM growth during the year.

Property Management, Leasing and Development Management

Centro's strong property platform continues to deliver solid services business income streams through day-to-day property management and leasing activities. The growth in Centro's FUM to \$26.6 billion generates significant income growth through Centro's value adding property management and leasing focus. On the back of a substantial development pipeline in FY06, development and leasing fees remained relatively consistent with a significant development pipeline in both Australia and the US these fee streams reflect a continued opportunity for future growth.

Funds Management

During FY07, gross funds management income increased by 78.3%. Monthly funds management income represents growth in stable and secure trust management fees and amortisation of fund establishment fees. Other recurring funds management income represents fees from establishment of new funds facilitated by Centro's strong FUM growth and outperformance of Centro's managed funds delivering significant performance fees.

The establishment of new funds during FY07 including CAWF, CAF, Centro MCS Syndicates 38, 39 and 40 as well as the acquisition of the management of CSF, all contributed to the strong growth in funds management income. Continuing growth in Centro's direct property funds through their significant new investments has also increased funds management income.

Financial Risk Management Focus Continues

Financial Position	June 2007	June 2006	Change
	\$m	\$m	
Total Assets	8,137	5,152	57.9%
Financed by:			
Borrowings	3,604	1,537	134.5%
Other Liabilities	996	337	195.5%
Equity	3,537	3,278	7.9%
	8,137	5,152	57.9%
Key Ratios			
Gearing (Lenders Look Through)	48.4%	26.1%	85.4%
Gearing (Book)	42.8%	26.3%	62.7%
Net Tangible Assets per Security (\$)	2.29	3.63	-36.9%

Centro's net tangible asset movement reflects the \$0.75 special distribution, purchased goodwill on acquisitions during the year and AIFRS accounting adjustments including de-recognition of Centro's ESP securities acquired on market during the year.

Strong Capital Management Risk Focus

Significant acquisitions during 2007 including Heritage, New Plan, Centro Watt and Galileo Funds Management have contributed to the growth in Centro's total assets during the 2007 financial year. Correspondingly, Centro's borrowings have also increased and Centro's gearing (lenders look through) has increased to 48.4% at 30 June 2007, slightly above Centro's long term preferred range of 35% to 45%. Centro is confident that its gearing level will be restored to within its policy range during FY08 primarily through continued strong inflows into Centro's managed funds.

Centro continues to exercise conservative financial risk management policies focusing on key risk areas of liquidity, borrowing margins, interest rates and foreign exchange. Centro is well protected through long range, staggered debt and interest rate maturities. By implementing appropriate minimum average durations, Centro is able to eliminate short term volatility in interest rates, and having staggered average maturity profiles ensures pricing volatility is minimised. Centro's policy against taking significant currency exposures have proved appropriate and value adding to investors, particularly in recent months. Substantial interest rate, currency and margin hedges for its recent US acquisitions stand Centro and each of its managed funds in good stead in the current debt market volatility.

Centro is a natural co-investor into its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, Centro has provided limited exit mechanisms to investors, generally at the then net asset backing of the relevant fund. To support its potential investment opportunities that these liquidity mechanisms represent, Centro maintains unused bank facilities and cash in excess of its commitments.

Securing Financial Positions of Centro's Managed Funds

Centro also rigorously applies its financial risk management practices to its managed funds to ensure co-investors equity and returns are secured. The same diligent and effective debt and interest rate management as well as foreign exchange risk management policies are followed to protect co-investors.

The most significant example of this during the year was the successful completion of Australia's largest Commercial Mortgage Backed Securities ("CMBS") transaction. The A\$0.9 billion CMBS issuance was the first by a newly created conduit vehicle, Centro Shopping Centre Securities Ltd (the "Centro Conduit"), creating a strategic funding platform for Centro and its managed vehicles. The participating Centro managed funds include Centro MCS syndicates and Centro Retail Trust.

As the first non-bank CMBS conduit in the Australian market, the Centro Conduit is an exciting and important capital access opportunity for Centro and its managed funds. The Centro Conduit is a strategic multi-borrower funding platform, providing Centro and its managed funds with access to the debt capital markets. It will provide Centro's managed funds and investors with enhanced funding diversification as well as contributing to future financial performance, through the provision of more cost effective financing.

The Centro Conduit was awarded the 2006 Deal of the Year – Australia “for establishing the country's first multi-borrowed CMBS Conduit and paving the way for future property development transactions” by the respected Thomson Financial International Securitisation Report.

Active and Prudent Corporate Governance

As announced prior to the Annual General Meeting of 20 October 2006, the retirement of long serving Board member, Mr David Graham took effect at the conclusion of the meeting. Mr Graham was an independent non-executive director of Centro and its predecessor organisation Jennings Properties Limited since 1985. The 21 years of Mr Graham's directorship saw considerable change and evolution, accompanied by strong growth and returns for Centro investors. The Board of Centro recognises and thanks David for his outstanding and unique contribution over the whole of this period.

Centro continues to actively monitor its current and future Board requirements and accordingly appointed Mr Paul Cooper to the Board in September 2006. Mr Cooper's extensive experience in capital raising, strategic corporate finance advice, legal, acquisitions & divestment and negotiation & establishment of joint ventures are valuable additions to the Board.

Centro's Board now includes six independent non-executive Directors, together with the executive Director, Mr Andrew Scott. Four of the non-executive Directors were appointed within the last four years. The composition of the Board and the Board committees, and the experience, skills and capabilities of the Board members, reflect a considered and planned approach to the succession requirements associated with both current and future demands and challenges.

Strong management of related party transactions continued through consistent and commercial arms length dealings, clearly documented management arrangements and the inherent alignment of interest that the co-investment philosophy of Centro's business model requires. The achievements of this strong Corporate Governance focus are reflected in the success and high returns of Centro's co-invested funds including CER, DPF and DPF1.

Outlook

Centro has continued to successfully implement its co-investment business model and with the acquisition of Heritage and New Plan has substantially grown its retail property platform in the US as well as offering new co-investment funds. Funds under management have more than doubled since 30 June 2006 to \$26.6 billion, demonstrating the significant scale Centro has achieved, as the second largest retail property owner/manager in Australia and the fifth largest in the US.

The substantial platforms in Australia and the US are working very well together to integrate the recently acquired businesses, and ensure best of breed systems are adopted and economies of scale derived from the larger business. Centro's experienced management team is well placed to oversee the successful growth in numbers of both properties and people.

Centro's managed funds achieved total external equity inflows of \$864 million during FY07, above expectations forecast to the market in May 2007. This high demand for the quality retail property investments that Centro's managed funds represent augurs well for continued strong inflows during FY08, following the increased contributions to superannuation funds over the past six months.

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Centro will continue to seek quality retail assets for acquisition, to appropriately invest its equity base, as well as focus on value adding developments to grow its co-invested funds under management both domestically and internationally. Despite concern about petrol prices and higher household debt, retail sales and leasing remain strong, particularly with Centro's managed portfolio weighted to non-discretionary spending at convenience and sub-regional shopping centres.

Centro's solid property performances, co-investment business model and risk managed growth philosophy have allowed for strong sustainable growth, and positions it well for the future. After 10 years of average DPS growth over 7% per annum, Centro continues to forecast that its retail property earnings growth, business model, underlying services business growth and continued improvements in operations will achieve DPS growth of 18.1% for FY'08 and over 7% DPS growth thereafter.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'B Healey'.

B Healey – Chairman

Consolidated Income Statement for the year ended 30 June 2007

	Note	Centro Properties Limited and its controlled entities	
		30.06.07 \$'000	30.06.06 \$'000
REVENUE			
Property ownership revenue		91,264	188,147
Property services revenue		183,519	122,358
Managed vehicle revenue		91,016	12,162
Total revenue		365,799	322,667
INCOME			
Property revaluations for directly owned properties	2	14,261	97,872
Share of net profits of associates & joint venture partnerships accounted for using the equity method		317,501	414,083
Movements in other financial assets carried at fair value through profit & loss		80,214	-
Other income	4	17,391	25,100
Total income		429,367	537,055
TOTAL REVENUE & INCOME			
		795,166	859,722
Financing costs and financial instrument mark to market	4	(220,787)	(58,002)
Repairs, maintenance, cleaning and security		(4,939)	(18,319)
Employee benefits expense		(53,426)	(46,914)
Rent, rates, taxes and insurance		(8,464)	(22,315)
Management fees		(3,509)	(9,287)
Light and power		(3,152)	(8,783)
Depreciation and amortisation expense	4	(2,139)	(6,719)
Marketing		(2,925)	(7,166)
Bad and doubtful debts	4	(112)	(579)
Other shopping centre management costs		(4,773)	(1,180)
Net loss on the disposal of investment property & equity accounted investments	2,4	(702)	(4,720)
Other expenses from ordinary activities		(20,005)	(12,560)
PROFIT BEFORE INCOME TAX EXPENSE		470,233	663,178
Income tax benefit		-	5,119
NET PROFIT		470,233	668,297
Net profit attributable to minority interest		(514)	(4,112)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	2	469,719	664,185
Basic earnings per security (cents)	9	59.70	85.49
Diluted earnings per security (cents)	9	58.73	84.56

Consolidated Balance Sheet for the year ended 30 June 2007

		Centro Properties Limited and its controlled entities	
	Note	30.06.07 \$'000	30.06.06 \$'000
CURRENT ASSETS			
Cash assets and cash equivalents	11	191,371	249,656
Derivative financial instruments		-	20,273
Receivables		361,182	270,842
Non-current assets classified as held for sale	5	785,438	173,463
Total current assets		1,337,991	714,234
NON-CURRENT ASSETS			
Investments accounted for using the equity method	5	3,748,895	2,825,581
Financial assets carried at fair value through profit & loss	5	2,116,424	77,787
Investment property	5	392,211	1,202,165
Plant and equipment		14,041	11,586
Intangible assets		555,169	306,783
Receivables		325	24,231
Total non-current assets		6,827,065	4,448,133
TOTAL ASSETS		8,165,056	5,162,367
CURRENT LIABILITIES			
Payables		263,341	102,405
Derivative financial instruments		215,746	-
Provisions		177,476	159,657
Total current liabilities		656,563	262,062
NON-CURRENT LIABILITIES			
Payables		54,228	60,707
Interest bearing liabilities		3,603,751	1,537,159
Non-interest bearing liabilities		283,724	11,033
Provisions		1,667	2,427
Total non-current liabilities		3,943,370	1,611,326
TOTAL LIABILITIES		4,599,933	1,873,388
NET ASSETS		3,565,123	3,288,979
EQUITY			
Parent entity interest			
Contributed equity	6	2,316,920	2,199,486
Reserves	7	24,653	19,869
Retained profits	7	1,195,105	1,059,108
Total parent entity interest		3,536,678	3,278,463
Minority interests		28,445	10,516
TOTAL EQUITY		3,565,123	3,288,979

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Consolidated Cash Flow Statement for the year ended 30 June 2007

	Note	Centro Properties Limited and its controlled entities	
		30.06.07 \$'000	30.06.06 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		256,876	361,956
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(79,887)	(169,242)
		176,989	192,714
Distributions received from associates and managed investments		269,067	167,222
Interest received		25,882	6,637
Interest paid		(162,414)	(96,726)
Net cash inflow from operating activities	11(b)	309,524	269,847
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of controlled entity net of cash acquired	8	(936,059)	-
Loans (to) / from other related parties		(97,107)	(100,562)
Proceeds from sale of property investments		686,148	156,333
Payments for plant & equipment		(2,312)	(9,971)
Payments for other investments		(2,322,988)	(40,251)
Payments for acquisition and development of property investments		(204,424)	(374,338)
Net cash outflow from investing activities		(2,876,742)	(369,059)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,699,444	228,413
Proceeds from issues of securities net of capital raising costs and capital returns		129,672	198,490
Distributions paid		(317,655)	(144,118)
Distributions paid to minority interest		(2,585)	(1,322)
Net cash inflow from financing activities		2,508,876	281,463
Net (decrease) / increase in cash and cash equivalents		(58,342)	182,251
Cash and cash equivalents at the beginning of the financial year		249,656	67,372
Effects of exchange rate changes on cash and cash equivalents		57	33
Cash and cash equivalents at the end of the financial year	11(a)	191,371	249,656

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Statements of Changes in Equity for the year ended 30 June 2007

	Note	Centro Properties Limited and its controlled entities	
		30.06.07 \$'000	30.06.06 \$'000
Changes in equity attributable to Members of Centro Properties Group			
Opening balance at the beginning of the year		3,278,463	3,112,800
<u>Contributed equity</u>			
Contributions of equity, net of transaction costs		817,179	198,490
Return of equity, net of transaction costs		(614,704)	(416,458)
Employee securities acquired on market classified as options under AIFRS		(85,041)	-
<u>Investment revaluation reserve</u>			
Net movement in investment revaluation reserve	5,7	(17,520)	17,520
<u>Share based payments reserve</u>			
Net movement in share based payments reserve	2,7	13,076	10,761
<u>Foreign currency translation reserve</u>			
Net exchange differences on translation of foreign operations	5,7	9,228	(18,674)
<u>Retained profits</u>			
Application of AASB 132 and 139 effective 1 July 2005		-	9,682
Distributions provided for or paid (ordinary and preference unit holders)		(333,722)	(299,843)
Net adjustments recognised directly in equity		3,066,959	2,614,278
Net profit attributable to Members of Centro Properties Group		469,719	664,185
Closing balance of equity attributable to Members of Centro Properties Group ⁽ⁱ⁾		3,536,678	3,278,463
Changes in equity attributable to external Minority Interests			
Opening balance at the beginning of the year		10,516	5,359
Movement in minority interest on acquisition/(disposal) of subsidiary		20,000	2,377
Profit after tax expense for the year		514	4,112
Distributions provided for or paid		(2,585)	(1,332)
Closing balance of equity attributable to external Minority Interests ⁽ⁱⁱ⁾		28,445	10,516
Total equity at the end of the year		3,565,123	3,288,979

(i) Total income and expenses for the year attributable to Members of Centro Properties Group, including amounts recognised directly in equity, is \$474.5m (30 June 2006: \$673.8m), being profit after tax expense for the year of \$469.7m (30 June 2006: \$664.2m) and net movements in reserves of \$4.8m (30 June 2006: \$9.6m).

(ii) Total income and expenses for the year attributable to Minority Interest, including amounts recognised directly in equity, is \$0.5m (30 June 2006: \$4.1m), being profit after tax expense for the year of \$0.5m (30 June 2006: \$4.1m).

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 shows the consolidated entity consisting of Centro Properties Limited and its subsidiaries.

(a) Statement of Compliance with Australian Equivalents to International Financial Reporting Standards

This financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards.

(b) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

(c) Basis of Preparation of Centro Properties Group Financial Statements

The Centro Properties Group (the "Group") financial statements reflect the aggregation of the consolidated financial statements of Centro Properties Limited (the "Company") and Centro Property Trust (the "Trust"). For statutory reporting purposes, in accordance with Australian equivalents to International Financial Reporting Standards, specifically the requirements of UIG 1013 and AASB 3, Centro Properties Limited is deemed to be the parent entity of the Centro Properties Group.

These aggregated financial statements incorporate an elimination of inter-entity balances and other adjustments necessary to present the financial statements on a combined basis. The Articles of Association of the Company and the Constitution of the Trust ensure that as far as possible, shares in the Company and units in the Trust are "stapled" together and are traded on the Australian Stock Exchange together, effectively as a "stapled security", for so long as the two entities remain jointly quoted.

(d) Accounting for Centro Property Trust's Units

The Constitution of Centro Property Trust was amended to remove the finite life clause of the Trust, effective 1 July 2005. In accordance with ASIC Ruling IR05-29 a special resolution of members was not required for this amendment to be made.

The amendment allows unitholders' funds to remain as equity in accordance with AASB 132 Financial Instruments: Presentation and Disclosure.

(e) Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property.

(f) Principles of Consolidation

These Group financial statements comprise the consolidated accounts of Centro Properties Limited and its controlled entities (which includes Centro Property Trust) as defined by Accounting Standard AASB 127 Consolidated and Separate Financial Statements. The effects of all transactions between entities in the Group are eliminated in full. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.

Where control of an entity is obtained during a financial year, its results are included in the Group's 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.

Investments in associates are accounted for in the Group's financial statements using the equity method. Under this 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. Associates are those entities over which the Group exercises significant influence, but not control.

Investments in joint ventures are accounted for using the equity method. Under this method the share of profits or losses of the entity are recognised in the consolidated income statement, and the share of movements in reserves are recognised in the consolidated balance sheet.

(g) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business

Note 1 continues on the following page

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combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Revenue Recognition

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

As the manager of its own properties and those of other clients, the Group receives management fees in accordance with generally accepted commercial terms. Property management revenue is recognised on an accruals basis as earned.

- **Development and Leasing Fees**

The Group operates a development management and leasing business and derives project management and leasing fees in respect of new developments and redevelopments of its own properties and those of other clients. The fees are in accordance with generally accepted commercial terms and conditions and are recognised on an accruals basis as earned.

- **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.

(i) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Note 1 continues on following page

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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.

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

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

(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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Receivables

All trade and other debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectibility of trade and other debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when objective evidence of impairment in relation to collection exists on a case by case basis.

(l) Trade and Other Creditors

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.

(m) Employee Benefits

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

Liabilities for wages and salaries, including non-monetary benefits and annual leave 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 non-accumulating sick leave are recognised when 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 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 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) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) 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 creditors 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

Note 1 continues on the following page

Note 1 continued from previous page

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) Share-Based Payment

Group employees are awarded with Group securities under the Centro Properties Group Employee Security Plan and Loan Scheme ("ESP"). The fair value of the securities granted is determined at the allocation date and recognised as an expense in the income statement with a corresponding increase in the option reserve component of equity.

(o) Depreciation of Plant and Equipment

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 consolidated entity.

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) Intangible Assets

(i) Goodwill

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 subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, 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.

(ii) Management contracts

Services business management contracts acquired as part of a business combination are recognised separately from goodwill. The management contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is currently based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently range up to 40 years.

(q) 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 as described in note 1(v). Investment properties are maintained at a high standard and, in accordance with accounting standards, the properties are not depreciated.

(r) Financial Assets

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired, and are re-evaluated at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated.

Such designation reflects the possibility that the asset will be sold in the short term or the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted

Note 1 continues on the following page

Note 1 continued from the previous page

in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets and will be discounted to present value. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Group intends to dispose of the investment within 12 months of the balance sheet date.

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

Available-for-sale financial assets and financial assets at fair value through profit and 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 investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

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 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 and 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.

(s) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continued use.

An impairment loss is recognised for an initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(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. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Note 1 continues on following page

Note 1 continued from previous page

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk. As at reporting date all hedges have been classified as fair value hedges.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in fair value or any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement. For the year ended 30 June 2007, no derivative financial instruments were 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 assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

(v) Revaluation of Investment Properties

For the purpose of the Group accounts, property investments are carried at 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.

(w) Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(x) Borrowing Costs

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 6.3% (2006 – 6.0%).

(y) Foreign Currency Translation

(i) Functional and presentation currency

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

Note 1 continues on the following page

Note 1 continued from the previous page

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(z) Contributed Equity

Ordinary stapled securities are classified as equity.

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

(aa) 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, 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 period. The weighted average number of stapled securities has been adjusted for the elimination of securities issued under the Employee Securities Plan.

(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.

(ab) 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.

(ac) Segment reporting

Refer to note 3 for the accounting policy in relation to segment reporting.

(ad) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group has assessed the impact of these new standards and deemed the impact to be immaterial.

	Centro Properties Limited and its controlled entities	
	30.06.07 \$'000	30.06.06 \$'000
2. RECONCILIATION BETWEEN NET PROFIT AND DISTRIBUTABLE EARNINGS		
NET PROFIT ATTRIBUTABLE TO MEMBERS:	469,719	664,185
Adjusted for:		
Revaluation of investment properties	(14,261)	(97,872)
Fair value gains on other financial assets	(80,214)	-
Share of net profits of associates accounted for using the equity method ⁽²⁾	(79,005)	(244,671)
Net movement on mark to market of derivatives and foreign exchange (gains)/losses	26,011	(37,850)
Distribution payable to preference unit holders	(2,289)	-
Amortisation of tenant allowances	612	4,165
Straight lining of rental income	905	(3,053)
Net loss on the disposal of investment property and equity accounted investments	702	4,720
Deferred tax benefit	-	(5,119)
Employee security plan ("ESP")	13,076	10,761
DISTRIBUTABLE EARNINGS	335,256	295,266
Weighted average number of ordinary securities on issue for the period ('000)	827,643⁽¹⁾	802,355 ⁽¹⁾
Distributable earnings per ordinary security (cents)	40.5	36.8
Distribution paid/declared		
Number of ordinary securities on issue as at 30 June ('000)	845,116⁽¹⁾	819,606 ⁽¹⁾
Distribution per ordinary security (cents)	39.8	36.8

⁽¹⁾ – Adjusted to add back ordinary securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*

⁽²⁾ – Reflects the non distributable component of share of net profits of associates accounted for using the equity method, primarily investment property revaluation gains and fair value gains on other financial assets.

3. SEGMENT INFORMATION

Business Segments

The Group is organised on a global basis into the following activities by business type:

Property Ownership Business

The Group derives income from retail property rentals of shopping centre space to retailers across Australasia and the United States. The Group also derives income from its retail property investments in listed and unlisted entities.

Services Business

The Group derives income from its services business activities, incorporating funds management, property management, and development and leasing.

Geographical Segments

Although the Group's operations are managed on a global basis, they operate in two main geographical areas being Australasia and the United States.

3. SEGMENT INFORMATION (continued)

PRIMARY REPORTING – BUSINESS SEGMENT

2007

Centro Properties Limited and its controlled entities	Property Ownership \$'000	Services Business \$'000	Inter Segment/Other \$'000	Group \$'000
Revenue	182,280	183,519	-	365,799
Total segment revenue	182,280	183,519	-	365,799
Shares of net profits of associates and joint ventures	289,012	23,566	4,923	317,501
Property revaluations and fair value movements	94,475	-	-	94,475
Total segment revenue and income	565,767	207,085	4,923	777,775
Segment result	505,206	163,498	4,923	673,627
Unallocated revenue less unallocated expense				(203,394)
Profit from ordinary activities before income tax				470,233
Income tax benefit				-
Net Profit				470,233
Segment assets	6,209,374	888,392	925,886	8,023,652
Unallocated assets				141,404
Total Assets				8,165,056
Segment liabilities	43,205	160,414	-	203,619
Unallocated liabilities				4,396,314
Total Liabilities				4,599,933
Acquisitions of plant and equipment, intangibles and other non-current segment assets	1,079,870	249,815	958,584	2,288,269
Depreciation and amortisation expense	612	1,527	-	2,139

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3. SEGMENT INFORMATION (continued)

2006

Centro Properties Limited and its controlled entities	Property Ownership \$'000	Services Business \$'000	Inter Segment/Other \$'000	Group \$'000
Revenue	200,309	122,358	-	322,667
Total segment revenue	200,309	122,358	-	322,667
Shares of net profits of associates and joint ventures	403,891	10,192	-	414,083
Property revaluations	97,872	-	-	97,872
Total segment revenue and income	702,072	132,550	-	834,622
Segment result	592,689	103,391	-	696,080
Unallocated revenue less unallocated expense				(32,902)
Profit from ordinary activities before income tax				663,178
Income tax benefit				5,119
Net Profit				668,297
Segment assets	4,269,726	306,783	-	4,576,509
Unallocated assets				585,858
Total Assets				5,162,367
Segment liabilities	145,163	28,982	-	174,145
Unallocated liabilities				1,699,243
Total Liabilities				1,873,388
Acquisitions of plant and equipment, intangibles and other non-current segment assets	389,353	-	-	389,353
Depreciation and amortisation expense	4,165	2,554	-	6,719

SECONDARY REPORTING – GEOGRAPHICAL SEGMENT

2007

Centro Properties Limited and its controlled entities	Australasia \$'000	United States \$'000
Total segment revenue and income	620,628	157,147
Segment assets	3,990,525	4,174,531
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	174,369	2,113,900

2006

Centro Properties Limited and its controlled entities	Australasia \$'000	United States \$'000
Total segment revenue and income	731,468	103,154
Segment assets	4,537,589	624,778
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	358,518	30,835

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3. SEGMENT INFORMATION (continued)

Notes to and forming part of the segment information

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different from the industry and geographical segments identified in previous years.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of trade debtors, other debtors and prepayments, short term loans and property investments net of related provisions. Segment liabilities consist primarily of funding, interest accruals, trade and other creditors and accruals. All other jointly used assets and liabilities are allocated based upon estimates of usage. Segment assets and liabilities do not include income taxes.

	Centro Properties Limited and its controlled entities	
	30.06.07 \$'000	30.06.06 \$'000
4. PROFIT FROM CONTINUING OPERATIONS		
Other income		
Interest income	17,391	25,100
	17,391	25,100
Other revenue / (expenses) included in net profit:		
Bad and doubtful debts	(112)	(579)
Depreciation – plant and equipment	(1,527)	(2,554)
Amortisation – tenant allowances	(612)	(4,165)
Total depreciation and amortisation	(2,139)	(6,719)
Finance costs:		
- Interest and finance charges paid/payable	(199,280)	(98,956)
- Net unrealised gain / (loss) on mark to market of derivatives and foreign exchange translations	(26,011)	37,850
- Amount capitalised	4,504	3,104
Finance costs expense	(220,787)	(58,002)
Net loss on the disposal of investment property and equity accounted investments	(702)	(4,720)

	Note	Centro Properties Limited and its controlled entities	
		30.06.07 \$'000	30.06.06 \$'000
5. INVESTMENTS			
Included in the balance sheet as:			
Non-current assets held for sale - current		785,438	173,463
Investments accounted for using the equity method	(a)	3,748,895	2,825,581
Other financial assets – non-current	(b)	2,116,424	77,787
Investment property – non-current	(c)	392,211	1,202,165
		7,042,968	4,278,996
(a) Investments accounted for using the equity method			
Movements:			
Carrying amount at the beginning of the financial year		2,825,581	1,020,545
Share of net income		317,501	414,083
Distribution of net income		(269,067)	(167,222)
Additional investment during the year / (reduction of investment during the year)		883,172	1,549,005
Share of increment on revaluation of investments		(17,520)	17,520
Share of decrement in foreign translation reserve of associates		9,228	(8,350)
Carrying amount at the end of the financial year		3,748,895	2,825,581
(b) Financial assets carried at fair value through profit & loss			
Movements:			
Carrying amount at the beginning of the financial year		77,787	10,349
Fair value gains / (losses)		80,214	-
Additions / (disposals)		1,958,423	67,438
Carrying amount at the end of the financial year		2,116,424	77,787
(c) Investment property			
Movements:			
Opening balance at 1 July		1,202,165	4,490,841
Acquisitions		161,723	257,953
Capitalised subsequent expenditure		42,701	116,385
Disposal / classified as held for sale		(1,027,122)	(3,759,774)
Net gain from fair value adjustment		14,261	97,872
Straight-lining of rent adjustment		(905)	3,053
Tenant allowance amortisation		(612)	(4,165)
Closing balance at 30 June		392,211	1,202,165

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		Centro Properties Limited and its controlled entities	
		30.06.07	30.06.06
6. CONTRIBUTED EQUITY			
Capital		No. '000	No. '000
Number of securities issued ⁽¹⁾			
- Ordinary		845,116	819,606
- Preference units		51,305	-
		\$'000	\$'000
Paid up capital			
- Ordinary		1,755,842	2,199,486
- Preference units		561,078	-
		2,316,920	2,199,486

(1) – Adjusted to add back securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*

		Centro Properties Limited and its controlled entities	
		30.06.07	30.06.06
		\$'000	\$'000
7. RESERVES AND RETAINED PROFITS			
Foreign currency translation reserve	(a)	-	(9,228)
Retained profits	(b)	1,195,105	1,059,108
Share of investment revaluation reserves in associates	(c)	-	17,520
Share based payments reserve	(d)	24,653	11,577
		1,219,758	1,078,977
(a) Foreign currency translation reserve			
Balance at the beginning of the financial year		(9,228)	9,446
Add/(deduct):			
- Currency translation differences arising during the year		9,228	(10,324)
- Net exchange differences on translation of foreign associates		-	(8,350)
Balance at the end of the financial year		-	(9,228)
(b) Retained profits			
Balance at the beginning of the financial year		1,059,108	680,159
Add/(deduct):			
- Adjustment on adoption of AASB 132 and 139 net of tax		-	9,682
Net profit attributable to members of Centro Properties Group		469,719	664,185
Transfer from/(to) contributed equity		-	4,925
Dividends/distributions provided for or paid to ordinary unit holders		(331,433)	(299,843)
Dividends/distributions provided for or paid to permanent preference unit holders		(2,289)	-
Balance at the end of the financial year		1,195,105	1,059,108

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**Centro Properties Limited and its
controlled entities**
30.06.07 **30.06.06**
\$'000 **\$'000**

7. RESERVES AND RETAINED PROFITS (continued)

(c) Share of investment revaluation reserves in associates

Balance at the beginning of the financial year	17,520	-
Add/(deduct):		
- Equity accounting of associates investment revaluation reserve	(17,520)	17,520
Balance at the end of the financial year	-	17,520

(d) Share based payments reserve

Balance at the beginning of the financial year	11,577	816
Add/(deduct):		
- Employee share based payment expense	13,076	10,761
Balance at the end of the financial year	24,653	11,577

(e) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve also includes the Group's share of its associates translation reserve. The reserve is recognised in the income statement when the net investment is disposed of.

(ii) Share of investment revaluation reserves in associates

Changes in the fair value of associate's investments, such as investments in managed vehicles, are taken to the share of investment revaluation reserves in associates.

(iii) Share based payments reserve

The reserve is used to recognise the fair value of options issued but not exercised, under the ESP.

8. BUSINESS COMBINATIONS

2007

Heritage Property Investment Trust

(a) Summary of acquisition

On 5 October 2006 the Group acquired 100% of the issued capital of Heritage Property Investment Trust ("Heritage").

The acquired business contributed revenues of \$47.3m and net profit of \$34.6m to the Group for the period from 5 October 2006 to 30 June 2007. As a result of the changes made to the business post acquisition including the disposal of a number of properties it is not possible to determine the impact on consolidated revenue and consolidated profit for the year ended 30 June 2007 had the acquisition occurred on 1 July 2006.

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8. BUSINESS COMBINATIONS (continued)

2007

Heritage Property Investment Trust (continued)

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Cash paid	974,973
Direct costs relating to the acquisition	38,482
Total purchase consideration (refer to (b) below)	1,013,455
Fair value of net identifiable assets acquired (refer to (c) below)	905,501
Goodwill	107,954

(b) Purchase consideration

	\$'000
Outflow of cash net of cash acquired	
Cash consideration	1,013,455
Less: Balances acquired	
Cash	77,396
Outflow of cash	936,059

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	\$'000
Fair value of identifiable net assets of controlled entity acquired:	
Short term investments	18,124
Receivables	50,445
Property investments	4,362,812
Plant & equipment	2,936
Other assets	38,098
	4,472,415
Less Payables	75,064
Borrowings	1,885,479
Other liabilities	171,629
	2,132,172
Net Assets	2,340,243
Less Fair value of net assets acquired by:	
- CMCS 39	455,646
- CMCS 40	451,919
- Centro America Fund	527,177
	1,434,742
Residual net identifiable assets acquired	905,501

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8. BUSINESS COMBINATIONS (continued)

New Plan Excel Realty Property Trust

(a) Summary of acquisition

On 20 April 2007, Centro Super LLC, an entity jointly owned by Centro Properties Group and Centro Retail Trust, acquired 100% of the issued capital of New Plan Excel Realty Property Trust. At year end the Group has equity accounted its interest in Centro Super LLC. Detailed below is the composition of the Groups underlying interest in Centro Super LLC at 5 April 2007 which is the date that Centro Super LLC obtained control of New Plan Excel Realty Property Trust. The Group's interest in Centro Super LLC includes its share of Centro Super LLC's acquisition funding arrangements.

The acquired business contributed income of \$14.5m to the Group for the period to 30 June 2007 of which \$4.9m is recognised in share of profits from associates. As a result of the acquisition costs expensed during the period and the intended disposals of certain assets, the extrapolation of the results since acquisition would not provide a meaningful insight into the impact on consolidated revenue and consolidated profit for the year ended 30 June 2007 had the acquisition occurred on 1 July 2006.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Cash paid	913,850
Direct costs relating to the acquisition	41,910
Total purchase consideration (refer to (b) below)	955,760
Fair value of net identifiable liabilities acquired (refer to (c) below)	(2,824)
Goodwill	958,584

(b) Purchase consideration

	\$'000
Outflow of cash net of cash acquired	
Cash consideration	955,760
Less: Balances acquired	
Cash	118,566
Outflow of cash	837,194

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	\$'000
Fair value of identifiable net assets of controlled entity acquired:	
Short term investments	149,403
Receivables	88,152
Property investments	3,892,525
Other assets	314,144
	4,444,224
Less: Payables	108,428
Borrowings (including CNP's share of Centro Super LLC's acquisition financing)	3,952,769
Other liabilities	385,851
	4,447,048
Net identifiable liabilities acquired	(2,824)

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Centro Properties Limited and its controlled entities		
	30.6.07	30.6.06
	Cents	Cents
9. EARNINGS PER SECURITY		
(a) Basic earnings per ordinary security	59.70	85.49
(b) Diluted earnings per ordinary security	58.73	84.56
(c) Reconciliation of earnings used in calculating earnings per share (basic & diluted)	\$'000	\$'000
Net profit	470,233	668,297
Net profit attributable to minority interest	(514)	(4,112)
Net profit attributable to preference unit holders	(2,289)	-
Net profit attributable to ordinary unit holders	<u>467,430</u>	<u>664,185</u>
(d) Weighted average number of shares	No. '000	No. '000
Weighted average number of ordinary securities used in determining basic earnings per share.	782,980	776,871

Centro Properties Limited and its controlled entities		
	30.06.07	30.06.06
10. NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security		
- Basic	\$2.29	\$3.63
Diluted net tangible asset backing per security is not materially different from basic net tangible asset backing.		
	No. '000	No. '000
Number of securities outstanding at the end of the year used in the calculation of net tangible asset backing per security	896,421 ⁽¹⁾⁽²⁾	819,606 ⁽¹⁾

⁽¹⁾ – Adjusted to add back securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*

⁽²⁾ – Includes preference units based on potential entitlement to ordinary securities.

Centro Properties Limited and its controlled entities		
	30.06.07	30.06.06
	\$'000	\$'000
11. CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	<u>191,371</u>	<u>249,656</u>

11. CASH FLOW INFORMATION (continued)

**Centro Properties Limited and
its controlled entities**

30.06.07 30.06.06
\$'000 \$'000

(b) Reconciliation of operating profit after income tax to net cash inflow from operating activities

Profit after tax	470,233	668,297
Exclude non cash items:		
Net loss on sale of non current assets	702	4,720
Depreciation and amortisation	2,139	6,719
Provision for doubtful debts	112	579
Revaluation (increments)/decrements	(14,261)	(97,872)
Fair value gains on other financial assets	(80,214)	-
Share of net profits of associates	(79,005)	(244,671)
Straight lining of rent	905	(3,053)
Deferred tax benefit	-	(5,119)
Net unrealised (gain)/loss on mark to market & foreign exchange translations	26,011	(37,850)
Employee security plan	13,076	10,761
Change in operating assets and liabilities, net of the effects of purchase and disposal of controlled entities:		
(Increase)/decrease in trade debtors	(48,844)	4,153
(Decrease)/increase in other operating liabilities	21,561	(37,454)
(Decrease)/Increase in other provisions	(2,891)	637
Net cash inflow from operating activities	309,524	269,847

(c) Non cash financing activities

Distribution satisfied by the issue of securities under the Distribution Reinvestment Plan	-	62,652
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12. CONTINGENT LIQUIDITY MECHANISMS

Centro is a natural co-investor into its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, Centro has provided limited exit mechanisms to investors, generally at the then net asset backing of the relevant fund. To support its potential investment opportunities that these liquidity mechanisms represent, Centro maintains unused bank facilities and cash in excess of its commitments. Liquidity mechanisms generally fall into three categories; syndicate liquidity, open ended fund liquidity and closed ended fund rollover liquidity mechanisms. A summary of these mechanisms is detailed below.

Syndicate Ongoing Liquidity Mechanisms

In response to evolving investor requirements, Centro's more recent CMCS syndicates include limited liquidity mechanisms for investors after the third anniversary of the establishment of the syndicate. Syndicates to which this mechanism applies include CMCS37 and CMCS38. Based on current net asset backing, this arrangement may result in Centro acquiring annually up to 3 million units, in aggregate, in these syndicates at their then net asset backing.

Open Ended Fund Ongoing Liquidity Mechanisms

By virtue of their open ended nature, Centro provides limited liquidity mechanisms to investors in these funds who wish to liquefy their investment. Funds included in this category are Centro Direct Property Fund, Centro Direct Property Fund International, Centro Australian Wholesale Fund, Centro America Fund and Centro Syndicate Investment Fund. On an annual basis, the extent of this potential commitment does not exceed \$400 million, with reduced exposure in future years in the event that these liquidity opportunities are drawn down.

Closed Ended Fund Rollover Liquidity Mechanisms

For the majority of Centro managed closed ended funds, to provide a liquidity mechanism for investors at rollover date and to cement Centro's funds under management, Centro holds a first right of refusal to acquire at the then net asset backing, interests that investors may wish to liquefy.

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Control gained over entities having material effect

Name of entity (or group of entities)	Heritage Property Investment Trust Inc.
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$34,600,356
Date from which such profit has been calculated	5 October 2006
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
Date to which the profit (loss) has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	30 August 2007
Record date to determine entitlements to the dividend (distribution) (i.e. on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	29 June 2007
If it is a final dividend, has it been declared?	Yes

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Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final distribution: Current year			
Distribution from Trust	20.50¢	.Estimated 78.5%	-¢
Dividend from Company	-¢	Nil franked	-¢
Total distribution	20.50¢		
Previous year			
Distribution from Trust	19.00¢		-¢
Dividend from Company	-¢		-¢
Total distribution	19.00¢		
Interim distribution: Current year			
Distribution from Trust	19.30¢	Estimated 78.5%	-¢
Dividend from Company	-¢	Nil franked	-¢
Total distribution	19.30¢		
Previous year			
Distribution from Trust	17.80¢		-¢
Dividend from Company	-¢		-¢
Total distribution	17.80¢		

Total dividend (distribution) per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	39.80¢	36.80¢
Preference units (*)	4.46¢	-¢

(*) Represents distribution calculated on the 51,305 preference units on issue.

The dividend or distribution plans shown below are in operation.

Distribution Reinvestment Plan

The last date(s) for receipt of election notices for the dividend or distribution plans

31 July 2007

Any other disclosures in relation to dividends (distributions).

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Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	317,501	414,083
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	317,501	414,083
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	317,501	414,083
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	317,501	414,083

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Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (Where the interest was acquired or disposed of during either the current or previous corresponding period, the date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy") is shown below.)

Name of entity Equity accounted associates and joint venture entities	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	%	%	\$A'000	\$A'000
Bankstown Partnership ²	Nil	50.0	6,471	21,504
Roselands Investment Trust ²	Nil	50.0	3,969	25,110
Centro Arndale Property Trust ²	Nil	50.0	2,076	7,294
Bain Unit Trust No.3	Nil	Nil	-	1,805
Centro Karratha Sub Trust ²	Nil	50.0	971	4,236
Victoria Gardens Retail Trust No. 1 ²	Nil	50.0	1,125	14,213
Centro Lutwyche Sub Trust	50.0	50.0	1,953	4,578
Centro Galleria Morley Head Trust ²	Nil	50.0	6,548	47,393
The Glen Centre Trust (to 31/05/06) ²	Nil	Nil	-	8,944
The Glen Property Trust (from 01/06/06) ²	Nil	50.0	4,613	25,693
Centro Toombul Head Trust ²	Nil	50.0	3,576	12,206
Centro Colonnades Head Trust ²	Nil	50.0	2,720	29,895
Cranbourne Holding Trust ²	Nil	50.0	863	1,740
Keilor Downs Trust ²	Nil	50.0	2,614	12,111
Centro Tweed Sub Trust ²	Nil	50.0	1,267	8,135
Mildura Centre Plaza Unit Trust ²	Nil	50.0	1,263	8,574
Taigum Holding Trust ²	Nil	50.0	1,157	7,599
Southport Holding Trust ²	Nil	50.0	984	5,949
Mornington S.C. Unit Trust ²	Nil	17.3	128	1,148
Mornington Holding Trust ²	Nil	32.7	610	2,486
Springwood Holding Trust ²	Nil	50.0	802	3,205
Centro Wodonga Partnership	50.0	50.0	1,933	3,970
Broken Hill Trust	50.0	50.0	1,365	2,216
Tuggeranong Town Centre Trust (from 15/12/05) ²	Nil	50.0	1,700	6,309
Hervey Bay Holding Trust ²	Nil	50.0	759	6,507

	%	%	\$A'000	\$A'000
Centro Karingal Holding Trust ³	50.0	Nil	3,262	Nil
Box Hill Central Holding Trust ³	50.0	Nil	2,206	Nil
Whitehorse Plaza Trust ³	50.0	Nil	1,063	Nil
Centro Mandurah Holding Trust ³	50.0	Nil	3,968	Nil
Warwick Grove Trust ³	50.0	Nil	2,602	Nil
Halls Head Trust ³	50.0	Nil	322	Nil
Centro Cannonvale Sub Trust ³	50.0	Nil	1,060	Nil
Centro Lavington Sub Trust ³	50.0	Nil	1,247	Nil
Centro Retail Trust ¹	9.3	45.9	40,062	81,091
Centro Watt America REIT 1 (until 1/8/05)	Nil	Nil	Nil	1,433
Centro WCJV, LP Inc	50.0	50.0	23,566	10,192
Centro Direct Property Fund No. 1	48.7	38.8	136,499	32,323
Centro MCS Syndicate No. 3 (from 01/06/07)	50.0	Nil	145	Nil
Centro City Perth Property Trust (from 01/02/07)	50.0	Nil	966	Nil
Centro Super Holding Trust No. 1 (from 20/04/07)	50.0	Nil	4,923	Nil
Centro DPF International	49.4	47.9	46,143	16,224
Total			317,501	414,083

¹ Accounted as an associate until sale of material interest to a related entity on 14 June 2007. Income now recognised through managed vehicle revenue.

² The Group's 50% interest was transferred to a related entity on 1 December 2006.

³ The Group transferred 50% of its interest to a related entity on 1 December 2006.

Name of entity	Percentage of ownership interest held at end of period or date of disposal	
	Current period	Previous corresponding period
Financial assets carried at fair value through profit & loss		
Centro America Fund	41.4	Nil
Centro Australia Wholesale Fund	49.9	Nil
Centro MCS 39	50.0	Nil
Centro MCS 40	50.0	Nil

The results of these entities are included in Managed vehicle revenue and Movements in other financial assets carried at fair value through profit & loss within the Consolidated Income Statement

Compliance statement

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

(Tick one)

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

The entity has a formally constituted audit committee.

Sign here:



Date: 9 August 2007

Print name: Brian Healey (Director)

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