

## **Centro MCS 33 and Controlled Entities**

ARSN 099 937 783

**Responsible Entity**  
**CPT Manager Limited**

ABN 37 054 494 307

**Financial report**  
**for the year ended 30 June 2011**

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This financial report covers Centro MCS 33 ("CMCS 33", "the Trust " or "the Syndicate") and its controlled entities ("the Group" or "CMCS 33 Group"). The financial report is presented in Australian currency.

Centro MCS 33 is a trust, incorporated and domiciled in Australia. The registered office and principal place of business is:

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

A description of the nature of CMCS 33 Group's operations and its 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 22 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](http://www.centro.com.au)

<b>Responsible Entity</b>	CPT Manager Limited A.B.N. 37 054 494 307  3rd Floor, Centro The Glen 235 Springvale Road Glen Waverley, VIC 3150 Telephone: (03) 8847 0000
<b>Directors of the Responsible Entity</b>	Paul Cooper (Chairman) Robert Tsenin (Managing Director) Anna Buduls Jim Hall Susan Oliver Robert Wylie
<b>Secretaries of the Responsible Entity</b>	Elizabeth Hourigan Dimitri Kiriacoulacos Paul Flanigan
<b>Auditor</b>	Moore Stephens Level 10, 530 Collins Street Melbourne, VIC 3000
<b>Security Registry</b>	Link Market Services Limited Level 4, 333 Collins Street Melbourne, VIC 3000

## Directors' report

The Directors of CPT Manager Limited, the Responsible Entity, present their report on Centro MCS 33 ("CMCS 33", "the Trust " or "the Syndicate") and its controlled entities ("the Group" or "CMCS 33 Group") for the year ended 30 June 2011.

CMCS 33's Group investment comprises one unit in CMCS 33 Trust 1 stapled to one unit in CMCS 33 Trust 2. The financial statements of CMCS 33 Group reflect the aggregated results of CMCS 33 Trust 1 and CMCS 33 Trust 2. CMCS 33 Trust 1 is deemed to be the parent entity of CMCS 33 Group and therefore presents the consolidated financial statements of the Group. CMCS 33 Trust 2 is presented as a non-controlling interest for the purposes of this financial report.

### Responsible Entity

Pursuant to the Managed Investments Act, which came into effect on 1 July 1998, CPT Manager Limited was appointed and registered as the Responsible Entity of CMCS 33 Group on 11 September 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 CPT Manager Limited during the financial year and up to the date of this report (unless otherwise stated):

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

### Company Secretaries

The Company Secretaries of CPT 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 the Group during the course of the year was investment in property.

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

### Review of operations

#### *CMCS 33 Group*

CMCS 33 Group recorded a net profit after tax of \$4.743 million for the year ended 30 June 2011 (2010: \$8.120 million loss).

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

- an increase in fair value of directly owned properties compared to a decrease last year; and
- a smaller decline in the underlying fair value of investment properties which are equity accounted of \$0.581 million compared to a decline of \$12.433 million last year.

Distributions paid/payable to unitholders are in line with an expected annual rate of 3.00% (2010: 3.00%). During the year CMCS 33 recorded a basic distributable income of 6.66 cents (2010: 6.48 cents) per unit as disclosed in note 20.

### Distributions attributable to unitholders

#### *CMCS 33 Group*

Final distributions of 0.75 cents per unit have been declared for the quarter ended 30 June 2011. Distributions paid or payable to unitholders for the year totalled \$2.683 million (2010: \$2.683 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	0.75	25 October 2010
December 2010	0.75	24 January 2011
March 2011	0.75	29 April 2011
June 2011	0.75	25 July 2011
Total paid/payable to unitholders	<u>3.00</u>	

**Distributions attributable to unitholders (continued)**

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

	<b>Cents per unit</b>
Taxable income	2.34
Tax deferred component	<u>0.66</u>
Net distribution per unit	<u>3.00</u>

**Significant changes in the state of affairs**

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

The Syndicate reached the end of its investment term on 30 June 2011 and investors approved a resolution at an investor meeting held on 27 June 2011 to extend the Syndicate term for 15 months to 30 September 2012.

This short-term extension should allow sufficient time for an orderly marketing and sale of the Syndicate properties and a Syndicate wind up. An alternative liquidity event for all investors wishing to exit the Syndicate may be proposed prior to 30 September 2012, if this is considered to be in investor's best interests at the time. This could involve a rollover or restructure proposal and may be subject to investor approval at an investor meeting.

**Matters subsequent to the end of the financial year**

*Major Restructure Developments*

CPT 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.

Under the terms of the Implementation Agreement, CPT Manager Limited, the current Responsible Entity of the Syndicate, is proposed to retire and be replaced with Centro MCS Manager Limited as the new Responsible Entity. Centro MCS Manager Limited is also a wholly owned subsidiary of CNP. The change is necessary because it is the intention to wind-up CPT Manager Limited following Aggregation; and the risk that CPT Manager Limited may be placed into administration and have receivers appointed if Aggregation does not occur consensually. In the event of a successful Aggregation, Centro MCS Manager Limited will become a wholly-owned subsidiary of the A-REIT.

On 9 August 2011, an application was made to the Australian Securities & Investment Commission ("ASIC") for relief from the requirement to hold a meeting of investors to approve the change of Responsible Entity from CPT Manager Limited to Centro MCS Manager Limited. This relief has been granted and Syndicate investors will be notified of the proposed change of Responsible Entity and their right to still call a meeting of investors.

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](http://www.centro.com.au). The announcement includes the signed Implementation Agreement.

*Proposed Sale of Centro Arndale*

In conjunction with the Implementation Agreement mentioned above, on 9 August 2011, a separate Centro Arndale Unit Sale Agreement was entered into for the sale of the Syndicate's 50% ownership in Centro Arndale to the A-REIT at the carrying book value of \$48.500 million as at 30 June 2011. Accordingly, equity accounted investments in Centro Arndale Holding Trust have been transferred to non-current assets classified as held for sale as at 30 June 2011. There will be no significant impact to the income statement on the gain/loss from the sale of the units.

In the event that the sale to the A-REIT does not proceed, Centro Arndale will be marketed for sale to other parties.

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 Group's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Group'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 33 Group, other than matters subsequent to the end of the financial year provided above, has not been included in the report because the Directors believe it would be likely to result in unreasonable prejudice to CMCS 33 Group.

**Environmental regulation**

As a property owner, CMCS 33 Group is subject to the normal environmental regulations of landowners within Australia. These include regulation against air pollution, liquid discharge and soil contamination. CMCS 33 Group 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 33 Group Issued Units*

During the year ended 30 June 2011, no units were issued (2010: no units) and no units were redeemed (2010: no units). At 30 June 2011, total units on issue were 89,440,285 (2010: 89,440,285 units).

*CMCS 33 Group Total Assets*

At 30 June 2011 CMCS 33 Group total assets were \$198.819 million (2010: \$196.109 million).

**Fees paid to and interests held in CMCS 33 Group by the Responsible Entity or its related entities**

Fees paid to the Responsible Entity and its related entities out of CMCS 33 Group during the year are disclosed in note 25.

No fees were paid out of CMCS 33 Group to the directors of the Responsible Entity during the year.

The number of interests in CMCS 33 Group held by the Responsible Entity or its related entities as at the end of the year are disclosed in note 25.

**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 Group. The Responsible Entity meets the definition of KMP as it has authority in relation to the activities of the Group.

Fees paid/payable to the Responsible Entity during the year totalled \$1,296,316 (2010: \$1,315,260).

**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 CPT 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 Trust**

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

The Responsible Entity of the Trust were not a party to any such proceedings during the year.

**Meetings of directors**

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

**Meetings of directors (continued)**  
**CPT Manager Limited**

	Board Meetings	Risk Committee Meetings	Audit Committee Meetings	Compliance Committee Meetings	Remunerations and HR Committee Meetings	Finance Committee Meetings
<b>Number of meetings held:</b>	44	4	13	5	10	5
<b>Number of meetings attended:</b>						
Paul Cooper	44	#	#	4	8	#
Robert Tsenin	42	#	#	#	#	#
Anna Buduls	44	4	13	5	10	#
Jim Hall	40	4	12	#	#	5
Susan Oliver	39	4	#	5	#	5
Robert Wylie	40	#	13	#	10	5

# Not a member of the relevant committee

All directors were eligible to attend all meetings held during the term of their appointment.


**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 6.

**Rounding of amounts to the nearest thousand dollars**

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

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



Paul Cooper  
Director

Melbourne  
22 September 2011

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT  
TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF CENTRO MCS 33 AND  
CONTROLLED ENTITIES**

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, 22 September 2011

**Centro MCS 33 and Controlled Entities**  
**Income statement**  
**For the year ended 30 June 2011**

		<b>CMCS 33 Group</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2011</b>	<b>2010</b>
	Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Property rental revenue	4	<b>4,001</b>	3,584
Property outgoings recovered	4	<b>1,264</b>	1,319
Interest revenue		<b>108</b>	79
Other revenue		<u>-</u>	<u>15</u>
<b>Total revenue</b>		<b><u>5,373</u></b>	<b><u>4,997</u></b>
Share of net profits from investments accounted for using the equity method	12	<b>13,267</b>	1,109
<b>Expenses, gains and losses</b>			
Direct property expenses	4	<b>(2,103)</b>	(1,974)
Lease incentives	4	<b>(18)</b>	(14)
Responsible Entity management fees		<b>(1,198)</b>	(1,213)
Financing costs	5	<b>(9,608)</b>	(9,309)
Other expenses		<b>(323)</b>	(305)
Net movement on mark to market of derivatives		<b>(298)</b>	(817)
Amortisation of prepaid swap		<b>(484)</b>	(484)
Fair value adjustment to investment property	11	<b><u>135</u></b>	<u>(110)</u>
<b>Net profit/(loss) before income tax expense</b>		<b>4,743</b>	(8,120)
Income tax benefit/(expense)		<u>-</u>	<u>-</u>
<b>Net profit/(loss) for the year</b>	20	<b><u>4,743</u></b>	<b><u>(8,120)</u></b>
<b>Net profit attributable to non-controlling interests:</b>			
Centro MCS 33 Trust 2		<u>(1,590)</u>	<u>(1,228)</u>
<b>Net profit/(loss) attributable to unitholders of Centro MCS 33 Trust 1</b>		<b><u>3,153</u></b>	<b><u>(9,348)</u></b>
<b>Net profit/(loss) attributable to unitholders of Centro MCS 33 and Controlled Entities analysed by amounts attributable to:</b>			
Centro MCS 33 Trust 1 unitholders		<b>3,153</b>	(9,348)
Centro MCS 33 Trust 2 unitholders		<b><u>1,590</u></b>	<u>1,228</u>
<b>Net profit/(loss) attributable to unitholders of Centro MCS 33 and Controlled Entities</b>		<b><u>4,743</u></b>	<b><u>(8,120)</u></b>

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

**Centro MCS 33 and Controlled Entities**  
**Statement of comprehensive income**  
**For the year ended 30 June 2011**

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net profit/(loss) for the year</b>	<b>4,743</b>	<b>(8,120)</b>
<b>Other comprehensive income</b>		
Reclassification to profit and loss from hedge reserve	1,672	829
Changes in the fair value of cash flow hedges	<u>-</u>	<u>1,685</u>
<b>Other comprehensive income for the year</b>	<b><u>1,672</u></b>	<b><u>2,514</u></b>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>6,415</u></b>	<b><u>(5,606)</u></b>
<b>Total comprehensive profit for the year attributable to non-controlling interests:</b>		
Centro MCS 33 Trust 2	<u>(1,781)</u>	<u>(1,459)</u>
<b>Total comprehensive profit/(loss) attributable to unitholders of Centro MCS 33 Trust 1</b>	<b><u>4,634</u></b>	<b><u>(7,065)</u></b>
<b>Total comprehensive income/(loss) for the year attributable to unitholders of Centro MCS 33 and Controlled Entities analysed by amounts attributable to:</b>		
Unitholders of Centro MCS 33 Trust 1	4,634	(7,065)
Unitholders of Centro MCS 33 Trust 2	<u>1,781</u>	<u>1,459</u>
<b>Total comprehensive income/(loss) attributable to unitholders of Centro MCS 33 and Controlled Entities</b>	<b><u>6,415</u></b>	<b><u>(5,606)</u></b>

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

**Centro MCS 33 and Controlled Entities**  
**Balance sheet**  
**As at 30 June 2011**

		<b>CMCS 33 Group</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2011</b>	<b>2010</b>
	Notes	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,842	3,737
Trade and other receivables	8	2,336	1,086
Other current assets	9	641	603
Non-current assets classified as held for sale	10	<u>48,500</u>	<u>-</u>
Total current assets		<u>55,319</u>	<u>5,426</u>
<b>Non-current assets</b>			
Investment property	11	36,000	35,600
Investments accounted for using the equity method	12	107,500	154,600
Other non-current assets	13	<u>-</u>	<u>483</u>
Total non-current assets		<u>143,500</u>	<u>190,683</u>
<b>Total assets</b>		<u>198,819</u>	<u>196,109</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	2,456	2,294
Interest bearing liabilities	15	117,253	9,938
Provisions	16	669	669
Derivative financial instruments	17	824	-
Other financial liabilities	18	<u>-</u>	<u>3,077</u>
Total current liabilities		<u>121,202</u>	<u>15,978</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities	15	9,938	117,063
Derivative financial instruments	17	314	2,512
Other financial liabilities	18	<u>3,077</u>	<u>-</u>
Total non-current liabilities		<u>13,329</u>	<u>119,575</u>
<b>Total liabilities</b>		<u>134,531</u>	<u>135,553</u>
<b>Net assets</b>		<u>64,288</u>	<u>60,556</u>
<b>Equity attributable to unitholders of Centro MCS 33 Trust 1</b>			
Contributed equity	19	67,456	67,456
Reserves	23(e)	(1,233)	(2,714)
Accumulated losses		<u>(19,502)</u>	<u>(20,871)</u>
<b>Total equity attributable to unitholders of Centro MCS 33 Trust 1</b>		<u>46,721</u>	<u>43,871</u>
<b>Equity attributable to unitholders of Centro MCS 33 Trust 2</b>			
Contributed equity	19	11,760	11,760
Reserves	23(e)	(191)	(382)
Retained profits		<u>5,998</u>	<u>5,307</u>
<b>Total equity attributable to unitholders of Centro MCS 33 Trust 2</b>		<u>17,567</u>	<u>16,685</u>
<b>TOTAL EQUITY</b>		<u>64,288</u>	<u>60,556</u>
<b>Equity attributable to unitholders of Centro MCS 33 and Controlled Entities analysed by amounts attributable to:</b>			
Centro MCS 33 Trust 1 unitholders		46,721	43,871
Centro MCS 33 Trust 2 unitholders		<u>17,567</u>	<u>16,685</u>
<b>Equity attributable to unitholders of Centro MCS 33 and Controlled Entities</b>		<u>64,288</u>	<u>60,556</u>

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

**Centro MCS 33 and Controlled Entities**  
**Statement of changes in equity**  
**For the year ended 30 June 2011**

<b>CMCS 33 Group</b>	Notes	<b>Contributed equity \$'000</b>	<b>Hedging Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2009</b>		<b>79,216</b>	<b>(5,610)</b>	<b>(4,761)</b>	<b>68,845</b>
Net loss for the year		-	-	(8,120)	(8,120)
Other comprehensive income		-	<u>2,514</u>	<u>-</u>	<u>2,514</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>-</u>	<u>2,514</u>	<u>(8,120)</u>	<u>(5,606)</u>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions provided for or paid	6	<u>-</u>	<u>-</u>	<u>(2,683)</u>	<u>(2,683)</u>
<b>Balance at 30 June 2010</b>		<u><b>79,216</b></u>	<u><b>(3,096)</b></u>	<u><b>(15,564)</b></u>	<u><b>60,556</b></u>
<b>CMCS 33 Group</b>	Notes	<b>Contributed equity \$'000</b>	<b>Hedging Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2010</b>		<b>79,216</b>	<b>(3,096)</b>	<b>(15,564)</b>	<b>60,556</b>
Net profit for the year		-	-	4,743	4,743
Other comprehensive income		-	<u>1,672</u>	<u>-</u>	<u>1,672</u>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>1,672</u>	<u>4,743</u>	<u>6,415</u>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions provided for or paid	6	<u>-</u>	<u>-</u>	<u>(2,683)</u>	<u>(2,683)</u>
<b>Balance at 30 June 2011</b>		<u><b>79,216</b></u>	<u><b>(1,424)</b></u>	<u><b>(13,504)</b></u>	<u><b>64,288</b></u>

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

**Centro MCS 33 and Controlled Entities**  
**Cash flow statement**  
**For the year ended 30 June 2011**

		<b>CMCS 33 Group</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2011</b>	<b>2010</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of goods and services tax)	18,475	24,092
	Payments to suppliers (inclusive of goods and services tax)	(4,179)	(7,089)
	Interest received	108	79
	Interest paid	<u>(9,389)</u>	<u>(9,201)</u>
22	<b>Net cash inflow from operating activities</b>	<b><u>5,015</u></b>	<b><u>7,881</u></b>
<b>Cash flows from investing activities</b>			
	Payments for investment property	(246)	(556)
	Payments for units in unlisted property trusts	<u>(1,981)</u>	<u>(2,139)</u>
	<b>Net cash outflow from investing activities</b>	<b><u>(2,227)</u></b>	<b><u>(2,695)</u></b>
<b>Cash flows from financing activities</b>			
	Distributions paid	(2,683)	(3,519)
	Repayments of related party loans	<u>-</u>	<u>(43)</u>
	<b>Net cash outflow from financing activities</b>	<b><u>(2,683)</u></b>	<b><u>(3,562)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>105</b>	<b>1,624</b>
	Cash and cash equivalents at the beginning of the financial year	7 <u>3,737</u>	7 <u>2,113</u>
	<b>Cash and cash equivalents at the end of the financial year</b>	<b>7 <u>3,842</u></b>	<b>7 <u>3,737</u></b>

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

## **1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Centro MCS 33 ("CMCS 33", "the Trust " or "the Syndicate") and its controlled entities ("the Group" or "CMCS 33 Group").

CMCS 33's Group investment comprises one unit in CMCS 33 Trust 1 stapled to one unit in CMCS 33 Trust 2. The financial statements of CMCS 33 Group reflect the aggregated results of CMCS 33 Trust 1 and CMCS 33 Trust 2. CMCS 33 Trust 1 is deemed to be the parent entity of CMCS 33 Group and therefore presents the consolidated financial statements of the Group. CMCS 33 Trust 2 is presented as a non-controlling interest for the purposes of this financial report.

### **(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(x). When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified unless it is impractical.

The Group has 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*

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 the Group exceeds its current assets by \$65.883 million, primarily due to loan facilities expiring within 12 months.

As a result significant uncertainty exists in relation to the Group'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, the Group was reliant on the continued support of its lenders, through the extension or refinancing of certain loan facilities beyond existing expiry dates due to certain external loan facilities amounting to \$117.945 million expiring within 12 months as disclosed in note 15(a).

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;
- The Group 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.

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

- The expectation that Aggregation will occur;
- The Group's net asset position of \$64.288 million and gearing ratio of 59.12% as at 30 June 2011;
- The underlying performance of the Group's investment portfolio, including the forecast cash flows; and
- The expectation that the Group 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.

## **1 Summary of significant accounting policies (continued)**

### *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 the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **(c) Principles of consolidation**

These financial statements comprise the consolidated accounts of CMCS 33 and its controlled entities.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The effects of all transactions between entities in the Group are eliminated on consolidation.

Non-controlling interests in the results and equity of controlled entities are shown separately in the income statement and balance sheet respectively.

### **(d) Revenue recognition**

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

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

#### *(i) Property ownership revenue*

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

#### *(ii) 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.

### **(e) Income tax**

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

### **(f) 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.

### **(g) 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.

## **1 Summary of significant accounting policies (continued)**

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 Group will not be able to collect all amounts due according to the original terms of the receivables.

### **(h) 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 sheet.

### **(i) 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 Group.

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 statement.

### **(j) Investments in associates**

Investments in associates are accounted for in the Group's financial statements using the equity method or at fair value through profit or loss in accordance with the Group's election under the exemption in AASB 128 *Investments in Associates*. Under the equity method, the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement, 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 Group exercises significant influence, but not control.

### **(k) Financial assets**

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

#### **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 Group's documented investment strategy. The Group's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

##### *(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 Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the 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 sheet.

##### *(iii) Held-to-maturity investments*

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

## **1 Summary of significant accounting policies (continued)**

### *(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 Group commits 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 Group has 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 statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in 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 statement.

If the market for a financial asset is not active (as for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

#### **Impairment**

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

### **(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group 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 not discounted due to their short term nature.

### **(m) Borrowings**

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

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

### **(n) 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.

## **1 Summary of significant accounting policies (continued)**

### **(o) Provisions**

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the 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.

### **(p) Derivatives**

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

The Group designates certain derivatives as either:

- hedges of fair valued assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

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

#### *(i) Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

#### *(ii) Cash flow hedge*

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

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

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

#### *(iii) Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. A change in the fair value of any derivative instrument that does not qualify for hedge accounting is immediately recognised in the income statement. No derivative financial instruments were designated into a hedging relationship and therefore all movements in fair value have been taken to the income statement.

## **1 Summary of significant accounting policies (continued)**

### **(q) 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.

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.

### **(r) Financial Liabilities**

#### *Deferred management fees*

Deferred management fees are recognised as a financial liability when the Group 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.

### **(s) 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.

### **(t) 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.

## 1 Summary of significant accounting policies (continued)

### (u) 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.

### (v) 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 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.

### (w) Goods and Services Tax (GST)

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

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

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

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

### (x) Changes in accounting policy

From 1 July 2010 the Group 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 Group. The amending standards which introduce the changes to these standards have also been adopted from 1 July 2010 and 1 July 2009 as necessary.

### (y) 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 Group'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 Group. The Group is still assessing the impacts of this standard; however it is not expected to have a material impact on total comprehensive income.

## 1 Summary of significant accounting policies (continued)

(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 Group 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 Group.

(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 Group's financial statements. The Group will apply the amended standard from 1 July 2011.

(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 Group's financial statements. The Group 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 Group will apply this standard from 1 July 2011 and is not expected to have a material impact on the Group'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 Group 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 Group 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 Group 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 Group.

(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.

## 1 Summary of significant accounting policies (continued)

The Group anticipates it will apply this standard from 1 July 2013 and is not expected to have a material impact on the Group's net assets or net results.

(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.

IFRS11 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 Group anticipates it 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 Group.

(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 Group anticipates it 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 Group'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 Group anticipates it 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 Group is still assessing the appropriateness of application of Tier 2 reporting requirements and the impacts of this standard.

(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

## **1 Summary of significant accounting policies (continued)**

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 Group.

### *(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 Group.

### **(z) Rounding of amounts**

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

## **2 Significant accounting estimates, judgements and assumptions**

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

### *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 11 for further information regarding investment property valuations.

At 30 June 2011, the carrying value of investment properties held by the Group is \$36.000 million (2010: \$35.600 million). Investment properties held within equity accounted investments is \$156.000 million (2010: \$154.600 million). Refer to note 11 for the reconciliation of the movements in investment property and notes 10 and 12 for movements in equity accounted investments.

### *Fair value of mark to market derivatives and other financial instruments*

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

### *Collectability of trade receivables*

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

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

### 3 Parent entity financial information

**(a) Parent entity**

The parent entity of the CMCS 33 Group is Centro MCS 33 Trust 1.

**(b) Financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>CMCS 33 Trust 1</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Income statement information</b>		
Net profit/(loss) attributable to members of Centro MCS 33 Trust 1	<u>3,153</u>	<u>(9,348)</u>
<b>Comprehensive income/(loss) information</b>		
Total comprehensive income/(loss) attributable to members of Centro MCS 33 Trust 1	<u>4,634</u>	<u>(7,065)</u>
<b>Balance sheet</b>		
Current assets	53,972	4,049
Total assets	<u>161,472</u>	<u>160,951</u>
Current liabilities	103,489	13,086
Total liabilities	<u>114,750</u>	<u>117,080</u>
Equity attributable to unitholders of Centro MCS 33 Trust 1		
Contributed equity	67,456	67,456
Reserves	(1,233)	(2,714)
Accumulated losses	<u>(19,502)</u>	<u>(20,871)</u>
	<u>46,721</u>	<u>43,871</u>

**(c) Guarantees**

Centro MCS 33 Trust 1 has not entered into any guarantees nor provided any guarantees to its subsidiaries.

**(d) Contingent liabilities**

CMCS 33 Trust 1 does not have any contingent liabilities as at 30 June 2011 (2010: nil).

**(e) Contractual commitments**

CMCS 33 Trust 1 does not have any contractual commitments as at 30 June 2011 (2010: nil).

#### 4 Net property income

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Property rental revenue	4,001	3,584
Property outgoings recovered	<u>1,264</u>	<u>1,319</u>
Property revenue	5,265	4,903
Less		
Direct property expenses	(2,103)	(1,974)
Lease incentives	<u>(18)</u>	<u>(14)</u>
Property expenses	<u>(2,121)</u>	<u>(1,988)</u>
Net property income	<u>3,144</u>	<u>2,915</u>

#### 5 Financing costs

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Interest on borrowings	9,121	8,816
Amortisation of prepaid borrowing fees	189	195
Interest on equity notes	<u>298</u>	<u>298</u>
	<u>9,608</u>	<u>9,309</u>

#### 6 Distributions

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Total gross distributions	<u>2,683</u>	<u>2,683</u>

Of the total net cash distributed by CMCS 33 Group 22.02% is tax advantaged (2010: 86.17%)

#### 7 Current assets - Cash and cash equivalents

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Cash at bank and on hand	<u>3,842</u>	<u>3,737</u>

## 7 Current assets - Cash and cash equivalents (continued)

### (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 statement as follows:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Balances as above	<u>3,842</u>	<u>3,737</u>
Balances per cash flow statement	<u>3,842</u>	<u>3,737</u>

## 8 Current assets - Trade and other receivables

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Property receivables	60	72
Impairment of receivables	<u>(23)</u>	<u>(21)</u>
Total property receivables	37	51
Distribution receivables from related parties	2,068	859
Accrued income	213	159
Other receivables	<u>18</u>	<u>17</u>
Total trade and other receivables	<u>2,336</u>	<u>1,086</u>

### (a) Impaired trade receivables

CMCS 33 Group did not recognise a loss in respect of impaired trade receivables during the year ended 30 June 2011 (2010: \$0.008 million).

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

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Opening balance at 1 July	(21)	(50)
Provision for impairment recognised during the year	(2)	(8)
Receivables written off during the year as uncollectible	<u>-</u>	<u>37</u>
Closing balance at 30 June	<u>(23)</u>	<u>(21)</u>

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

### (b) Past due but not impaired

As at 30 June 2011, trade receivables of \$0.023 million (2010: \$0.041 million) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default.

## 8 Current assets - Trade and other receivables (continued)

The ageing analysis of trade receivables is as follows:

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Less than 30 days (not past due)	14	10
Between 31 days and 60 days (past due)	16	-
Between 61 days and 90 days (past due)	1	-
Greater than 91 days (past due)	6	41
	<u>37</u>	<u>51</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 Group does not hold any collateral in relation to these receivables.

## 9 Current assets - Other current assets

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepaid incentives	37	35
Other prepayments	604	568
	<u>641</u>	<u>603</u>

## 10 Non-current assets classified as held for sale

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Centro Arndale Holding Trust	<u>48,500</u>	<u>-</u>

Centro Arndale Unit Sale Agreement was entered into for the sale of the Syndicate's 50% ownership in Centro Arndale to the A-REIT at the carrying book value of \$48.500 million as at 30 June 2011. In the event that the sale to the A-REIT does not proceed, Centro Arndale will be marketed for sale to other parties. Accordingly, equity accounted investments in Centro Arndale Holding Trust have been transferred to non-current assets classified as held for sale as at 30 June 2011.

The reconciliation below details the movements for the year:

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance 1 July	-	-
Transfer from investments accounted for using the equity method	48,500	-
Closing balance at 30 June	<u>48,500</u>	<u>-</u>

## 11 Non-current assets - Investment property

	Valuation basis	<b>CMCS 33 Group</b>	
		<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Property investments</b>			
Centro Flinders Square	(I)	18,000	17,000
Burnie Kmart Plaza	(I)	<u>18,000</u>	<u>18,600</u>
		<u><b>36,000</b></u>	<u><b>35,600</b></u>
 <b>CMCS 33 Group</b>			
		<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>At fair value</b>			
Opening balance at 1 July		35,600	35,200
Capitalised expenditure		251	579
Straight-lining of rent adjustment		21	(62)
Amortisation of lease incentives		(7)	(7)
Fair value adjustment to investment property		<u>135</u>	<u>(110)</u>
Closing balance at 30 June		<u><b>36,000</b></u>	<u><b>35,600</b></u>

(I) 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 Group's properties held directly moved from 8.875% at 30 June 2010 to 9.00% at 30 June 2011.

#### *Independent valuation*

At 30 June 2011, 100% of the Group's consolidated properties were independently valued by members of the Australian Property Institute (2010: 100% 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 CMCS 33 Group's property portfolio would impact net assets by approximately \$1.036 million (2010: \$0.977 million) and impact net tangible assets attributable to unitholders of CMCS 33 Group by 1.16 cents per unit (2010: 1.09 cents per unit).

### (b) Non-current assets pledged as security

Refer to note 15 for information on non-current assets pledged as security by CMCS 33 Group.

### (c) Contractual obligations

Refer to note 27 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 27 for details of lease payments receivable on leases of investment properties.

## 12 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 33 Group	
		30 June 2011	30 June 2010	30 June 2011	30 June 2010
		%	%	\$'000	\$'000
<i>Unlisted</i>					
Centro Arndale Holding Trust	Property Investment	50.00	50.00	-	48,000
Milton Holding Trust	Property Investment	100.00	100.00	17,000	17,250
Centro Lutwyche Holding Trust	Property Investment	50.00	50.00	30,000	30,000
Keilor Downs Holding Trust	Property Investment	100.00	100.00	60,500	59,350
				<u>107,500</u>	<u>154,600</u>

The reconciliation below details the movements for the year:

	CMCS 33 Group	
	30 June 2011	30 June 2010
	\$'000	\$'000
Opening balance at 1 July	154,600	166,125
Share of profit from investments accounted for using the equity method	13,267	1,109
Distribution received/receivable	(13,848)	(13,542)
Additional investment during the year	1,981	2,139
Other adjustment	-	(1,231)
Transfer to non-current assets held for sale	(48,500)	-
Closing balance at 30 June	<u>107,500</u>	<u>154,600</u>

### (b) Summary of the financial information and performance of associates

	Associates (aggregated)	
	30 June 2011	30 June 2010
	\$'000	\$'000
Total assets	256,721	248,653
Total liabilities	10,679	9,813
Revenues	36,299	34,505
Expenses	(16,896)	(35,188)
Net profit/(loss)	<u>19,403</u>	<u>(683)</u>

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

**(c) Units in associates**

Centro Arndale Holding Trust

CMCS 33 Group owns 100% of the units in Centro Arndale Holding Trust, the principal underlying asset of which is the ownership of 50% of the Centro Arndale retail property which was incorporated in Australia. The share of income from Centro Arndale is recognised by CMCS 33 Group when it is earned. All undistributed profits/losses in the financial statements of Centro Arndale, which are attributable to CMCS 33 Group, are recognised by CMCS 33 Group in the carrying amount of its investment. The freehold property has been independently assessed as at 30 June 2011 and was valued at \$97.000 million.

Milton Holding Trust

CMCS 33 Group owns 100% of the I class units in CDPF2, incorporated in Australia, but does not control the trust. The underlying asset held is Milton Village Shopping Centre. The share of income from Milton Village is recognised by CMCS 33 Group when it is earned. All undistributed profits/losses in the financial statements of Milton Village, which are attributable to CMCS 33 Group, are recognised by CMCS 33 Group in the carrying amount of its investment. The freehold property has been independently assessed as at 30 June 2011 and was valued at \$17.000 million.

Centro Lutwyche Holding Trust

CMCS 33 Group owns 50% of the units in Centro Lutwyche Holding Trust, the principal underlying asset of which is the ownership of 100% of the Centro Lutwyche retail property which was incorporated in Australia. The share of income from Centro Lutwyche is recognised by CMCS 33 Group when it is earned. All undistributed profits/losses in the financial statements of Centro Lutwyche, which are attributable to CMCS 33 Group, are recognised by CMCS 33 Group in the carrying amount of its investment. The freehold property has been independently assessed as at 30 June 2011 and was valued at \$60.000 million.

Keilor Downs Holding Trust

CMCS 33 Group owns 100% of the B class units in the Keilor Downs Trust, incorporated in Australia, but does not control the trust. The underlying asset held is Centro Keilor. The share of income from Centro Keilor is recognised by CMCS 33 Group when it is earned. All undistributed profits/losses in the financial statements of Centro Keilor, which are attributable to CMCS 33 Group, are recognised by CMCS 33 Group in the carrying amount of its investment. The freehold property has been independently assessed as at 30 June 2011 and was valued at \$60.500 million.

**(d) Share of associates' expenditure commitments**

Associates of CMCS 33 Group do not have any expenditure commitments as at 30 June 2011 (2010: none).

**(e) Share of associate's contingent liabilities**

Associates of CMCS 33 Group do not have any contingent liabilities as at 30 June 2011 (2010: none).

**13 Non-current assets - Other non-current assets**

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Other prepayments	-	483

## 14 Current liabilities - Trade and other payables

	CMCS 33 Group	
	30 June 2011 \$'000	30 June 2010 \$'000
Related party payables	198	194
Accrued property expenses	201	217
Other payables	635	598
Accrued interest	<u>1,422</u>	<u>1,285</u>
Total trade and other payables	<u>2,456</u>	<u>2,294</u>

## 15 Interest bearing liabilities

	CMCS 33 Group	
	30 June 2011 \$'000	30 June 2010 \$'000
<b>Current</b>		
Secured borrowings (a)	117,945	-
Deferred transaction costs	<u>(692)</u>	<u>-</u>
	117,253	-
Equity notes (b)	<u>-</u>	<u>9,938</u>
Total current interest bearing liabilities	<u>117,253</u>	<u>9,938</u>
<b>Non-current</b>		
Secured borrowings (a)	-	117,945
Deferred transaction costs	<u>-</u>	<u>(882)</u>
	-	117,063
Equity notes (b)	<u>9,938</u>	<u>-</u>
Total non-current interest bearing liabilities	<u>9,938</u>	<u>117,063</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 secured borrowings of CMCS 33 Group are secured by mortgages over its investment properties. The assets pledged as security are: Centro Arndale 50%, Centro Milton, Centro Keilor, Centro Lutwyche 50%, Centro Flinders and Burnie Kmart Plaza.

CMCS 33 Group and their 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 33 Group.

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) Equity notes

The equity notes were issued for \$1.00 per note. The interest is payable quarterly in arrears. The equity notes are repayable at the end of the current Syndicate term on 30 September 2012, or may be converted one for one in lieu of repayment. The equity notes hold no voting rights at meeting of unitholders.

## 15 Interest bearing liabilities (continued)

### (c) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Total facilities		
Borrowings	<u>123,000</u>	<u>123,000</u>
	<u>123,000</u>	<u>123,000</u>
Used at balance date		
Borrowings	<u>117,945</u>	<u>117,945</u>
	<u>117,945</u>	<u>117,945</u>
Unused at balance date		
Borrowings	<u>5,055</u>	<u>5,055</u>
	<u>5,055</u>	<u>5,055</u>

### (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 33 Group 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.

## 16 Current liabilities - Provisions

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Provision for distribution	<u>669</u>	<u>669</u>

The reconciliation below details the movements for the year:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Provision for distribution</b>		
Opening balance at 1 July	669	1,505
Amounts incurred and charged	2,683	2,683
Distributions paid	<u>(2,683)</u>	<u>(3,519)</u>
Closing balance at 30 June	<u>669</u>	<u>669</u>

**17 Derivative financial instruments**

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Current liabilities</b>		
Interest rate swap contracts	<b>824</b>	-
<b>Non-current liabilities</b>		
Interest rate swap contracts	<b>314</b>	2,512

**18 Other financial liabilities**

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Current</b>		
Deferred management fees	-	3,077
<b>Non-current</b>		
Deferred management fees	<b>3,077</b>	-

The reconciliation below details the movements for the year:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Deferred management fees movement</b>		
Opening balance at 1 July	<b>3,077</b>	3,077
(Decrease) / increase in financial liability	-	-
Closing balance at 30 June	<b>3,077</b>	3,077

**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.

## 19 Contributed equity

### (a) Units issued

The reconciliation below details the movements for the year:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 No. '000</b>	<b>30 June 2010 No. '000</b>
<b>Number of units</b>		
Opening balance at 1 July	89,440	89,440
Issued during the year	<u>-</u>	<u>-</u>
Closing balance at 30 June	<u><b>89,440</b></u>	<u><b>89,440</b></u>

The reconciliation below details the movement for the year:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Opening balance at 1 July	79,216	79,216
Issued during the year	<u>-</u>	<u>-</u>
Closing balance at 30 June	<u><b>79,216</b></u>	<u><b>79,216</b></u>

## 20 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.

**20 Distributable income (continued)**

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Net profit/(loss) for the year</b>	4,743	(8,120)
Adjusted for:		
Straight-lining of rent	(21)	62
Amortisation of lease incentives	7	7
Fair value adjustment to investment property	(135)	110
Fair value adjustment to investment property within equity accounted investments	581	12,433
Net movement on mark to market of derivatives	298	817
Amortisation of prepaid swap	<u>484</u>	<u>484</u>
Distributable income	<u>5,957</u>	<u>5,793</u>
Undistributed profits	<u>(3,274)</u>	<u>(3,110)</u>
Distribution paid/payable	<u>2,683</u>	<u>2,683</u>

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
<b>(a) Basic</b>		
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	<u>5,957</u>	<u>5,793</u>
Weighted average number of units on issue for the year (being the weighted average number of units outstanding during the year) ('000)	<u>89,440</u>	<u>89,440</u>
<b>Basic distributable income per unit (cents)</b>	<u>6.66</u>	<u>6.48</u>

The basic distributable income stated above classifies equity notes as a liability.

**(b) Adjusted**

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	5,957	5,793
Adjusted for:		
Interest on equity notes	<u>298</u>	<u>298</u>
Distributable income attributable to unitholders used in calculating adjusted distributable income per unit (\$'000)	<u>6,255</u>	<u>6,091</u>
Weighted average number of units on issue for the year (being the weighted average number of units outstanding during the year) ('000)	<u>89,440</u>	<u>89,440</u>
Adjusted for:		
Equity notes ('000)	<u>9,938</u>	<u>9,938</u>
Weighted average number of units used as the denominator in calculating adjusted distributable income per unit ('000)	<u>99,378</u>	<u>99,378</u>
<b>Adjusted distributable income per unit (cents)</b>	<u>6.29</u>	<u>6.13</u>

## 21 Net tangible asset backing (NTA)

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
<b>Net assets attributable to unitholders (\$'000)</b>	<b>64,288</b>	<b>60,556</b>
<b>(a) Basic</b>		
<b>Number of units</b>		
Number of units outstanding at the end of the year used in calculating basic net tangible asset backing per unit ('000)	<b>89,440</b>	<b>89,440</b>
<b>Basic NTA (\$)</b>	<b>0.72</b>	<b>0.68</b>

The basic NTA stated above classifies equity notes as a liability.

### (b) Adjusted

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
<b>Net assets attributable to unitholders (\$'000)</b>	<b>64,288</b>	<b>60,556</b>
Adjusted for:		
Equity notes (\$'000)	<b>9,938</b>	<b>9,938</b>
Net assets attributable to unitholders used in calculating adjusted net tangible assets backing per unit (\$'000)	<b>74,226</b>	<b>70,494</b>
<b>Number of units</b>		
Number of units outstanding at the end of the year used in calculating basic net tangible asset backing per unit ('000)	<b>89,440</b>	<b>89,440</b>
Adjusted for:		
Equity notes ('000)	<b>9,938</b>	<b>9,938</b>
Number of units outstanding at the end of the year used in calculating adjusted net tangible asset backing per unit ('000)	<b>99,378</b>	<b>99,378</b>
<b>Adjusted NTA (\$)</b>	<b>0.75</b>	<b>0.71</b>

The adjusted NTA stated above classifies equity notes of \$9.938 million as if they were equity as at 30 June 2011.

The impact of reclassification increased the net assets attributable to unitholders for the comparative period from \$60.556 million to \$70.494 million and resulted in an increase in adjusted NTA per unit from \$0.61 to \$0.71 as at 30 June 2010.

This change in methodology did not have any impact on the income statement, statement of comprehensive income or balance sheet for the year ended 30 June 2010.

## 22 Cash flow information

	<b>CMCS 33 Group</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit/(loss) before income tax expense	4,743	(8,120)
Amortisation of borrowing costs	189	63
Amortisation of lease incentives	7	7
Fair value adjustment to investment property	(135)	110
Fair value adjustment to equity accounted investments	581	12,433
Straight-lining of rent	(21)	62
Net movement on mark to market of derivatives	298	817
Amortisation of prepaid swap	484	484
Doubtful debts	2	8
Decrease/(increase) in assets		
Trade and other receivables	(1,143)	325
Other assets	(69)	2,201
Increase/(decrease) in liabilities		
Trade and other payables	79	(509)
Net cash inflow from operating activities	<u>5,015</u>	<u>7,881</u>

## 23 Financial risk management

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

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. To the extent that they are able to access them the Group uses derivative financial instruments such as interest rate swaps to manage its exposures to interest rate risk, whenever possible. The Group has not been able to access any new financial instruments since January 2009 and remains 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 Group's operating units. Group Treasury reports to the Board periodically through the Finance Committee on the Group's derivative and debt positions and compliance with policy.

## 23 Financial risk management (continued)

CMCS 33 Group holds the following financial instruments:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	3,842	3,737
Trade and other receivables	<u>2,336</u>	<u>1,086</u>
	<u><b>6,178</b></u>	<u><b>4,823</b></u>
<b>Financial liabilities</b>		
Trade and other payables	2,455	2,294
Interest bearing liabilities	127,883	127,883
Provision for distribution	669	669
Other financial liabilities	3,077	3,077
Derivative financial instruments	<u>1,138</u>	<u>2,512</u>
	<u><b>135,222</b></u>	<u><b>136,435</b></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 Group is not exposed to any significant concentrations of price risk.

#### (ii) Interest rate risk

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

The equity notes attract a variable interest rate which is linked to the distribution rate paid to ordinary unitholders.

Where available the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under the terms of interest rate swaps, the Group agrees to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

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

	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Borrowings	117,945	117,945
Interest rate swaps (notional principal amount)	<u>(92,250)</u>	<u>(92,250)</u>
Net exposure to cash flow interest rate risk <sup>(i)</sup>	<u><b>25,695</b></u>	<u><b>25,695</b></u>

<sup>(i)</sup> Net exposure represents the difference between the outstanding variable rate borrowings and the notional amount for interest rate swap contracts.

## 23 Financial risk management (continued)

### *Interest rate swaps*

CMCS 33 Group has entered into interest rate swap contracts to safeguard against an increase in interest rates.

Swaps are currently in place over 78.21% of the loan principal outstanding (2010: 78.21%). The contracts require settlement of net interest swap receivable or payable each 90 days. These dates correspond with the dates on which interest is payable on the underlying debt. The contracts are settled on a net cash basis. As at 30 June 2011, the accrued interest on interest rate swaps amount to \$0.220 million (2010: \$0.326 million).

At balance date, the details of interest rate swap contracts are:

	<b>30 June 2011</b>	30 June 2010
	<b>Notional Principal Settlement \$'000</b>	Notional Principal Settlement \$'000
Less than 1 year	38,450	-
1 to 2 years	53,800	38,450
2 to 5 years	<u>-</u>	<u>53,800</u>
	<u>92,250</u>	<u>92,250</u>

### *Maturities of financial liabilities*

The cash flows have been estimated using forward interest rates applicable at the balance date.

The following table indicates the period in which the cash flows associated with derivatives held by CMCS 33 Group that are cash flow hedges are expected to occur.

<b>CMCS 33 Group - At 30 June 2011</b>	<b>Less than 6 months</b>	<b>6 - 12 months</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying Amount assets/ (liabilities) \$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Derivatives</b>							
Derivative financial instruments	<u>(511)</u>	<u>(259)</u>	<u>(121)</u>	<u>-</u>	<u>-</u>	<u>(891)</u>	<u>(1,138)</u>
<b>Total derivatives</b>	<u>(511)</u>	<u>(259)</u>	<u>(121)</u>	<u>-</u>	<u>-</u>	<u>(891)</u>	<u>(1,138)</u>
<b>CMCS 33 Group - At 30 June 2010</b>							
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Derivatives</b>							
Derivative financial instruments	<u>(547)</u>	<u>(430)</u>	<u>(887)</u>	<u>(85)</u>	<u>-</u>	<u>(1,949)</u>	<u>(2,512)</u>
<b>Total derivatives</b>	<u>(547)</u>	<u>(430)</u>	<u>(887)</u>	<u>(85)</u>	<u>-</u>	<u>(1,949)</u>	<u>(2,512)</u>

## 23 Financial risk management (continued)

### *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 or +50 basis point (bps) (i.e. -0.2%/+0.5%) (2010: +40bps) shift in the interest rates would have on the Group'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 33 Group

30 June 2011	Interest rate risk			
	-0.2%		+0.5%	
	Post-tax profit or (loss) \$'000	OCI \$'000	Post-tax profit or (loss) \$'000	OCI \$'000
<b>Financial liabilities</b>				
Derivatives - cash flow hedges	(325)	-	811	-
Interest bearing liabilities	<u>236</u>	<u>-</u>	<u>(590)</u>	<u>-</u>
<b>Total increase / (decrease)</b>	<u>(89)</u>	<u>-</u>	<u>221</u>	<u>-</u>

#### CMCS 33 Group

30 June 2010	Interest rate risk			
	-0%		+1.3%	
	Post-tax profit or (loss) \$'000	OCI \$'000	Post-tax profit or (loss) \$'000	OCI \$'000
<b>Financial liabilities</b>				
Derivatives - cash flow hedges	-	-	998	-
Interest bearing liabilities	<u>-</u>	<u>-</u>	<u>(472)</u>	<u>-</u>
<b>Total increase</b>	<u>-</u>	<u>-</u>	<u>526</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 Group. 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 Group deals 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 Group, 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 Group's financial assets.

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

## 23 Financial risk management (continued)

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Typically the Group ensures that it has 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 Group manages liquidity risk by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The Group holds 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 Group.

#### *Maturities of financial liabilities*

The tables below analyse the Group'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 and spot foreign exchange rates applicable at the balance date.

CMCS 33 Group - At 30 June 2011	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows <sup>(1)</sup>	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>							
Trade and other payables	(2,455)	-	-	-	-	(2,455)	(2,455)
Provision for distribution	(669)	-	-	-	-	(669)	(669)
Borrowings - variable rate	(122,025)	-	-	-	-	(122,025)	(117,945)
Other financial liabilities	-	-	(3,077)	-	-	(3,077)	(3,077)
Equity notes	(149)	(149)	(10,056)	-	-	(10,354)	(9,938)
<b>Total non-derivatives</b>	<u>(125,298)</u>	<u>(149)</u>	<u>(13,133)</u>	<u>-</u>	<u>-</u>	<u>(138,580)</u>	<u>(134,084)</u>
<b>CMCS 33 Group - At 30 June 2010</b>							
	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total contractual cash flows <sup>(1)</sup>	Carrying Amount assets/ (liabilities)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>							
Trade and other payables	(2,294)	-	-	-	-	(2,294)	(2,294)
Provision for distribution	(669)	-	-	-	-	(669)	(669)
Variable rate loans	(2,763)	(2,894)	(121,838)	-	-	(127,495)	(117,945)
Other financial liabilities	-	(3,077)	-	-	-	(3,077)	(3,077)
Equity notes	(149)	(10,087)	-	-	-	(10,236)	(9,938)
<b>Total non-derivatives</b>	<u>(5,875)</u>	<u>(16,058)</u>	<u>(121,838)</u>	<u>-</u>	<u>-</u>	<u>(143,771)</u>	<u>(133,923)</u>

<sup>(1)</sup> For interest rate swap contracts and variable debt the cash flows have been estimated using forward interest rates applicable at the balance date.

## 23 Financial risk management (continued)

### (d) Fair value estimation

The net fair value of financial assets and financial liabilities of the CMCS 33 Group approximate their carrying value.

The Group uses various methods in estimating the fair value of a financial instrument. The methods used comprise the following inputs:

- Level 1 - quoted prices in active markets;
- Level 2 - inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; or
- Level 3 - inputs are not based on observable market data (unobservable inputs).

The classification of CMCS 33 Group's financial assets and liabilities are summarised below.

CMCS 33 - as at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Liabilities</b>			
Derivatives used for hedging	-	1,139	-
<b>Total liabilities</b>	<u>-</u>	<u>1,139</u>	<u>-</u>

CMCS 33 - as at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Liabilities</b>			
Derivatives used for hedging	-	2,512	-
<b>Total liabilities</b>	<u>-</u>	<u>2,512</u>	<u>-</u>

The Group's derivative financial instruments are not traded in active markets, hence they are considered to include Level 2 inputs. Fair values are estimated using valuation techniques, including use of recent arm's length market transactions, reference to current fair value of another instrument that is substantially the same or discounted cash flow techniques.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current or previous financial year.

### (e) Hedge accounting

The following table indicates the hedge effectiveness of CMCS 33 Group cash flow hedges.

CMCS 33 Group - At 30 June 2011	Financial Instrument	Fair Value \$'000	Balance in Hedge reserve \$'000	Ineffectiveness recognised in P&L \$'000	Amount transferred from hedge reserve to P&L \$'000
<b>Type of Hedge</b>					
Cash flow hedge	IRS	<u>(1,139)</u>	<u>1,424</u>	<u>(1,374)</u>	<u>1,672</u>
		<u>(1,139)</u>	<u>1,424</u>	<u>(1,374)</u>	<u>1,672</u>

## 23 Financial risk management (continued)

CMCS 33 Group - At 30 June 2010

Financial Instrument	Fair Value \$'000	Balance in Hedge reserve \$'000	Ineffectiveness recognised in P&L \$'000	Amount transferred from hedge reserve to P&L \$'000
<b>Type of Hedge</b>				
Cash flow hedge	(2,512)	3,096	(12)	829
	<u>(2,512)</u>	<u>3,096</u>	<u>(12)</u>	<u>829</u>

### *Hedge reserve – cash flow hedges*

The hedge reserve is used to record gains or losses on a hedging instrument for cash flow hedge that are recognised directly in equity. Amounts are recognised in the Income statement when the associated hedged transaction affects profit and loss.

Management has cancelled the hedge designation effective 1 January 2010 as hedge accounting was no longer considered to be beneficial to the Syndicate.

All movements on the mark to market derivatives since 1 January 2010 have been recognised directly in profit or loss. Amounts previously recognised in the cash flow hedge reserve will remain in the reserve until the original hedged transaction affects profit or loss at which time the amount in the hedge reserve will be reclassified to profit or loss.

### *Re-presentation of hedge reserve movement*

During the financial year ended 30 June 2010, the movement in hedge reserve amounting to \$0.829 million was presented directly in the statement of changes in equity. As at 30 June 2011, this has now been re-presented in other comprehensive income. This does not affect any amounts presented on the balance sheet.

## 24 Capital risk management

The Group'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 Group 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 Group 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:

$$\text{Gearing Ratio} = \frac{\text{Total interest bearing liabilities (excluding equity notes)}}{\text{Total assets}}$$

Total interest bearing liabilities excludes equity notes which are deemed payable to certain unitholders at the end of the Syndicate term, or may be converted into ordinary units (under certain circumstances).

## 24 Capital risk management (continued)

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

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
<b>Interest Bearing Liabilities</b>		
Borrowings	117,945	117,945
Total interest bearing liabilities	<u>117,945</u>	<u>117,945</u>
<b>Assets</b>		
Cash and cash equivalents	3,842	3,737
Investment property	36,000	35,600
Investment accounted for using the equity method	107,500	154,600
Trade and other receivables	2,336	1,086
Non-current assets held for sale	48,500	-
Other assets	641	1,086
Deferred transaction costs (note 15)	<u>692</u>	<u>882</u>
Total assets	<u>199,511</u>	<u>196,991</u>
<b>Gearing ratio</b>	<b>59.12 %</b>	<b>59.87 %</b>

## 25 Related party transactions

### (a) Associates

Interests in associates are set out in note 12.

### (b) 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 Group. The Responsible Entity meets the definition of KMP as it has authority in relation to the activities of the Group.

Fees paid/payable to the Responsible Entity during the year totalled \$1,296,316 (2010: \$1,315,260).

### (c) Transactions with related parties

The following transactions occurred with related parties:

	<b>CMCS 33 Group</b>	
	<b>30 June 2011 \$</b>	<b>30 June 2010 \$</b>
<i>Key Management Personnel</i>		
Responsible Entity management fees	1,198,270	1,212,743
Trustee fees	<u>98,046</u>	<u>102,517</u>
	<u>1,296,316</u>	<u>1,315,260</u>
<i>Other related entities</i>		
Tax recovery fees	21,918	15,700
Property management fees	198,608	186,844
Leasing fees	41,153	36,927
Legal fees	17,500	17,000
Interest on equity notes	<u>298,134</u>	<u>298,137</u>
	<u>577,313</u>	<u>554,608</u>

## 25 Related party transactions (continued)

### (d) Outstanding balances

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

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	30 June 2010
	\$	\$
<i>Payables to:</i>		
<i>Key Management Personnel</i>		
Responsible Entity management fees	100,338	95,334
Trustee fees	8,049	8,200
<i>Other related parties</i>		
Property management fees	15,653	16,004
Interest on equity notes	74,329	74,329
	<u>198,369</u>	<u>193,868</u>

The Responsible Entity or its related entities held 36,107,500 ordinary units in CMCS 33 Group as at the end of the financial year (2010: 36,107,500).

Other related entities held 9,937,809 equity notes in CMCS 33 Group as at the end of the financial year (2010: 9,937,809).

### (e) 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.

## 26 Remuneration of auditors

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

	<b>CMCS 33 Group</b>	
	<b>30 June 2011</b>	30 June 2010
	\$	\$
<b>(a) Audit services</b>		
Audit and review of financial reports		
Moore Stephens	<u>84,686</u>	<u>85,571</u>
<b>(b) Non-audit services</b>		
Tax compliance services		
Moore Stephens	<u>7,400</u>	<u>6,673</u>

## 27 Commitments

### (a) Capital commitments

CMCS 33 Group has 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:

#### *Directly owned properties*

	<b>30 June 2011 \$'000</b>	30 June 2010 \$'000
Commitments for minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:		
Within one year	3,451	3,253
Later than one year but not later than five years	8,796	8,528
Later than five years	<u>12,054</u>	<u>1,586</u>
	<b><u>24,301</u></b>	<b><u>13,367</u></b>

All leases are those with tenants occupying the investment properties 100% owned by CMCS 33 Group via the investments (Centro Flinders Square and Burnie Kmart Plaza).

#### *Equity accounted properties*

	<b>30 June 2011 \$'000</b>	30 June 2010 \$'000
Commitments for minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:		
Within one year	16,373	14,372
Later than one year but not later than five years	39,558	38,733
Later than five years	<u>15,824</u>	<u>16,453</u>
	<b><u>71,755</u></b>	<b><u>69,558</u></b>

All leases are those with tenants occupying equity accounted investment properties by CMCS 33 Group via the investments (Centro Arndale, Milton Village Shopping Centre, Centro Lutwyche and Centro Keilor).

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.

## 28 Contingencies

### (a) Contingent assets

A compensation claim has been lodged with the Queensland Government relating to the bus tunnel being constructed under Centro Lutwyche. The tunnel construction has had minimal impact on the Centro Lutwyche but may impact future developments at the site. A decision on the compensation claim should be known by the end of 2011 calendar year, with any compensation received to be used to reduce the Group's external debt facility.

### (b) Contingent liabilities

Other than the above, in the ordinary course of business, CMCS 33 Group may be exposed to various other legal and administrative proceedings, the ultimate resolution of which, in the opinion of the Directors, should not have a material effect on CMCS 33 Group's financial position, results of operations or cash flows.

## 29 Events occurring after the reporting period

### *Major Restructure Developments*

CPT 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.

Under the terms of the Implementation Agreement, CPT Manager Limited, the current Responsible Entity of the Syndicate, is proposed to retire and be replaced with Centro MCS Manager Limited as the new Responsible Entity. Centro MCS Manager Limited is also a wholly owned subsidiary of CNP. The change is necessary because it is the intention to wind-up CPT Manager Limited following Aggregation; and the risk that CPT Manager Limited may be placed into administration and have receivers appointed if Aggregation does not occur consensually. In the event of a successful Aggregation, Centro MCS Manager Limited will become a wholly-owned subsidiary of the A-REIT.

On 9 August 2011, an application was made to the Australian Securities & Investment Commission ("ASIC") for relief from the requirement to hold a meeting of investors to approve the change of Responsible Entity from CPT Manager Limited to Centro MCS Manager Limited. This relief has been granted and Syndicate investors will be notified of the proposed change of Responsible Entity and their right to still call a meeting of investors.

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](http://www.centro.com.au). The announcement includes the signed Implementation Agreement.

### *Proposed Sale of Centro Arndale*

In conjunction with the Implementation Agreement mentioned above, on 9 August 2011, a separate Centro Arndale Unit Sale Agreement was entered into for the sale of the Syndicate's 50% ownership in Centro Arndale to the A-REIT at the carrying book value of \$48.500 million as at 30 June 2011. Accordingly, equity accounted investments in Centro Arndale Holding Trust have been transferred to non-current assets classified as held for sale as at 30 June 2011. There will be no significant impact to the income statement on the gain/loss from the sale of the units.

In the event that the sale to the A-REIT does not proceed, Centro Arndale will be marketed for sale to other parties.


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

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

- (a) The financial statements and notes of CMCS 33 Group set out on pages 7 to 45 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, its Constitution and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of CMCS 33 Group's financial position as at 30 June 2011 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that CMCS 33 Group will be able to refinance existing maturities as detailed in Note 1(b) of the financial statements and therefore will be able to pay its debts as and when they become due and payable; and
- (c) The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Paul Cooper  
Director

Melbourne  
22 September 2011

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRO MCS 33 AND CONTROLLED ENTITIES**

### **Report on the Financial Report**

We have audited the accompanying financial report of Centro MCS 33 and Controlled Entities (the registered scheme), which comprises the balance sheet as at 30 June 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

*Independence*

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

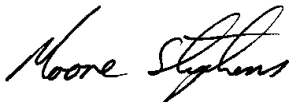
*Opinion*

In our opinion:

- (a) the financial report of Centro MCS 33 and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of Centro MCS 33 and Controlled Entities' financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*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 33 and Controlled Entities' current liabilities exceeded its current assets by \$65.883 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 that may cast significant doubt about Centro MCS 33 and Controlled Entities' ability to continue as a going concern and therefore, Centro MCS 33 and Controlled Entities may be unable to realise its assets and discharge its liabilities in the normal course of business.



**Moore Stephens**  
Chartered Accountants



**Kevin W. Neville**  
Partner

Melbourne,

22 September 2011