

CENTRO
MCS
DIRECT PROPERTY
FINANCIAL REPORT 2011



Centro MCS 12 and Centro MCS 12 Unit Trust

ARSN 092 414 812 and ARSN 092 414 965

Responsible Entity
Centro MCS Manager Limited
ABN 69 051 908 984

Financial report
for the year ended 30 June 2011

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This financial report covers Centro MCS 12 ("CMCS 12", "the Trust", or "the Syndicate") and Centro MCS 12 Unit Trust ("CMCS 12 UT" or "the Unit Trust"). The financial report is presented in Australian currency.

Centro MCS 12 and Centro MCS 12 UT are trusts, incorporated and domiciled in Australia. The registered office and principal place of business is:

3rd Floor, Centro The Glen
235 Springvale Road
Glen Waverley
Victoria 3150

A description of the nature of CMCS 12 and CMCS 12 UT's operations and their principal activities are included in the Directors' report on page 2, which does not form part of this financial report.

The financial report was authorised for issue by the Directors of the Responsible Entity on 14 September 2011. The Responsible Entity has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our reporting is timely, complete and available globally at minimum cost. All press releases, financial reports and other information are available on our website: www.centro.com.au

Responsible Entity	Centro MCS Manager Limited A.B.N. 69 051 908 984 3rd Floor, Centro The Glen 235 Springvale Road Glen Waverley, VIC 3150 Telephone: (03) 8847 0000
Directors of the Responsible Entity	Peter Day (Chairman) Bill Bowness Anna Buduls (Appointed 15 November 2010) Paul Cooper Michael Humphris Fraser MacKenzie Jim Hall (Retired 15 November 2010)
Secretaries of the Responsible Entity	Elizabeth Hourigan Dimitri Kiriacoulacos Paul Flanigan
Auditor	Moore Stephens Level 10, 530 Collins Street Melbourne, VIC 3000
Security Registry	Link Market Services Limited Level 4, 333 Collins Street Melbourne, VIC 3000

Directors' report

The Directors of Centro MCS Manager Limited, the Responsible Entity, present their report on Centro MCS 12 ("CMCS 12", "the Trust", or "the Syndicate") and Centro MCS 12 Unit Trust ("CMCS 12 UT" or "the Unit Trust") for the year ended 30 June 2011.

Responsible Entity

Pursuant to the Managed Investments Act, which came into effect on 1 July 1998, Centro MCS Manager Limited was appointed and registered as the Responsible Entity of CMCS 12 and CMCS 12 UT on 25 July 2003.

The registered office and principal place of business of the Responsible Entity is 3rd floor, Centro The Glen, 235 Springvale Road, Glen Waverley, VIC 3150.

Directors

The following persons were Directors of Centro MCS Manager Limited during the financial year and up to the date of this report (unless otherwise stated):

Peter Day (Chairman)
Bill Bowness
Anna Buduls (Appointed 15 November 2010)
Paul Cooper
Michael Humphris
Fraser MacKenzie
Jim Hall (Retired 15 November 2010)

Company Secretaries

The Company Secretaries of Centro MCS Manager Limited are Elizabeth Hourigan and Dimitri Kiriacoulacos. Paul Flanigan is the Assistant Company Secretary and acts as the Company Secretary as required.

Principal activities

The principal activity of CMCS 12 during the course of the year was investment in property.

The principal activity of CMCS 12 UT during the course of the year was the investment in an unlisted unit trust, being CMCS 12.

There was no significant change in the nature of these activities during the year.

Review of operations

CMCS 12

CMCS 12 recorded a net profit after tax of \$10.712 million for the year ended 30 June 2011 (2010: \$5.006 million).

The movement in net profit after tax for the year compared to the corresponding year is largely due to:

- Higher revaluation gains from investment properties;
- Higher interest revenue from interest earned on sale proceeds of Centro St Agnes. This is offset by
- Higher financing costs despite partial repayment of debt in March 2011 due to higher interest rates;
- Lower property rental revenue as a result of the sale of Centro St Agnes in February 2011.

Distributions paid/payable to unitholders are in line with an expected annual rate of 7.50% (2010: 8.00%). During the year CMCS 12 recorded a basic distributable income of 9.12 cents (2010: 12.24 cents) per unit as disclosed in note 17.

CMCS 12 UT

CMCS 12 UT recorded a net profit after tax of \$3.216 million for the year ended 30 June 2011 (2010: \$1.458 million).

The movement in net profit after tax for the year compared to the corresponding year is largely due to improvement in the net profit of its investment which is equity accounted.

Distributions paid/payable to unitholders are in line with an expected annual rate of 7.50% (2010: 8.00%). During the year CMCS 12 UT recorded a basic distributable income of 10.15 cents (2010: 12.24 cents) per unit as disclosed in note 17.

Distributions attributable to unitholders

CMCS 12

Final distributions of 1.87 cents per unit have been declared for the quarter ended 30 June 2011. Distributions paid or payable to unitholders for the year totalled \$2.363 million (2010: \$2.520 million). Distributions paid or to be paid in respect of the current financial year are as follows:

Quarter	Cents per unit	Date paid
September 2010	1.88	25 October 2010
December 2010	1.88	24 January 2011
March 2011	1.87	29 April 2011
June 2011	<u>1.87</u>	25 July 2011
Total paid/payable to unitholders	<u>7.50</u>	

The tax components of the annual distribution are set out below:

	Cents per unit
Taxable income	23.28
Tax deferred component	15.13
Tax free component (CGT discount concession)	<u>15.59</u>
Gross distribution per unit	54.00
Less interest component on investors' loan ⁽ⁱ⁾	(9.25)
Less repayment of investors' loan ⁽ⁱ⁾	<u>(37.25)</u>
Net distribution per unit	<u>7.50</u>

⁽ⁱ⁾ Investors' loan - borrowings on behalf of unitholders of the Syndicate.

CMCS 12 UT

Final distributions of 1.87 cents per unit have been declared for the quarter ended 30 June 2011. Distributions paid or payable to unitholders for the year totalled \$0.688 million (2010: \$0.734 million). Distributions paid or to be paid in respect of the current financial year are as follows:

Quarter	Cents per unit	Date paid
September 2010	1.88	25 October 2010
December 2010	1.88	24 January 2011
March 2011	1.87	29 April 2011
June 2011	<u>1.87</u>	25 July 2011
Total paid/payable to unitholders	7.50	
Taxable income entitlement ^(*)	<u>4.88</u>	
Total distribution entitlement	<u>12.38</u>	

The tax components of the annual distribution are set out below:

	Cents per unit
Taxable income	12.38
Tax deferred component	<u>-</u>
Net distribution per unit	<u>12.38</u>

^(*) CMCS 12 UT is of the view that the unitholders are presently entitled to the net income of the Trust in accordance with its Trust Deed (notwithstanding that the cash has not been paid out) and have raised a provision based on the difference between the distributions declared and the taxable income entitlement for the year ended 30 June 2011.

Significant changes in the state of affairs

During the year the following significant changes in the state of affairs occurred:

- CMCS 12 reached the end of its term on 14 April 2010. The Responsible Entity proposed a restructure to accommodate both those investors who elected to exit and those investors who elected to continue in the Syndicate. As part of the restructure, Centro St Agnes was sold on 1 February 2011 for a consideration of \$35.450 million. The net proceeds from this sale were used to partly repay debt and a portion was allocated to redeem units from investors who elected to exit the Syndicate. An investors' meeting was held on 31 March 2011 and the proposed resolution was approved by investors to restructure the Syndicate. The Syndicate rollover was completed on 30 June 2011 and payments were made to exiting investors on 11 July 2011.

Matters subsequent to the end of the financial year

Major Restructure Developments

Centro MCS Manager Limited, the current Responsible Entity, is a wholly owned subsidiary of Centro Properties Group ("CNP").

On 9 August 2011, CNP announced that it had entered into an agreement ("Implementation Agreement") with a majority of its senior lenders and certain CNP managed funds to aggregate Australian assets and interests held by CNP, Centro Retail Trust and certain CNP managed funds (excluding Centro MCS Syndicates) to form a new listed Australian Retail Property Trust ("A-REIT") ("Aggregation"). The Implementation Agreement is subject to a significant number of regulatory and other conditions.

Amongst other terms, the Implementation Agreement contains the following provisions:

- The transfer of ownership and control of Centro MCS Manager Limited, the Responsible Entity for this Syndicate, from CNP to the A-REIT, whereby it will then become a wholly-owned subsidiary of the A-REIT in the event of a successful Aggregation;
- The CNP Asset Sale Agreement entered into by CNP which will transfer all current related party loans from CNP to the A-REIT, when it is established, on the same terms and conditions; and
- The transfer of ownership and control of CMCS 12 and CMCS 12 UT from CNP to the A-REIT, whereby they will become subsidiaries of the A-REIT.

There have been no adjustments made in the financial report associated with this proposed restructure.

For further details readers should refer to the announcement on 9 August 2011 which was lodged with the Australian Securities Exchange (ASX) or can be found at www.centro.com.au. The announcement includes the signed Implementation Agreement.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 30 June 2011 and the date hereof that has significantly affected, or may significantly affect:

- (a) the Trust and the Unit Trust's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Trust and the Unit Trust's state of affairs in future financial years.

Likely developments and expected results of operations

Information on the likely developments in the operations of CMCS 12 and CMCS 12 UT, other than the major restructuring update provided above, has not been included in the report because the Directors believe it would be likely to result in unreasonable prejudice to CMCS 12 and CMCS 12 UT.

Environmental regulation

As a property owner, the Trust is subject to the normal environmental regulations of landowners within Australia. These include regulation against air pollution, liquid discharge and soil contamination. The Trust has plans in place regarding the proper care and maintenance of asbestos, which is present in a number of properties and there are no matters requiring specific disclosure.

Other information

CMCS 12 Issued Units

During the year ended 30 June 2011, no units were issued (2010: no units) and 11,737,724 were redeemed (2010: no units). At 30 June 2011, total units on issue were 19,762,276 (2010: 31,500,000 units).

CMCS 12 UT Issued Units

During the year ended 30 June 2011, no units were issued (2010: no units) and 3,060,922 units were redeemed (2010: no units). At 30 June 2011, total units on issue were 6,117,455 (2010: 9,178,377 units).

CMCS 12 Total Assets

At 30 June 2011 CMCS 12 total assets were \$88.554 million (2010: \$91.082 million).

CMCS 12 UT Total Assets

At 30 June 2011 CMCS 12 UT total assets were \$13.848 million (2010: \$11.332 million).

Fees paid to and interests held in CMCS 12 and CMCS 12 UT by the Responsible Entity or its related entities

Fees paid to the Responsible Entity and its related entities out of CMCS 12 and CMCS 12 UT during the year are disclosed in note 22.

No fees were paid out of CMCS 12 and CMCS 12 UT to the directors of the Responsible Entity during the year.

The number of interests in CMCS 12 and CMCS 12 UT held by the Responsible Entity or its related entities as at the end of the year are disclosed in note 22.

Remuneration report

Key Management Personnel ('KMP') are defined in AASB 124 *Related Party Disclosures* as those having the authority and responsibility for planning, directing and controlling the activities of the Trust and the Unit Trust. The Responsible Entity meets the definition of KMP as it has authority in relation to the activities of the Trust and the Unit Trust.

Fees paid/payable to the Responsible Entity during the year totalled \$3,354,577 (2010:\$1,264,589).

Indemnification and Insurance of Directors and Officers

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

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

Proceedings on behalf of the Trusts

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity of the Trusts, or to intervene in any proceedings to which the Responsible Entity of the Trusts is a party for the purpose of taking responsibility on behalf of the Trusts for all or any part of those proceedings.

The Responsible Entity of the Trusts was not a party to any such proceedings during the year.

Combining registered scheme financial reports

The Trusts have applied the relief available in Class Order 06/441 issued by the Australian Securities & Investments Commission in the preparation of this report. This Class Order allows registered schemes with a common Responsible Entity to include multiple financial statements in adjacent columns in a single financial report.

Under the Constitution of each relevant Trust there is no general right of redemption or withdrawal from the Trust, as the Trusts are closed-end funds. Therefore, there are no facilities in place for the proceeds of a withdrawal from a Trust to be applied to the acquisition of an interest in other trusts included in this financial report.

No further interest may be issued, by the Responsible Entity, in the Trusts.

Meetings of directors

The following table sets out the numbers of meetings of Directors of Centro MCS Manager Limited, the Responsible Entity of the Trust and the Unit Trust (including meetings of committees of Directors), held during the year ended 30 June 2011 and the number of meetings attended by each Director.

Centro MCS Manager Limited	Board Meetings	Risk Committee Meetings	Audit Committee Meetings	Compliance Committee Meetings	Remuneration and HR Committee Meetings	Finance Committee Meetings	Nominations Committee Meetings
Number of meetings held:	41	4	10	5	7	6	1
Number of meetings attended:							
Peter Day	41	#	#	#	7	#	1
Bill Bowness	38	4	#	5	7	#	1
Anna Buduls (Appointed 15 November 2010)	24/24	3/3	6/6	#	#	2/4	#
Paul Cooper	40	#	#	4	#	#	1
Michael Humphris	36	#	9	2	3	5	#
Fraser MacKenzie	35	4	10	#	7	6	#
Jim Hall (Retired 15 November 2010)	17/17	1/1	3/3	#	#	2/2	#

Not a member of the relevant committee

All directors were eligible to attend all meetings held during the term of their appointment, with the exception of Anna Buduls who was appointed to the Risk, Audit and Finance Committees on 2 December 2010.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of amounts to the nearest thousand dollars

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

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

A handwritten signature in black ink, appearing to read 'Peter Day', with a long horizontal stroke extending to the right.

Peter Day
Director

Melbourne
14 September 2011

Level 10, 530 Collins Street
Melbourne VIC 3000

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

www.moorestephens.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT
TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF CENTRO MCS 12 AND CENTRO
MCS 12 UNIT TRUST**

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

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS
Chartered Accountants



Kevin W. Neville
Partner
Melbourne, 14 September 2011

Centro MCS 12 and Centro MCS 12 Unit Trust
Income statements
For the year ended 30 June 2011

	Notes	CMCS 12		CMCS 12 UT	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Revenue					
Property rental revenue	3	9,757	10,627	-	-
Property outgoings recovered	3	1,341	1,325	-	-
Interest revenue		649	89	-	-
Total revenue		11,747	12,041	-	-
Share of net profits from investments accounted for using the equity method	11	-	-	3,216	1,458
Expenses, gains and losses					
Direct property expenses	3	(4,058)	(4,391)	-	-
Lease incentives	3	(203)	(304)	-	-
Responsible Entity management fees		(539)	(575)	-	-
Other Responsible Entity fees	15	(169)	(55)	-	-
Financing costs	4	(3,473)	(2,906)	-	-
Other expenses		(335)	(418)	-	-
Net loss on disposal of investment property		(489)	-	-	-
Fair value adjustment to investment property	10	8,231	1,614	-	-
Net profit before income tax expense		10,712	5,006	3,216	1,458
Income tax benefit/(expense)		-	-	-	-
Net profit for the year	17	10,712	5,006	3,216	1,458
Net profit for the year is attributable to:					
Unitholders of Centro MCS 12 and Centro MCS 12 Unit Trust		10,712	5,006	3,216	1,458
		10,712	5,006	3,216	1,458

The above income statements should be read in conjunction with the accompanying notes.

Centro MCS 12 and Centro MCS 12 Unit Trust
Statements of comprehensive income
For the year ended 30 June 2011

Notes	CMCS 12		CMCS 12 UT	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Net profit for the year	10,712	5,006	3,216	1,458
Other comprehensive income	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	10,712	5,006	3,216	1,458
Total comprehensive income for the year is attributable to:				
Unitholders of Centro MCS 12 and Centro MCS 12 Unit Trust	10,712	5,006	3,216	1,458
	10,712	5,006	3,216	1,458

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Centro MCS 12 and Centro MCS 12 Unit Trust
Balance sheets
As at 30 June 2011

	Notes	CMCS 12		CMCS 12 UT	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	27,007	2,851	-	-
Trade and other receivables	7	695	1,098	4,578	184
Other current assets	8	352	458	-	-
Total current assets		28,054	4,407	4,578	184
Non-current assets					
Investment property	10	60,500	86,675	-	-
Investments accounted for using the equity method	11	-	-	9,270	11,148
Total non-current assets		60,500	86,675	9,270	11,148
Total assets		88,554	91,082	13,848	11,332
LIABILITIES					
Current liabilities					
Trade and other payables	12	22,104	1,269	4,406	-
Interest bearing liabilities	13	38,311	8,485	-	-
Other financial liabilities	15	2,239	2,070	-	-
Provisions	14	591	630	620	184
Total current liabilities		63,245	12,454	5,026	184
Non-current liabilities					
Interest bearing liabilities	13	-	40,368	-	-
Total non-current liabilities		-	40,368	-	-
Total liabilities		63,245	52,822	5,026	184
Net assets		25,309	38,260	8,822	11,148
EQUITY					
Contributed equity	16	15,980	30,779	5,907	8,968
Retained profits		9,329	7,481	2,915	2,180
Total equity		25,309	38,260	8,822	11,148

The above balance sheets should be read in conjunction with the accompanying notes.

Centro MCS 12 and Centro MCS 12 Unit Trust
Statements of changes in equity
For the year ended 30 June 2011

CMCS 12	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009		30,779	4,995	35,774
Net profit for the year		-	5,006	5,006
Total comprehensive income for the year		<u>-</u>	<u>5,006</u>	<u>5,006</u>
Transactions with owners in their capacity as owners:				
Distributions provided for or paid	5	-	(2,520)	(2,520)
Balance at 30 June 2010		<u>30,779</u>	<u>7,481</u>	<u>38,260</u>
CMCS 12	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2010		30,779	7,481	38,260
Net profit for the year		-	10,712	10,712
Total comprehensive income for the year		<u>-</u>	<u>10,712</u>	<u>10,712</u>
Transactions with owners in their capacity as owners:				
Distributions provided for or paid	5	-	(2,363)	(2,363)
Redemption of units		(14,799)	(6,501)	(21,300)
Balance at 30 June 2011		<u>15,980</u>	<u>9,329</u>	<u>25,309</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Centro MCS 12 and Centro MCS 12 Unit Trust
Statements of changes in equity
For the year ended 30 June 2011
(continued)

CMCS 12 UT	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009		8,968	1,456	10,424
Net profit for the year		-	1,458	1,458
Total comprehensive income for the year		-	1,458	1,458
Transactions with owners in their capacity as owners:				
Distributions provided for or paid	5	-	(734)	(734)
Balance at 30 June 2010		8,968	2,180	11,148
CMCS 12 UT	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2010		8,968	2,180	11,148
Net profit for the year		-	3,216	3,216
Total comprehensive income for the year		-	3,216	3,216
Transactions with owners in their capacity as owners:				
Distributions provided for or paid	5	-	(688)	(688)
Taxable income entitlement	14	-	(448)	(448)
Redemption of units		(3,061)	(1,345)	(4,406)
Balance at 30 June 2011		5,907	2,915	8,822

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Centro MCS 12 and Centro MCS 12 Unit Trust
Cash flow statements
For the year ended 30 June 2011

	Notes	CMCS 12		CMCS 12 UT	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000 ⁽ⁱ⁾	30 June 2010 \$'000 ⁽ⁱ⁾
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		12,099	14,715	-	-
Payments to suppliers (inclusive of goods and services tax)		(6,384)	(7,944)	-	-
Interest received		649	89	-	-
Interest paid		(3,386)	(2,822)	-	-
Net cash inflow from operating activities	19	2,978	4,038	-	-
Cash flows from investing activities					
Payments for investment property		(806)	(866)	-	-
Proceeds from disposal of investment property		35,029	-	-	-
Net cash inflow/(outflow) from investing activities		34,223	(866)	-	-
Cash flows from financing activities					
Distributions paid	14	(2,402)	(2,441)	-	-
Repayments of interest bearing liabilities		(10,643)	-	-	-
Net cash outflow from financing activities		(13,045)	(2,441)	-	-
Net increase in cash and cash equivalents		24,156	731	-	-
Cash and cash equivalents at the beginning of the financial year	6	2,851	2,120	-	-
Cash and cash equivalents at the end of the financial year	6	27,007	2,851	-	-

⁽ⁱ⁾ CMCS 12 UT does not maintain any bank accounts. Accordingly, CMCS 12 UT does not have any cash flow movements and distributions are paid out of CMCS 12 directly to CMCS 12 UT's unitholders.

The above cash flow statements should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Centro MCS 12 ("CMCS 12", "the Trust", or "the Syndicate") and Centro MCS 12 Unit Trust ("CMCS 12 UT" or "the Unit Trust").

(a) Statement of compliance with International Financial Reporting Standards

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

(b) Basis of preparation

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

The accounting policies adopted are consistent with those of the previous financial year except as detailed in note 1(v). When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified unless it is impractical.

The financial statements of the Trust and the Unit Trust have been presented in this single document in accordance with the requirements of ASIC Class Order 06/441 issued by the Australian Securities and Investment Commission. The Class Order allows the Responsible Entity to combine the financial reports of the Trust and the Unit Trusts in adjacent columns in a single financial report.

The Trust and the Unit Trust have not elected to early adopt any new Australian Accounting Standards that have been issued but are not yet effective. The financial report is presented in Australian dollars.

Going concern

CMCS 12

The financial report for the year ended 30 June 2011 has been prepared on a going concern basis.

As at 30 June 2011 the current liabilities of CMCS 12 exceeds its current assets by \$35.191 million, primarily due to loan facilities expiring within 12 months.

As a result significant uncertainty exists in relation to CMCS 12's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. As at 30 June 2011, CMCS 12 was reliant on the continued support of its lenders, through the extension or refinancing of certain loan facilities beyond existing expiry dates due to the following:

- Amounts payable to Centro Properties Group ("CNP") of \$8.485 million being at call, as disclosed in note 13(b), noting that the Financial Report of CNP has been prepared on a liquidation basis as at 30 June 2011; and
- Certain external loan facilities amounting to \$29.875 million expiring within 12 months as disclosed in note 13(a).

On 9 August 2011 CNP entered into an Asset Sale Agreement whereby it will transfer the related party loan payable by CMCS 12 to a new listed A-REIT (on the same terms and conditions) when it is established. There is an uncertainty around the formation of the A-REIT which is subject to security holder approval by participating parties and numerous conditions precedent that must be satisfied or waived for aggregation to proceed. CNP has noted that should the formation of the A-REIT not proceed it is likely that CNP will be placed in external administration.

After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe:

- Maturing facilities will be able to be refinanced, a condition for which may be a successful Aggregation;
- CMCS 12 will be able to pay its debts as and when they become due and payable; and
- The basis of preparation of the financial report on a going concern basis is appropriate.

1 Summary of significant accounting policies (continued)

The Directors have formed this view based on a number factors including:

- The expectation that Aggregation will occur;
- CMCS 12's net asset position of \$25.309 million and gearing ratio of 43.29% as at 30 June 2011;
- The underlying performance of CMCS 12's investment portfolio, including the forecast cash flows;
- In the event of a CNP insolvency should the A-REIT not be formed, it is the Directors' expectation that they would be able to negotiate a sufficient timeframe for the related party loan to be settled; and
- The expectation that CMCS 12 will be able to meet its covenant obligations.

No adjustments were made to the assets and liabilities within the financial report in relation to this uncertainty.

CMCS 12 UT

CMCS 12 UT's investment is through a 36.63% ownership in CMCS 12. As a result of CMCS 12's position discussed above, a significant uncertainty exists in relation to CMCS 12 UT's ability to realise the value of its investment as stated in the financial report.

Due to the Director's determination of CMCS 12 being a going concern, the financial report of CMCS 12 UT has been prepared on a going concern basis.

Historical cost convention

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

Significant accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CMCS 12 and CMCS 12 UT's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(c) Revenue recognition

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

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

(i) Property ownership revenue

As the owner of a number of shopping centres, the Trust 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) Distribution revenue

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

(iii) Interest revenue

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

1 Summary of significant accounting policies (continued)

(d) Income tax

Under current income tax legislation no income tax is payable by the Trust and the Unit Trust provided the taxable income is fully distributed to unitholders or the unitholders become presently entitled to all the taxable income.

(e) Cash and cash equivalents

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

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

(g) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale that are investment properties are stated at fair value. All other assets held for sale are stated at the lower of carrying value and fair value less costs to sell. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheets.

(h) Investment properties

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 Trust and the Unit Trust.

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

Property that is being constructed or redeveloped for future use as investment property is measured at fair value. The best measure of fair value is the previous valuation (if applicable) plus redevelopment costs, operational capital expenditure, expected underlying income and yield of the developments.

Changes in fair values are recorded in the income statements.

(i) Investments in associates

Investments in associates are accounted for in the Trust and the Unit Trust's financial statements using the equity method or at fair value through profit or loss in accordance with the Trust and the Unit Trust's election under the exemption in AASB 128 *Investments in Associates*. Under the equity method, the Trust and the Unit Trust's share of the post-acquisition profits or losses of associates is recognised in the income statements, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the Trust and the Unit Trust exercise significant influence, but not control. Investments in associates are accounted for as available-for-sale in the individual financial statements of Centro MCS 12.

1 Summary of significant accounting policies (continued)

(j) Financial assets

The Trust and the Unit Trust 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.

Classification

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

These include financial assets that are held for trading purposes which may be sold.

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Trust and the Unit Trust provide 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 end of the reporting period which are classified as non-current assets and will be discounted to present value. Loans and receivables are included in receivables in the balance sheets.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

Purchases and sales of investments are recognised on trade date - the date on which the Trust and the Unit Trust commit to purchase or sell the asset. Financial assets 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 Trust and the Unit Trust have transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statements 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 unitholders' funds in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments deferred in equity are recycled to the income statements.

If the market for a financial asset is not active (as for unlisted securities), the Trust and the Unit Trust establish 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.

Impairment

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

1 Summary of significant accounting policies (continued)

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust and the Unit Trust prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are carried at amortised cost and are not discounted due to their short term nature.

(l) 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 statements over the period of the borrowings using the effective interest method.

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

(m) Borrowing costs

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

(n) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(o) Fair value estimation

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

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

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

1 Summary of significant accounting policies (continued)

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

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

(p) Financial liabilities

Performance fee contracts

Performance fees are recognised as a financial liability when the Syndicate becomes party to the provisions of the constitutions and the management deeds. The liability is initially measured at fair value and subsequently measured at amortised cost using the effective interest method in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, based on the intrinsic value of the performance fee that is, the fee that would be payable based on the conditions prevailing at the end of the reporting period.

Deferred management fees

Deferred management fees are recognised as a financial liability when the Syndicate becomes party to the provisions of the conditions and the management deeds. The liability is initially measured at fair value and subsequently measured at amortised cost using the effective interest method in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, based on the intrinsic value of the deferred management fee that is, the fee that would be payable based on the conditions prevailing at the end of the reporting period.

(q) Contributed equity

Ordinary units are classified as equity.

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

(r) Net tangible asset backing per unit

(i) Basic net tangible asset backing per unit

Basic net tangible asset backing per unit is determined by dividing the net assets attributable to unitholders (excluding intangible assets) by the number of units outstanding at balance date.

(ii) Adjusted net tangible asset backing per unit

Adjusted net tangible asset backing per unit adjusts the figures used in the determination of basic net tangible asset backing per unit by taking into account the equity notes.

(s) Distributions

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

(t) Distributable income per unit

(i) Basic distributable income per unit

Basic distributable income per unit is determined by dividing the distributable income before tax by the weighted average number of equivalent units outstanding during the period, adjusted for bonus elements in units issued during the year.

(ii) Adjusted distributable income per unit

Adjusted distributable income per unit adjusts the figures used in the determination of basic distributable income per unit by including the equity notes as unitholders' funds in distributable income per unit that will arise as a result of conversion to, calling of or subscription for unit capital.

1 Summary of significant accounting policies (continued)

(u) Goods and Services Tax (GST)

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

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

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

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

(v) Changes in accounting policy

From 1 July 2010 the Trust and the Unit Trust has adopted the following Australian Accounting Standards and Interpretations:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (mandatory for annual reporting periods beginning on or after 1 January 2010)
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (mandatory for annual reporting periods beginning on or after 1 July 2010)
- Interpretation 19 *Extinguishing financial liabilities with equity instruments* (mandatory for annual reporting periods beginning on or after 1 July 2010)

Adoption of these Accounting Standards and Interpretations did not have any material effect on the financial position or performance of the Trust and the Unit Trust. The amending standards which introduce the changes to these standards have also been adopted from 1 July 2010 and 1 July 2009 as necessary.

(w) Australian Accounting Standards issued but not yet effective

Certain new Australian Accounting Standards have been published that are not mandatory for 30 June 2011 reporting periods. The Trust and the Unit Trust's assessment of the impact of these new Australian Accounting Standards is set out below.

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

AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2013. AASB 9 replaces the multiple classification and measurement models in AASB 139 *Financial Instruments: Recognition and measurement* with a single model that has only two classification categories: amortised cost and fair value. These changes may impact the classification and measurement of investments held by the Trust. The Trust is still assessing the impacts of this standard; however it is not expected to have a material impact on total comprehensive income.

(ii) Revised AASB 124 *Related Party Disclosures*

The amended AASB 124 is applicable for annual reporting periods beginning on or after 1 January 2011, and requires prior period disclosures to be revised accordingly. The amendment provides simplification of the definition of a related party, clarifying its intended meaning and eliminating inconsistencies in the definition. The Trust and the Unit Trust will apply the amended standard from 1 July 2011 and its effects are not expected to have an impact on the related party disclosures of the Trust and the Unit Trust.

(iii) AASB 2009-12 *Amendments to Australian Accounting Standards*

AASB 2009-12 is applicable for annual reporting periods beginning on or after 1 January 2011. The amendments introduced by AASB 2009-12 are primarily editorial amendments and changes in terminology and are not expected to have a material impact on the Trust and the Unit Trust's financial statements. The Trust and the Unit Trust will apply the amended standard from 1 July 2011.

1 Summary of significant accounting policies (continued)

(iv) *AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
AASB 2010-4 is applicable for annual reporting periods beginning on or after 1 January 2011, with specific application dates for each of the standards it amends. The amendments are part of the IASB's third annual improvements project and introduce various changes that are not expected to have a material impact on the Trust and the Unit Trust's financial statements. The Trust and the Unit Trust will apply the amended standard from 1 July 2011.

(v) *AASB 2010-5 Amendments to Australian Accounting Standards*
AASB 2010-5 is applicable for annual reporting periods beginning on or after 1 January 2011 and is available for early adoption in certain circumstances. The amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

The Trust and the Unit Trust will apply this standard from 1 July 2011 and is not expected to have a material impact on the Trust and the Unit Trust's net assets or net results.

(vi) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets*
AASB 2010-6 is applicable for annual reporting periods beginning on or after 1 July 2011 and is available for early adoption. The amendments add and amend the disclosure requirements relating to transfers of financial assets, namely where risk exposures arise or are retained on transfer. The amendments will affect entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

The Trust and the Unit Trust will apply this amendment prospectively from 1 July 2011. The amendment is not expected to have a material impact on the net results or net position of the Trust and the Unit Trust upon adoption.

(vii) *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*
AASB 2010-7 is applicable for annual reporting periods beginning on or after 1 January 2013 and is available for early adoption. The amendment addresses the current measurement models of financial liabilities in AASB 139 *Financial Instruments: Recognition and Measurement*. Under the revised model, financial liabilities which are designated at Fair Value through Profit or Loss are required to have any 'own credit' adjustments' pass through other comprehensive income and there is no recycling of these adjustments to profit or loss on extinguishment.

The amendment will be applied from 1 July 2013, and is not expected to have a material impact on the financial statements as the Trust and the Unit Trust currently does not have any financial liabilities designated at Fair Value through Profit or Loss.

(viii) *AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project - Reduced disclosure regime*
This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053, and is applicable from 1 January 2013.

The amendment will be applied from 1 July 2012, and is not expected to have a material impact on the net results or net assets of the Trust and the Unit Trust.

(ix) *IFRS 10 Consolidated Financial Statements*
IFRS 10 was issued by the International Accounting Standards Board, but not yet adopted by the Australian Accounting Standards Board.

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

The Trust and the Unit Trust anticipate they will apply this standard from 1 July 2013 and is not expected to have a material impact on the Trust and the Unit Trust's net assets or net results.

1 Summary of significant accounting policies (continued)

(x) IFRS 11 *Joint arrangements*

IFRS 11 was issued by the International Accounting Standards Board, but not yet adopted by the Australian Accounting Standards Board.

IFRS 11 replaces the recognition and measurement requirements of AASB 131 *Joint Ventures*. The standard is applicable for annual reporting periods beginning on or after 1 January 2013, and is available for early adoption under certain circumstances. IFRS 11 clarifies the distinction between joint operations and joint ventures, and eliminates the option to use proportionate consolidation in accounting from joint ventures.

The Trust and the Unit Trust anticipate they will apply this standard from 1 July 2013. The adoption of IFRS 11 will not have any impact on the net assets or net results of the Trust and the Unit Trust.

(xi) IFRS 12 *Disclosure of interest in other entities*

IFRS 12 was issued by the International Accounting Standards Board, but not yet adopted by the Australian Accounting Standards Board.

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

The Trust and the Unit Trust anticipate they will apply this standard from 1 July 2013. Additional disclosures are likely to be required on adoption of IFRS 12; however there will be no impact on the Trust and the Unit Trust's net assets or net results.

(xii) IFRS 13 *Fair value measurement*

IFRS 13 was issued by the International Accounting Standards Board, but not yet adopted by the Australian Accounting Standards Board.

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

The Trust and the Unit Trust anticipate they will apply the standard from 1 July 2013. Other than additional disclosures on how fair value is determined, the adoption of IFRS 13 is not expected to impact net assets or net results of the entity as the fair value methods used by the entity are consistent with the guidance under IFRS 13.

(xiii) AASB 1053 *Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

AASB 1053 is applicable for annual reporting periods beginning on or after 1 July 2013 and is available for early adoption. AASB 1053 introduces a differential reporting framework with Tier 1 and Tier 2 reporting requirements for preparing general purpose financial statements. Whilst the recognition, measurement and presentation requirements will remain unchanged under the second tier, there will be substantially reduced disclosures in relation to these requirements for entities that do not have public accountability (as defined by the standard). The Trust and the Unit Trust is still assessing the appropriateness of application of Tier 2 reporting requirements and the impacts of this standard.

1 Summary of significant accounting policies (continued)

(xiv) AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project*

This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- (a) Compliance with Australian Accounting Standards
- (b) The statutory basis or reporting framework for financial statements
- (c) Whether the financial statements are general purpose or special purpose
- (d) Audit fees
- (e) Imputation credits

The amendment will be applied from 1 July 2012, and is not expected to have a material impact on the net results or net assets of the Trust and the Unit Trust.

(xv) *Presentation of items of Other Comprehensive Income* (Amendments to IAS 1)

The amendment is applicable for annual reporting periods beginning on or after 1 July 2012 and is available for early adoption. The amendment requires entities to group items presented in Other Comprehensive Income (OCI), on the basis of whether they are potentially required to be recycled to profit or loss subsequently (reclassification adjustments). This includes the tax effect if OCI items are presented before tax.

The amendment will be applied from 1 July 2012, and is not expected to have a material impact on the net results or net assets of the Trust and the Unit Trust.

(x) Rounding of amounts

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

2 Significant accounting estimates, judgements and assumptions

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

Investment Property Values

Investment properties are carried at their fair value. Valuations are either based on an independent valuation or on a Directors' valuation which is supported by the extrapolation of independent valuations on similar properties. Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Please refer to note 10 for further information regarding investment property valuations.

At 30 June 2011, the carrying value of investment properties held by the Trust and the Unit Trust is \$60.500 million (2010: \$86.675 million). Refer to note 10 for the reconciliation of the movements in investment property.

Collectability of trade receivables

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

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

Unit redemption

On 30 June 2011, CMCS 12 and CMCS 12 UT have undertaken a restructure as part of their rollover. To effect the restructure of CMCS 12 UT, CMCS 12 advanced CMCS 12 UT a loan of \$4.406 million and at the same time executed an option contract whereby CMCS 12 UT could redeem (from CMCS 12) 3,060,922 units held in CMCS 12 for \$4.406 million. Both parties are permitted to set-off any monies due with any amounts receivable under the loan and the option contract.

Under Accounting Standards, the above transaction is accounted for as an equity transaction, being the redemption of the units CMCS 12 UT holds in CMCS 12, in consideration of the substance of the transaction as opposed to its legal form. As a result, the loan and the option contract have not been separately recognised in the balance sheets of CMCS 12 and CMCS 12 UT.

3 Net property income

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Property rental revenue	9,757	10,627	-	-
Property outgoings recovered	1,341	1,325	-	-
Property revenue	<u>11,098</u>	<u>11,952</u>	-	-
Less				
Direct property expenses	(4,058)	(4,391)	-	-
Lease incentives	(203)	(304)	-	-
Property expenses	<u>(4,261)</u>	<u>(4,695)</u>	-	-
Net property income	<u>6,837</u>	<u>7,257</u>	-	-

4 Financing costs

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Interest on borrowings	3,364	2,798	-	-
Amortisation of prepaid borrowing fees	109	108	-	-
	<u>3,473</u>	<u>2,906</u>	-	-

5 Distributions

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Total gross distributions	<u>2,363</u>	<u>2,520</u>	<u>688</u>	<u>734</u>

Of the total net cash distributed by CMCS 12 28.01% is tax advantaged (2010: 12.04%)

Of the total net cash distribution by CMCS 12 UT 0% is tax advantaged (2010: 27.29%).

6 Current assets - Cash and cash equivalents

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Cash at bank and on hand	<u>27,007</u>	2,851	-	-

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statements as follows:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Balances as above	<u>27,007</u>	2,851	-	-
Balances per cash flow statements	<u>27,007</u>	2,851	-	-

7 Current assets - Trade and other receivables

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Property receivables	138	162	-	-
Impairment of receivables	<u>(107)</u>	<u>(41)</u>	-	-
	31	121	-	-
Distribution receivables from related party	-	-	172	184
Redemption of units ⁽ⁱ⁾	-	-	4,406	-
Accrued income	273	673	-	-
Other receivables	<u>391</u>	<u>304</u>	-	-
	<u>695</u>	1,098	<u>4,578</u>	184

⁽ⁱ⁾ Redemption of 3,060,922 units out of CMCS 12. Refer to note 16.

7 Current assets - Trade and other receivables (continued)

(a) Impaired trade receivables

CMCS 12 has recognised a loss of \$0.066 million (2010: \$0.002 million) in respect of impaired trade receivables during the year ended 30 June 2011.

There are no impaired trade receivables for CMCS 12 UT in 2011 or 2010.

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

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance at 1 July	(41)	(75)	-	-
Provision for impairment recognised during the year	(66)	(2)	-	-
Receivables written off during the year as uncollectible	-	36	-	-
Closing balance at 30 June	<u>(107)</u>	<u>(41)</u>	<u>-</u>	<u>-</u>

The creation and release of the provision for impaired trade receivables has been included in 'direct property expenses' in the income statements.

(b) Past due but not impaired

As at 30 June 2011, trade receivables of \$0.024 million (2010: \$0.098 million) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.

The ageing analysis of trade receivables is as follows:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Less than 30 days (not past due)	7	23	-	-
Between 31 days and 60 days (past due)	10	46	-	-
Between 61 days and 90 days (past due)	10	32	-	-
Greater than 91 days (past due)	4	20	-	-
	<u>31</u>	<u>121</u>	<u>-</u>	<u>-</u>

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

8 Current assets - Other current assets

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Prepaid incentives	49	78	-	-
Other prepayments	303	380	-	-
	352	458	-	-

9 Non-current assets classified as held for sale

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
St Agnes Shopping Centre	-	-	-	-
	-	-	-	-

As at 31 December 2010, St Agnes Shopping Centre was classified as non-current assets held for sale as CMCS 12 entered into an unconditional contract to sell the investment property. This sale was settled on 1 February 2011 for a consideration of \$35.450 million.

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance 1 July	-	-	-	-
Transfer from investment property - St Agnes Shopping Centre	35,516	-	-	-
Disposal	(35,516)	-	-	-
	-	-	-	-

10 Non-current assets - Investment property

	Valuation basis	CMCS 12		CMCS 12 UT	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Property investments					
Centro Glenorchy Shopping Centre	(l)	19,000	18,500	-	-
Centro Oakleigh Shopping Centre	(l)	41,500	37,500	-	-
St Agnes Shopping Centre		-	30,675	-	-
		<u>60,500</u>	<u>86,675</u>	<u>-</u>	<u>-</u>

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
At fair value				
Opening balance at 1 July	86,675	84,600	-	-
Capitalised expenditure	840	869	-	-
Straight-lining of rent	416	(127)	-	-
Amortisation of lease incentives	(146)	(281)	-	-
Fair value adjustment to investment property	8,231	1,614	-	-
Transfer to investment property held for sale	(35,516)	-	-	-
Closing balance at 30 June	<u>60,500</u>	<u>86,675</u>	<u>-</u>	<u>-</u>

(l) Independent valuation undertaken by registered valuers as at 30 June 2011

(a) Valuation basis

Investment properties are carried at fair value. In arriving at fair value, consideration is given to the discounted cashflows of the investment property based on estimates of future cashflows, other contracts and recent prices for similar properties and capitalised income projections based on the property's net market income.

During the year, the weighted average capitalisation rate of the Trust's properties moved from 8.66% at 30 June 2010 to 8.58% at 30 June 2011.

Independent valuation

At 30 June 2011, 100% of the Trust's properties were independently valued by members of the Australian Property Institute (2010: a mixture of directors' and independent valuations).

The basis of the valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties, in an arm's length transaction. The independent valuation was based on current prices in an active market for similar properties in the same location and condition, and subject to similar leases.

A movement in the adopted property capitalisation rates of 25bps (2010: 25bps) across the CMCS 12 property portfolio would impact net assets by approximately \$1.816 million (2010: \$2.432 million) and impact net tangible assets attributable to unitholders of the Trust by 9.19 cents per unit (2010: 7.72 cents per unit).

10 Non-current assets - Investment property (continued)

(b) Non-current assets pledged as security

Refer to note 13 for information on non-current assets pledged as security by CMCS 12 and CMCS 12 UT.

(c) Contractual obligations

Refer to note 24 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(d) Leasing arrangements

The investment properties are leased to tenants under long term operating leases with rent payable monthly. Refer to note 24 for details of lease payments receivable on leases of investment properties.

11 Non-current assets - Investments accounted for using the equity method

(a) Investments accounted for using the equity method

Information relating to associates is set out below.

Name of entity	Principal activity	Ownership interest		CMCS 12		CMCS 12 UT	
		30 June 2011 %	30 June 2010 %	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
<i>Unlisted</i>							
Centro MCS 12	Property Investment	36.63 ⁽ⁱ⁾	29.14	-	-	9,270	11,148
				-	-	9,270	11,148

⁽ⁱ⁾ Ownership interest of CMCS 12 UT in CMCS 12 has been calculated as if 3,060,922 units have been redeemed out of CMCS 12. Refer to note 16.

Investments in unlisted unit trusts are accounted for in the financial statements using the equity method of accounting. Information relating to the unlisted unit trust is set out below.

CMCS 12 UT owns 36.63% of the units in CMCS 12, the principal assets of which are: Centro Glenorchy Shopping Centre and Centro Oakleigh Shopping Centre.

11 Non-current assets - Investments accounted for using the equity method (continued)

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance at 1 July	-	-	11,148	10,424
Share of profit from investments accounted for using the equity method	-	-	3,216	1,458
Distribution received/receivable	-	-	(688)	(734)
Redemption of units	-	-	(4,406)	-
Closing balance at 30 June	-	-	9,270	11,148

12 Current liabilities - Trade and other payables

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Trade payables	201	275	-	-
Related party payables	66	84	-	-
Accrued property expenses	322	693	-	-
Other payables	209	209	-	-
Accrued interest	6	8	-	-
Redemption of units ⁽ⁱ⁾	21,300	-	4,406	-
Total trade and other payables	22,104	1,269	4,406	-

⁽ⁱ⁾ Payments were made to exiting investors on 11 July 2011.

13 Interest bearing liabilities

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Current				
Secured borrowings (a)	29,875	-	-	-
Deferred transaction costs	(49)	-	-	-
Related party loans (b)	8,485	8,485	-	-
Total current interest bearing liabilities	<u>38,311</u>	<u>8,485</u>	<u>-</u>	<u>-</u>
Non-current				
Secured borrowings (a)	-	40,518	-	-
Deferred transaction costs	-	(150)	-	-
Total non-current interest bearing liabilities	<u>-</u>	<u>40,368</u>	<u>-</u>	<u>-</u>

(a) Secured borrowings

The secured borrowings are provided under an Australian dollar facility. They have variable interest rates and mature on 15 December 2011.

The borrowings of CMCS 12 are secured by a mortgage over its investment properties. The assets pledged as security are: Centro Glenorchy and Centro Oakleigh.

CMCS 12 and its unitholders have entered into a deed of subordination and provided an irrevocable direction to the Responsible Entity to pay out of distributions, interest and any capital repayment amounts required to satisfy the obligations to an external party as financier of CMCS 12.

If there is a change in or replacement of the Responsible Entity in the future periods (without consent from the financier), an event of default will be triggered under the current borrowing arrangement, and the financier may call on the repayment of the borrowings immediately.

(b) Related party loans

Centro Properties Group provided an at-call loan of \$8.485 million (2010: \$8.485 million) to CMCS 12 in order to meet its obligations. This related party loan was entered into at arm's length and incurs a variable market interest rate.

Subsequent to year end, a partial repayment of \$0.685 million was made on 6 July 2011.

(c) Financing arrangements

The Trust and the Unit Trust did not have any unused loan facilities as at the current or prior period balance date.

(d) Fair values

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

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and liabilities of CMCS 12 approximates their carrying amounts. The net fair value of interest bearing liabilities at amortised costs approximate to their carrying amount. The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or is determined by discounting the expected future cashflows by the current interest rates for assets and liabilities with similar risk profiles.

14 Current liabilities - Provisions

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Provision for distribution	591	630	172	184
Provision for taxable income entitlement (a)	-	-	448	-
	<u>591</u>	<u>630</u>	<u>620</u>	<u>184</u>

(a) Provision for taxable income entitlement

CMCS 12 UT is of the view that the unitholders are presently entitled to the net income of the Trust in accordance with its Trust Deed (not withstanding that the cash has not been paid out) and have raised a provision based on the difference between the distributions declared and the taxable income entitlement for the year ended 30 June 2011.

(b) Movements in provisions

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Provision for distribution				
Opening balance at 1 July	630	551	184	161
Amounts incurred and charged	2,363	2,520	688	734
Distributions paid	(2,402)	(2,441)	(700)	(711)
Closing balance at 30 June	<u>591</u>	<u>630</u>	<u>172</u>	<u>184</u>
Provision for taxable income entitlement				
Opening balance at 1 July	-	-	-	-
Amounts incurred and charged	-	-	448	-
Closing balance at 30 June	<u>-</u>	<u>-</u>	<u>448</u>	<u>-</u>

15 Other financial liabilities

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Current				
Performance fees	1,979	1,810	-	-
Deferred management fees	260	260	-	-
	<u>2,239</u>	<u>2,070</u>	<u>-</u>	<u>-</u>

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Performance fees movement				
Opening balance at 1 July	1,810	1,755	-	-
Increase in financial liability	169	55	-	-
Closing balance at 30 June	<u>1,979</u>	<u>1,810</u>	<u>-</u>	<u>-</u>
Deferred management fees movement				
Opening balance at 1 July	260	260	-	-
Increase in financial liability	-	-	-	-
Closing balance at 30 June	<u>260</u>	<u>260</u>	<u>-</u>	<u>-</u>

(a) Performance fees

The Responsible Entity will be entitled to a performance fee if following the sale of the properties and wind up, or on rollover, the amount available to be paid to investors (which is represented by the unit value), is greater than the value of equity subscribed at the start of the current term.

Performance fee contracts are recognised as a financial liability when the Syndicate becomes party to the provisions of the constitutions and the management deeds. The liability is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method in accordance with AASB 139 *Financial Instruments Recognition and Measurement* based on the intrinsic value of the performance fee, that is, the fee that would be payable based on the conditions prevailing at the balance date.

Performance fees of \$1.979 million was paid to the Responsible Entity on 6 July 2011.

(b) Deferred management fees

The Responsible Entity's entitlement to management fees is set out in the Syndicates's product disclosure statement. The Responsible Entity has deferred the payment of a proportion of these fees but is entitled to recover unpaid fees at the end of the Syndicate term.

Deferred management fees of \$0.260 million was paid to the Responsible Entity on 6 July 2011.

16 Contributed equity

(a) Units issued

On 30 June 2011, CMCS 12 and CMCS 12 UT have undertaken a restructure as part of their rollover. To effect the restructure of CMCS 12 UT, CMCS 12 advanced CMCS 12 UT a loan of \$4.406 million and at the same time executed an option contract whereby CMCS 12 UT could redeem (from CMCS 12) 3,060,922 units held in CMCS 12 for \$4.406 million. Both parties are permitted to set-off any monies due with any amounts receivable under the loan and the option contract.

Under Accounting Standards, the above transaction is accounted for as an equity transaction, being the redemption of the units CMCS 12 UT holds in CMCS 12, in consideration of the substance of the transaction as opposed to its legal form. As a result, the loan and the option contract have not been separately recognised in the balance sheets of CMCS 12 and CMCS 12 UT.

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 No. '000	30 June 2010 No. '000	30 June 2011 No. '000	30 June 2010 No. '000
Number of units				
Opening balance at 1 July	31,500	31,500	9,178	9,178
Redeemed during the year	(14,799)	-	(3,061)	-
Closing balance at 30 June	16,701	31,500	6,117	9,178

The reconciliation below details the movements for the year:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance at 1 July	30,779	30,779	8,968	8,968
Redeemed during the year	(14,799)	-	(3,061)	-
Closing balance at 30 June	15,980	30,779	5,907	8,968

17 Distributable income

Calculation of distributable income

The Directors of the Responsible Entity do not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to unitholders.

Distributable income is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised, non-cash items and reserve transfers. Per the Trust Constitution, the adjustments and therefore the amount distributed to unitholders are at the discretion of the Responsible Entity.

The table below outlines the adjustments to profit under Australian Accounting Standards to determine the amount the Directors believe should be available for distribution. The Directors use this amount as guidance for distribution determination.

The adjustments made to profit under Australian Accounting Standards in order to solely determine distributable income may change from time to time depending on future changes to accounting standards.

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Net profit for the year	10,712	5,006	3,216	1,458
Adjusted for:				
Straight-lining of rent	(416)	127	-	-
Amortisation of lease incentives	146	281	-	-
Fair value adjustment to investment property	(8,231)	(1,614)	-	-
Fair value adjustment within equity accounted investment	-	-	(2,285)	(335)
Net loss on disposal of investment property	489	-	-	-
Other Responsible Entity fees	169	55	-	-
Distributable income	2,869	3,855	931	1,123
Undistributed profits	(506)	(1,335)	(243)	(389)
Distribution paid/payable	2,363	2,520	688	734

	CMCS 12		CMCS 12 UT	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
(a) Basic				
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	2,869	3,855	931	1,123
Weighted average number of units on issue for the year (being the weighted average number of units outstanding during the year) ('000)	31,468	31,500	9,170	9,178
Basic distributable income per unit (cents)	9.12	12.24	10.15	12.24

17 Distributable income (continued)

(b) Adjusted

	CMCS 12		CMCS 12 UT	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Distributable income attributable to unitholders used in calculating adjusted distributable income per unit (\$'000)	<u>2,869</u>	3,855	<u>931</u>	1,123
Weighted average number of units used as the denominator in calculating adjusted distributable income per unit ('000)	<u>31,468</u>	31,500	<u>9,170</u>	9,178
Adjusted distributable income per unit (cents)	<u>9.12</u>	<u>12.24</u>	<u>10.15</u>	<u>12.24</u>

18 Net tangible asset backing (NTA)

	CMCS 12		CMCS 12 UT	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Net assets attributable to unitholders (\$'000)	<u>25,309</u>	38,260	<u>8,822</u>	11,148

(a) Basic

Number of units

Number of units outstanding at the end of the year used in calculating basic net tangible asset backing per unit ('000)

<u>19,762</u>	31,500	<u>6,117</u>	9,178
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Basic NTA (\$)

<u>1.28</u>	1.21	<u>1.44</u>	1.21
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(b) Adjusted

Number of units

Number of units outstanding at the end of the year used in calculating adjusted net tangible asset backing per unit ('000)⁽ⁱ⁾

<u>16,701</u>	31,500	<u>6,117</u>	9,178
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Adjusted NTA (\$)

<u>1.52</u>	1.21	<u>1.44</u>	1.21
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⁽ⁱ⁾ The adjusted NTA for CMCS 12 is calculated based on a reduced number of units as if 3,060,922 units have been redeemed out of CMCS 12 at 30 June 2011. Refer note 16.

19 Cash flow information

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Net profit for the year	10,712	5,006	3,216	1,458
Amortisation of financing costs	109	108	-	-
Amortisation of lease incentives	146	281	-	-
Other Responsible Entity fees	169	55	-	-
Doubtful debts	66	2	-	-
Fair value adjustment to investment property	(8,231)	(1,614)	-	-
Straight-lining of rent	(416)	127	-	-
Net loss on disposal of investment property	489	-	-	-
Share of net (profits)/losses from investments accounted for using the equity method	-	-	(3,216)	(1,458)
Decrease/(increase) in assets				
Trade and other receivables	846	(8)	(4,394)	(23)
Other assets	(569)	108	-	-
Increase/(decrease) in liabilities				
Trade and other payables	(343)	(27)	4,394	23
Net cash inflow/(outflow) from operating activities	<u>2,978</u>	<u>4,038</u>	<u>-</u>	<u>-</u>

20 Financial risk management

This note details the requirements of AASB 7 *Financial Instrument Disclosures*, which mandates disclosures regarding only financial assets and financial liabilities. As a result, these disclosures, in particular the sensitivity analysis, do not take into account movements in non-financial assets such as investment property and investments accounted for using the equity method.

The Trust and the Unit Trust's activities expose them to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Trust and the Unit Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust and the Unit Trust. To the extent that they are able to access them the Trust and the Unit Trust use derivative financial instruments such as interest rate swaps to manage their exposures to interest rate risk. The Trust and the Unit Trust have not been able to access any new financial instruments since January 2009 and remain exposed to significant interest rate risks.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board and subject to periodic review. Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Trust and the Unit Trust's operating units. Group Treasury reports to the Board periodically through the Finance Committee on the Trust and the Unit Trust's derivative and debt positions and compliance with policy.

CMCS 12 and CMCS 12 UT hold the following financial instruments:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Financial assets				
Cash and cash equivalents	27,007	2,851	-	-
Trade and other receivables	695	1,098	4,578	184
	<u>27,702</u>	<u>3,949</u>	<u>4,578</u>	<u>184</u>
Financial liabilities				
Trade and other payables	22,104	1,269	4,406	-
Interest bearing liabilities	38,360	49,003	-	-
Provision for distribution	591	630	172	184
Provision for taxable income entitlement	-	-	448	-
Other financial liabilities	2,239	2,070	-	-
	<u>63,294</u>	<u>52,972</u>	<u>5,026</u>	<u>184</u>

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and unit prices, will affect future cash flows or the fair value of financial instruments.

(i) Price risk

The Trust and the Unit Trust are not exposed to any significant concentrations of price risk.

(ii) Interest rate risk

The Trust's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk and borrowings issued at fixed rates that are measured at fair value expose the Trust to fair value interest rate risk. Group policy is to manage cash flow interest rate risk by fixing rates on variable rate debt.

The Trust's ability to adhere to this policy is subject to credit limits being available to enter into derivative contracts. In the Trust's current circumstances it does not have access to sufficient facilities to meet its policy.

20 Financial risk management (continued)

As at the reporting date, the Trust had the following variable rate instruments outstanding:

	30 June 2011	30 June 2010
	\$'000	\$'000
Secured borrowings	29,875	40,518
Related party loans	8,485	8,485
Net exposure to cash flow interest rate risk	<u>38,360</u>	<u>49,003</u>

Sensitivity analysis

While interest rates can move up or down, having regard to the forward interest rate curve for BBSW at 30 June 2011, the tables below disclose the impact that a -20 basis point (bps) or 50 bps (i.e. -0.2% / +0.5%) (2010: +40bps) shift in the interest rates would have on the Trust's post-tax profits and other comprehensive income ("OCI"). The sensitivities have been reassessed by management during the financial year in light of the current interest rate curve. This should not be considered a projection.

CMCS 12

	Interest rate risk			
	-0.2%		+0.5%	
30 June 2011	Post-tax profit or (loss) \$'000	OCI \$'000	Post-tax profit or (loss) \$'000	OCI \$'000
Financial liabilities				
Interest bearing liabilities	77	-	(192)	-
Total increase / (decrease)	<u>77</u>	<u>-</u>	<u>(192)</u>	<u>-</u>

CMCS 12

	Interest rate risk			
	-0%		+0.4%	
30 June 2010	Post-tax profit or (loss) \$'000	OCI \$'000	Post-tax profit or (loss) \$'000	OCI \$'000
Financial liabilities				
Interest bearing liabilities	-	-	(196)	-
Total increase/ (decrease)	<u>-</u>	<u>-</u>	<u>(196)</u>	<u>-</u>

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust and the Unit Trust. These counterparties include, but are not limited to; entities within the Centro Properties Group, banks and tenants at rental properties. Procedures have been established to ensure that the Trust and the Unit Trust deal only with approved counterparties and the risk of loss is mitigated.

Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Trust and the Unit Trust, after allowing for appropriate set offs which are legally enforceable.

Tenant risk assessments are performed taking into consideration the financial background of the tenant and the amount of any guarantee provided under their lease. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The maximum exposure to credit risk at the balance date is the carrying amount of the Trust and the Unit Trust's financial assets.

Details of assets that have been impaired can be found in the trade and other receivables note.

20 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust and the Unit Trust will not be able to meet their financial obligations as they fall due. Typically the Trust and the Unit Trust ensure that they have sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Prudent liquidity risk management involves maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

The Trust and the Unit Trust manage liquidity risk by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The Trust and the Unit Trust hold a large portion of their investments in direct property where there is not an immediate liquid market, however the underlying investment properties of these funds are stable and management expect that sufficient cash flows will be generated and available to meet cash outflow liabilities arising from the day to day operations of the Trust and the Unit Trust.

Maturities of financial liabilities

The tables below analyse the Trust and the Unit Trust's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For variable debt the cash flows have been estimated using forward interest rates applicable at the balance date.

CMCS 12 - At 30 June 2011	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows ⁽¹⁾	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	(22,104)	-	-	-	-	(22,104)	(22,104)
Provision for distribution	(591)	-	-	-	-	(591)	(591)
Borrowings - variable rate	(39,370)	-	-	-	-	(39,370)	(38,360)
Other financial liabilities	(2,239)	-	-	-	-	(2,239)	(2,239)
Total non-derivatives	<u>(64,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,304)</u>	<u>(63,294)</u>
CMCS 12 - At 30 June 2010	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows ⁽¹⁾	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	(1,269)	-	-	-	-	(1,269)	(1,269)
Provision for distribution	(630)	-	-	-	-	(630)	(630)
Borrowings - variable rate	(9,974)	(1,344)	(41,782)	-	-	(53,100)	(49,003)
Other financial liabilities	(2,070)	-	-	-	-	(2,070)	(2,070)
Total non-derivatives	<u>(13,943)</u>	<u>(1,344)</u>	<u>(41,782)</u>	<u>-</u>	<u>-</u>	<u>(57,069)</u>	<u>(52,972)</u>

20 Financial risk management (continued)

CMCS 12 UT - At 30 June 2011	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows ⁽¹⁾	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	(4,406)	-	-	-	-	(4,406)	(4,406)
Provision for distribution	(172)	-	-	-	-	(172)	(172)
Provision for taxable income entitlement	-	-	-	-	(448)	(448)	(448)
Total non-derivatives	<u>(4,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(448)</u>	<u>(5,026)</u>	<u>(5,026)</u>
CMCS 12 UT - At 30 June 2010							
	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows ⁽¹⁾	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Provision for distribution	(184)	-	-	-	-	(184)	(184)
Total non-derivatives	<u>(184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184)</u>	<u>(184)</u>

⁽¹⁾For variable debt the cash flows have been estimated using forward interest rates applicable at the balance date.

21 Capital risk management

The Trust's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and wherever possible, to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets.

Consistent with other direct retail property schemes in the industry the Trust monitors capital on the basis of the gearing ratio.

The gearing ratio has been calculated in accordance with ASIC RG 46 (issued on 2 September 2008) which is calculated using the following formula:

Gearing Ratio = Total interest bearing liabilities ÷ Total assets

During 2011, the Trust's strategy was unchanged from 2010. The gearing ratio at 30 June 2011 and 2010 were as follows:

	CMCS 12	
	30 June 2011 \$'000	30 June 2010 \$'000
Interest Bearing Liabilities		
Secured borrowings	29,875	40,518
Related party loans	<u>8,485</u>	<u>8,485</u>
Total interest bearing liabilities	<u>38,360</u>	<u>49,003</u>
Assets		
Cash and cash equivalents	27,007	2,851
Investment property	60,500	86,675
Trade and other receivables	695	1,098
Other current assets	352	458
Deferred transaction costs (note 13)	<u>49</u>	<u>150</u>
Total assets	<u>88,603</u>	<u>91,232</u>
Gearing ratio⁽ⁱ⁾	43.29%	53.71%

⁽ⁱ⁾ Subsequent to year end, redemption of units of \$21.300 million, performance fees of \$1.979 million and deferred management fees of \$0.260 million were paid out as part of the rollover. After these payments, the gearing ratio will increase to 58.96%.

22 Related party transactions

(a) Parent entities

CMCS 12 and CMCS 12 Unit Trust are controlled by Centro Property Trust, which is controlled by the ultimate Australian parent entity, Centro Properties Limited, who together with its associates controls 57.97% of the voting power of CMCS 12 and 49.84% of the voting power of CMCS 12 Unit Trust.

(b) Associates

Interests in associates are set out in note 11.

(c) Key Management Personnel

Key Management Personnel ('KMP') are defined in AASB 124 *Related Party Disclosures* as those having the authority and responsibility for planning, directing and controlling the activities of the Trust and the Unit Trust. The Responsible Entity meets the definition of KMP as it has authority in relation to the activities of the Trust and the Unit Trust.

Fees paid/payable to the Responsible Entity during the year totalled \$3,354,577 (2010: \$1,264,589).

(d) Transactions with related parties

The following transactions occurred with related parties:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
<i>Parent</i>				
Interest on interest bearing liabilities	722,100	-	-	-
	<u>722,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Key Management Personnel</i>				
Responsible Entity management fees	539,050	575,090	-	-
Trustee fees	45,968	44,739	-	-
Accounting recovery fees	27,690	24,480	-	-
Tax recovery fees	18,480	15,559	-	-
Property management fees	371,139	419,871	-	-
Leasing fees	95,827	167,850	-	-
Legal fees	17,500	17,000	-	-
Performance fees	1,978,923	-	-	-
Deferred management fees	260,000	-	-	-
	<u>3,354,577</u>	<u>1,264,589</u>	<u>-</u>	<u>-</u>
<i>Other related parties</i>				
Interest on interest bearing liabilities	-	641,669	-	-
	<u>-</u>	<u>641,669</u>	<u>-</u>	<u>-</u>

22 Related party transactions (continued)

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
<i>Payables to:</i>				
<i>Key Management Personnel</i>				
Responsible Entity management fees	39,695	46,468	-	-
Property management fees	22,800	33,939	-	-
Trustee fees	3,633	3,726	-	-
Performance fees	1,978,923	-	-	-
Deferred management fees	260,000	-	-	-
	<u>2,305,051</u>	<u>84,133</u>	<u>-</u>	<u>-</u>

The Responsible Entity or its related entities held 9,681,887 ordinary units in CMCS 12 as at the end of the financial year (2010: 3,564,370).

The Responsible Entity or its related entities held 3,049,078 ordinary units in CMCS 12 UT as at the end of the financial year (2010: 477,300).

(f) Terms and conditions

Units issued to related parties are on the same terms and conditions as all other issued units.

Outstanding balances are unsecured and are repayable in cash.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

23 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor and/or its related practices:

	CMCS 12		CMCS 12 UT	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
(a) Audit services				
Audit and review of financial reports				
Moore Stephens	<u>39,935</u>	<u>41,350</u>	<u>-</u>	<u>-</u>
(b) Non-audit services				
Due diligence services				
Moore Stephens	<u>15,750</u>	<u>15,500</u>	<u>-</u>	<u>-</u>
Tax compliance services				
Moore Stephens	<u>12,900</u>	<u>4,467</u>	<u>-</u>	<u>-</u>

24 Commitments

(a) Capital commitments

CMCS 12 and CMCS 12 UT have no capital, finance lease or remuneration commitments in existence at the reporting date which have not been recognised as liabilities.

(b) Non-cancellable operating leases

The future minimum lease revenues for non-cancellable operating leases contracted for but not capitalised in the financial statements at balance date are:

CMCS 12		CMCS 12 UT	
30 June	30 June	30 June	30 June
2011	2010	2011	2010
\$'000	\$'000	\$'000	\$'000

Commitments for minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:

Within one year	6,442	8,655	-	-
Later than one year but not later than five years	16,967	23,748	-	-
Later than five years	25,466	27,138	-	-
	48,875	59,541	-	-

All leases are those with tenants occupying the investment properties owned by CMCS 12 via the investments.

All leases have been negotiated on terms consistent with relevant legislation applicable to that State or Territory of Australia as well as the Commonwealth of Australia.

25 Contingencies

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

26 Events occurring after the reporting period

Major Restructure Developments

Centro MCS Manager Limited, the current Responsible Entity, is a wholly owned subsidiary of Centro Properties Group ("CNP").

On 9 August 2011, CNP announced that it had entered into an agreement ("Implementation Agreement") with a majority of its senior lenders and certain CNP managed funds to aggregate Australian assets and interests held by CNP, Centro Retail Trust and certain CNP managed funds (excluding Centro MCS Syndicates) to form a new listed Australian Retail Property Trust ("A-REIT") ("Aggregation"). The Implementation Agreement is subject to a significant number of regulatory and other conditions.

Amongst other terms, the Implementation Agreement contains the following provisions:

- The transfer of ownership and control of Centro MCS Manager Limited, the Responsible Entity for this Syndicate, from CNP to the A-REIT, whereby it will then become a wholly-owned subsidiary of the A-REIT in the event of a successful Aggregation;
- The CNP Asset Sale Agreement entered into by CNP which will transfer all current related party loans from CNP to the A-REIT, when it is established, on the same terms and conditions; and
- The transfer of ownership and control of CMCS 12 and CMCS 12 UT from CNP to the A-REIT, whereby they will become subsidiaries of the A-REIT.

There have been no adjustments made in the financial report associated with this proposed restructure.

For further details readers should refer to the announcement on 9 August 2011 which was lodged with the Australian Securities Exchange (ASX) or can be found at www.centro.com.au. The announcement includes the signed Implementation Agreement.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 30 June 2011 and the date hereof that has significantly affected, or may significantly affect:

- (a) the Trust and the Unit Trust's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Trust and the Unit Trust's state of affairs in future financial years.

The Directors of the Responsible Entity, Centro MCS Manager Limited, declare that:

- (a) The financial statements and notes of CMCS 12 and CMCS 12 UT set out on pages 9 to 48 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, their Constitution and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of CMCS 12 and CMCS 12 UT's financial position as at 30 June 2011 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that CMCS 12 and CMCS 12 UT will be able to refinance existing maturities as detailed in Note 1(b) of the financial statements and therefore will be able to pay their debts as and when they become due and payable; and
- (c) The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Peter Day
Director

Melbourne
14 September 2011

Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800

F +61 (0)3 8102 3400

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRO MCS 12 AND CENTRO MCS 12 UNIT TRUST

Report on the Financial Report

We have audited the accompanying financial report of Centro MCS 12 and Centro MCS 12 Unit Trust (the registered schemes), which comprises the balance sheets as at 30 June 2011, the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Centro MCS Manager Limited, the Responsible Entity of the registered schemes, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the registered schemes' preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered schemes' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Centro MCS 12 and Centro MCS 12 Unit Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Centro MCS 12 and Centro MCS 12 Unit Trust's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which indicates that as of 30 June 2011, Centro MCS 12's current liabilities exceeded its current assets by \$35.191 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty in relation to the refinancing of the loan facility beyond its existing expiry date and the repayment of the related party loan that may cast significant doubt about Centro MCS 12 and Centro MCS 12 Unit Trust's ability to continue as a going concern and therefore, Centro MCS 12 and Centro MCS 12 Unit Trust may be unable to realise their assets and discharge their liabilities in the normal course of business.



Moore Stephens
Chartered Accountants



Kevin W. Neville
Partner

Melbourne,

14 September 2011