

Colonial First State Global Asset Management

Development
Australian **Retail**

Quality assets
Intensive asset
management

08

••••• CFS Retail Property Trust
Annual Report 2008

Responsible Entity
Commonwealth Managed
Investments Limited
ABN 33 084 098 180
AFSL 235384

Manager
Colonial First State
Property Retail Pty Limited
ABN 19 101 384 294

Not guaranteed by Commonwealth Bank of Australia

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CFS Retail Property Trust (CFX or the ‘Trust’) is a retail sector-specific Australian Real Estate Investment Trust (A-REIT) which invests in high quality regional and sub-regional shopping centres across Australia. The Trust listed on the Australian Stock Exchange in April 1994, under the name Gandel Retail Trust, and today its stock market ticker code is CFX.

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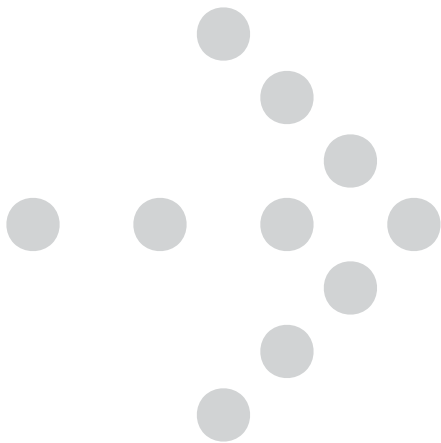
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Distribution per unit 12.00c

Gearing 27.3%

Portfolio occupancy 99.8%

Total assets \$7.6 billion

“CFX’s vision is to be the leading manager of Australian retail property, delivering above benchmark returns through active management.”



Chairman's letter



Dear unitholders,

As the Independent Chairman of Commonwealth Managed Investments Limited (CMIL), the Responsible Entity of CFS Retail Property Trust (CFX or the 'Trust'), I am pleased to present the 2008 annual report to unitholders.

It has been a challenging year for all real estate markets globally, including listed A-REITs. A-REITs have been impacted by rising interest rates, sharemarket volatility and the credit crunch caused by the collapse of the US sub-prime mortgage market.

In the face of this turbulence, the Manager of CFX remains focused on intensive asset management, commencing accretive redevelopment projects in 2008, whilst continuing its prudent approach to capital management to drive solid earnings growth.

The Manager has maintained the Trust's strategy of investing in quality shopping centres across Australia, a strategy that deliberately resisted the general market trend of investing offshore or otherwise changing its fundamental business model. The Trust's defensive qualities and low risk characteristics have been reflected in its performance over the past year. Whilst the return was negative, the Trust strongly outperformed the retail sector and overall A-REIT sector indices in the one-year, three-year and five-year periods to 30 June 2008.

The Trust delivered total distributable income of \$261.1 million compared to \$234.5 million for the previous year. The annual distribution to unitholders was 12.00 cents per unit reflecting a 3.4% increase on the 11.60 cents per unit paid for the previous year.

During the year, the Trust's total gross assets increased by 18.7% to \$7.6 billion driven by acquisitions, the completion of several developments and strong asset revaluations. Acquisitions included an interest in Myer Melbourne, the remaining 50% interest in Chatswood Chase Shopping Centre and an additional 33% interest in Rockingham City Shopping Centre. The Trust also sold a 50% interest in Grand Plaza Shopping Centre.

Chadstone Shopping Centre, which is recognised as Australia's pre-eminent shopping centre, once again achieved the highest total Moving Annual Turnover (MAT) in Australia, with MAT in excess of \$1.0 billion for the 12 months to 31 December 2007.

In addition, it was the first Australian shopping centre to reach this milestone, reflecting its strong customer patronage.

Once more, developments provided a significant focus for CFX. Key redevelopment projects commenced at Myer Melbourne, Chadstone Shopping Centre, Chatswood Chase Shopping Centre, Rockingham City Shopping Centre, and Northland Shopping Centre.

Four major development projects were completed in the year, including QueensPlaza (Stage 2), Forest Hill Chase Shopping Centre, Chadstone Shopping Centre (Stage 25) and the Australian Film, Television and Radio School at The Entertainment Quarter.

This year marks the 25th anniversary of Colonial First State Property Management (CFSPM), formerly known as Gandel Retail Management, founded by John Gandel AO. This is a significant milestone for the business that provides such wide ranging support to the Trust and further detail is provided in this report. CFSPM continues to identify opportunities and implement strategies to optimise the performance of the CFX property portfolio.

Consistent with its policy of maintaining high standards of corporate governance, CMIL has opted for early adoption of the ASX Corporate Governance Council's Principles and Recommendations (Second Edition) released in August 2007. This information is provided in the Corporate Governance section of this report.

The close of the 2008 calendar year marks the end of my tenure as Chairman of CMIL. I would like to thank my fellow Directors and management team for their valued knowledge and experience during yet another productive year. Their depth and range of experience has been highly valued. I would also like to take this opportunity to thank the unitholders of CFX for their continued support of the Trust.

As the Trust embarks on the 2009 financial year, I believe it is in a solid position to continue to generate secure and stable returns for unitholders through its focus on intensive asset management and the realisation of key projects in the development pipeline. The Trust is also in good shape to capitalise on potential opportunities that may arise from the disarray in the current market.

CFX's business model remains strong and I am confident that the Manager's disciplined approach and ability to extract value for unitholders gives the Trust firm traction to endure the challenging conditions over the next 12 to 18 months.

Sean P Wareing
Chairman

Commonwealth Managed Investments Limited



diversification
domestic specialisation
sector-specific
sustainability

Financial summary

Financial position

	As at 30 June 2008 \$'000	As at 30 June 2007 \$'000
Total assets	7,569,651	6,375,472
Total liabilities	2,302,266	1,830,176
Total equity	5,267,385	4,545,296
% borrowing to total assets ¹	27.3	25.0
Number of units on issue ('000)	2,267,953	2,142,213
Net tangible asset backing per unit (\$)	2.32	2.12

Financial performance

	As at 30 June 2008 \$'000	As at 30 June 2007 \$'000
Net profit ²	669,116	1,112,921
Distributable income ³	261,082	234,486
Net transfer to undistributed reserves	397,793	866,446
Distribution to unitholders	271,323	246,475
Distribution per ordinary unit (cents)	12.00	11.60

1 For this calculation, total assets exclude fair value of derivative financial instruments of \$92.0 million (June 2007: \$64.4 million). Borrowing is the amount drawn down per Note 13 of the Financial Report equal to \$2,001.1 million (June 2007: \$1,545.0 million), adjusted for the value of cross currency swaps of \$40.5 million (June 2007: \$30.6 million)

2 The decrease in net profit was mainly due to the difference in the net gain from property revaluations (fair value adjustments to investment properties) over the two periods. See Income statements on page 56.

3 Distributable income equals net profit less gains and losses on revaluations of investment properties, associates and derivatives, the effect of straight-lining fixed rental increases, the movement in fair value of unrealised performance fees and any adjustments for capital items.



intensive



Operating highlights

- For the 12 months to 30 June 2008, the Trust paid a distribution of 12.00 cents per ordinary unit, up 3.4% from 11.60 cents, compared to the 12 months ended 30 June 2007
- Total net profit was \$669.1 million
- Total distribution to unitholders for the year was \$271.3 million, compared to \$246.5 million for the previous year
- The income stream related to the earnings of CFSPM provided the Trust with \$10.1 million in income for the year
- Total gross assets increased 18.7% from \$6.4 billion at 30 June 2007 to \$7.6 billion at 30 June 2008
- Net tangible asset backing (NTA) per unit increased to \$2.32 per unit, an increase of 9.4% compared to the previous year
- In the year ended 30 June 2008, development projects with a cost of \$215 million were completed and the development pipeline has some \$1.6 billion in projects planned or underway
- A prudent approach to capital management was maintained and the Trust's gearing was 27.3% at 30 June 2008

Fund Manager's report



Michael Gorman, Fund Manager

On behalf of the CFS Retail Property Trust's (CFX or the 'Trust') Responsible Entity, Commonwealth Managed Investments Limited (CMIL), and the Trust's Manager, Colonial First State Property Retail Pty Limited (the 'Manager'), I am pleased to provide this report to unitholders on the Trust's performance for the 12 months ended 30 June 2008.

Strategic highlights

CFX's long-held strategy of a simple structure, modest gearing and investing only in high quality Australian shopping centres has delivered significant results for investors at a time when market conditions are causing all investors to re-price risk.

As a result, CFX's relative performance whilst negative, significantly outperformed its peers during the year, with the Trust's strong distributable income growth being driven by intensive asset management, asset quality, the resilience of retail sales and prudent capital management.

It was another very active year, with the Trust commencing construction on significant redevelopments within the portfolio. Intensive asset management also provided the retail tenants within our property portfolio with better business opportunities, whilst delivering growing income streams for unitholders.

Redevelopments that commenced in 2008 included Chatswood Chase Shopping Centre, Northland Shopping Centre, Chadstone Shopping Centre (Stage 30 and Stage 33) and the iconic Myer Melbourne site. These redevelopments enhance the momentum of those completed throughout the year, which delivered significant new income to the Trust. These included QueensPlaza (Stage 2), Forest Hill Chase Shopping Centre, Chadstone Shopping Centre (Stage 25) and The Entertainment Quarter.

Asset revaluations during the year reflected the value arising from continuing redevelopment and the quality of the centres within the portfolio. The second half of the year saw some softening in capitalisation rates, the effects of which were generally offset by increased property income.

The portfolio continued to perform well during the year. MAT growth remained solid, reflecting the positive impact of low levels of unemployment and fiscal stimuli in the economy. In line with the Manager's expectations, retail sales growth softened in the first six months of 2008, albeit from strong levels over the past few years. The Manager expects positive yet below long-term average growth for the next 12 to 18 months.

Financial results

Total distributable income was \$261.1 million, compared to \$234.5 million for the previous year. Distributable income comprises total profit of \$669.1 million less a net transfer to equity of \$408.0 million. This transfer included a net gain on investment property revaluations of \$416.2 million, a net gain on financial derivatives revaluations of \$21.7 million, straight-lining rental revenue of \$3.1 million, a net transfer from equity representing the movement in fair value of unrealised performance fees of \$26.2 million and adjustments for capital items of \$6.8 million.

Underpinning this result was a 12.7% increase in net property income to \$396.7 million. On a like-for-like basis (including those assets owned for both 12-month comparison periods and excluding the benefit of recent development completions) net property income increased by 6.4%.

CFX's net profit for the 12 months to 30 June 2008 was \$669.1 million, a decrease of 39.9% over the previous year of \$1,112.9 million. This was mainly due to the difference in the net gain from property revaluations over the two periods. The Trust's net profit consists of the distributable income, which reflects the Trust's realised operating performance, and additional unrealised income such as net revaluation gains on investment properties and associates (\$416.2 million for this year compared to \$852.4 million for the previous year).



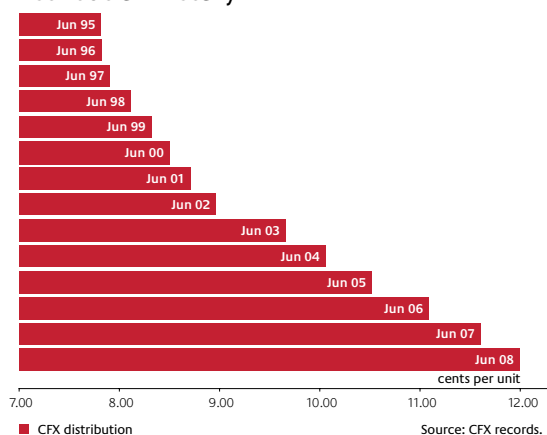


Annual distribution

The Trust paid a distribution of \$271.3 million, compared to \$246.5 million for the previous year. This equates to a distribution of 12.00 cents per unit, which is a 3.4% increase on the 11.60 cents per unit paid for the previous year.

The distribution paid to unitholders comprises distributable income of \$261.1 million and a transfer from equity representing amortisation of the intangible asset⁴ of \$1.1 million and an amount equal to the capped performance fee of \$9.1 million incurred for the current year.

Distribution history



Gross assets

The Trust's total gross assets increased by 18.7% over the previous year to \$7.6 billion as at 30 June 2008, driven by acquisitions, the completion of several developments and solid gains on asset revaluations.

Net tangible asset backing (NTA) per unit increased from \$2.12 per unit to \$2.32 per unit in the 12 months to 30 June 2008.

Investment performance

Over the 12 months to 30 June 2008, CFX delivered unitholders a total return⁵ of -9.1%, outperforming the UBS Retail 200 Accumulation Index (the 'Index') return of -32.1%. Over the three and five-year periods, CFX outperformed the Index by 12.5% and 6.5% respectively.

CFX relative performance comparison to 30 June 2008

	6 months %	1 year %	3 years* %	5 years* %
CFS Retail Property Trust (CFX)	-18.5	-9.1	9.5	13.6
UBS Retail 200 Accumulation Index	-24.6	-32.1	-3.0	7.1
S&P/ASX 200 Property Accumulation Index	-30.6	-36.3	-1.8	5.5

* Annual compound returns.

Source: UBS Australia 2008.

Performance fee

As reported in the December half-year report, CFX outperformed the customised retail property accumulation index⁶ (the 'benchmark') by 24.6%. As a result the Responsible Entity was entitled to the payment of a performance fee of \$4.5 million for the six months to 31 December 2007.

For the six months to 30 June 2008, the Trust outperformed the benchmark by 9.3%. As a result, the Responsible Entity was entitled to a performance fee of \$4.6 million for the six months ended 30 June 2008.

Following 30 June 2008, the carry-forward balance is 37.6% of positive performance over the benchmark. Full details of the performance fee are detailed in note 17 to the financial statements.

Colonial First State Property Management

CFSPM continued to add value to CFX through its retail property management, leasing and development expertise and also via the income stream related to its distributable earnings that flows back to the Trust ('flowback' or 'alignment fee').

The development pipeline is a key driver of income accretion and is constantly reviewed to identify new opportunities to add value and enhance the performance of the assets CFSPM manages. Additionally, the development pipeline managed by CFSPM increased to \$3.1 billion (CFX share \$1.6 billion).

4 The intangible asset represents the alignment fee entitlement of the Trust related to the earnings of CFSPM. The intangible asset was amortised over five years from October 2002.

5 Total return comprised unit price performance and distribution income yield.

6 For the purposes of calculating the performance fee, the benchmark, which is the UBS Retail 200 Accumulation Index, is adjusted to remove the effect of CFX on the Index. A 20-day volume weighted average price (VWAP) is applied to both the CFX price and the Index.

intensive manage

CFSPM manages the shopping centre assets within the CFX portfolio, providing intensive asset management to secure income for unitholders and drive asset values.

CFSPM has a proven business model and the retail expertise to maximise the full potential of each asset by extracting optimum value and positioning each asset for long-term growth.

Successful retail management requires a thorough knowledge of retail, retailers, the market and the depth of experience and skill to maximise the market opportunity.

This process is delivered across the CFX portfolio of shopping centres ultimately leading to the continual evolution of the tenancy mix, through the addition of new retailers and precincts that reflect the needs of the individual asset.

Over time, this style of management is expected to lead to superior sales productivity and sustainable growth of the value of the asset.



Stage 1 > Market and asset analysis

- Collaboration of all key departments
- Economic research
- National/regional research
- Consumer research
- Global and emerging trends
- Identification of potential opportunities and threats

e asset ment



Stage 2 > Strategy development

- Collaboration of all key departments
- Long-term strategic view
- Short-term strategy
- Develop strategic asset plan
- Develop centre vision and positioning
- Identify specific asset opportunities
- Set measurable targets, goals and milestones for success

Stage 3 > Product design and delivery

- Strategic leasing
- Property management strategy
- Centre management
- Operations
- Marketing
- Retail
- Development master planning
- Performance, monitor and report
- Financial management

Stage 4 > Review, measure and report

Fund Manager's report continued

Colonial First State Property Management (continued from page 7)

CFSPM contributed \$10.1 million of distributable income to the Trust for the 12 months to 30 June 2008, a 2.8% decrease from the previous year, reflecting the reduction of the Trust's share of flowback from 2 October 2007⁷. CFSPM's retail assets under management totalled \$11.4 billion (CFX share \$7.4 billion) as at 30 June 2008, representing an increase of 17.8% on \$9.7 billion (CFX share \$6.2 billion) from the previous year.

Acquisitions

Chatswood Chase Shopping Centre, Chatswood, NSW

In August 2007, unitholders voted and approved the acquisition of the remaining 50% interest in Chatswood Chase Shopping Centre. The centre is one of Sydney's best located shopping centres and construction commenced on a \$170 million redevelopment in March 2008. The redevelopment will increase the centre's gross lettable area by approximately 11,000 sqm and involves adding a new fashion precinct, relocating the Coles supermarket into a larger retail area, undertaking a major extension of the lower ground retail space, introducing a new food court, adding approximately 130 parking spaces and upgrading the existing Victoria Avenue entrance.

Rockingham City Shopping Centre, Rockingham, WA

In December 2007, the Trust acquired an additional 33% interest in Rockingham City Shopping Centre for \$77 million in exchange for a 50% interest in Grand Plaza Shopping Centre for \$174 million. The transaction with Direct Property Investment Fund (a related party) was undertaken at a price established by independent valuation and the net proceeds received of approximately \$90 million were used to pay down existing debt. The transaction increased the Trust's exposure to Western Australia and resulted in a 50% ownership interest in the centre, which is undergoing a major redevelopment.

Myer Melbourne site, Melbourne, VIC

In July 2007, a consortium led by CFX, including GIC Real Estate and The Myer Family Company Pty Ltd, exchanged contracts to acquire the iconic Myer Melbourne site for \$605 million (CFX share \$277 million).

In November 2007, CFX and GIC Real Estate contracted to acquire a site on the corner of Little Bourke Street and Caledonian Lane housing the David Jones' homewares

division. The site will be amalgamated as part of the overall Myer Melbourne development.

Hills Industries site, Edwardstown, SA

In July 2007, the Trust contracted to acquire the Hills Industries site at Edwardstown, South Australia for \$24 million. The 7.8 hectare site is strategically located adjacent to the Trust's Castle Plaza Shopping Centre, providing further development opportunities for that centre. It is proposed that a 2.5 hectare parcel of land on the southern end of the Hills Industries site be utilised for a potential \$80 million⁸ expansion of the centre.

Divestments

Grand Plaza Shopping Centre, Browns Plains, QLD

In December 2007, the Trust sold a 50% interest in Grand Plaza Shopping Centre for \$174 million in exchange for an increased interest in Rockingham City Shopping Centre. The transaction with Direct Property Investment Fund (a related party) was undertaken at a price established by independent valuation and allowed the Trust to realise some of the value created in the \$52 million redevelopment of this centre, completed in October 2006.

Asset revaluations

A total of 24 assets in CFX's portfolio were independently revalued in the year. This resulted in a total increase of \$416.2 million on prior book value.

This increase reflected the value arising from continuing redevelopment and solid property income growth in quality assets such as Chadstone Shopping Centre, QueensPlaza and Chatswood Chase Shopping Centre.

In the first half of the year, there was a general firming of capitalisation rates with the Trust's weighted average capitalisation rate firming from 5.87% to 5.74%. The second half of the year saw some capitalisation rates soften with the weighted average capitalisation rate moving marginally to 5.77%. Generally, where capitalisation rates did soften, increases in income resulted in values being maintained.

Capital management

The Manager's prudent approach to capital management has long been a feature of the Trust and this approach has assisted the Trust in the current tight credit market.

The Trust's credit rating (A/A-1 by Standard & Poor's) is the highest in the A-REIT sector.

⁷ The Explanatory Memorandum of July 2002 contemplated the payment of an alignment fee or flowback equivalent to approximately 28% of the distributable income of CFSPM, arising from the management of its portfolio of Australian shopping centres, to the Trust. The Enhancements to the Explanatory Memorandum of 19 September 2002 proposed that this flowback amount be increased to approximately 35% for a period of five years from the date of the merger of the retail assets of Colonial First State Property Trust Group (CFT) with CFX (2 October 2002). From 2 October 2007, the share of flowback received by the Trust reverted to its original proportion of approximately 28%.

⁸ Excluding land costs.



sector-specific diversification domestic specialisation sustainability

CFX's debt is all senior and unsecured. No individual asset is encumbered by debt. The Trust's principal debt covenants relate to gearing and interest cover levels only and there are no provisions relating to market capitalisation.

The Trust accessed both equity and debt capital markets during the year to provide additional funding capacity and flexibility.

In July 2007, the Trust settled the raising of \$200 million of equity via an institutional placement and in August 2007 raised a further \$16 million via a Unit Purchase Plan to fund the acquisition of the remaining 50% interest of Chatswood Chase Shopping Centre.

During the year the Manager continued to ensure that sufficient debt facilities were in place for the Trust's ongoing capital requirements, development pipeline and acquisition opportunities. The capital management initiatives undertaken during the year also added to the diversity of the Trust's funding sources.

In July 2007, the Trust issued \$600 million in convertible notes (the 'Notes') to fund the Trust's share of the acquisition and development of the Myer Melbourne site. The Notes were issued by CFX to investors primarily in the European and Asian markets and have a fixed coupon rate of 5.075% p.a. for a term of seven years. They rank as senior unsecured obligations of the Trust and are listed on the Singapore Stock Exchange. Prior to maturity, the Notes are convertible into CFX units at a price of \$2.6668 per unit (subject to certain adjustments), which reflects a premium of 20% to the volume weighted average price on 18 July 2007. Holders of the Notes will also have a redemption option at the end of five years.

In December 2007, the Trust received net proceeds of approximately \$90 million from the swap of interests in Rockingham City Shopping Centre and Grand Plaza Shopping Centre which were used to pay down existing debt facilities.

Other capital management activities included: the renegotiation of a \$250 million bank debt facility previously due to expire in December 2008, now expiring in February 2011; the negotiation of a new three-year \$100 million bank facility in February 2008 to provide extra liquidity; and the negotiation of two three-year \$100 million bank debt facilities in June 2008 to refinance \$200 million in medium term notes expiring in November 2008. The Trust's Distribution Reinvestment Plan (DRP) resulted in approximately \$57 million of funds being raised over the year. As a result of this activity, the Trust's remaining

refinancing exposure in the 2009 financial year consists of a \$125 million bank debt facility in June 2009.

The Manager also reviewed the commencement dates of approximately \$200 million of redevelopment projects, principally at sub-regional shopping centres. These redevelopments have been deferred until credit market conditions improve, to reduce the need for new debt.

At 30 June 2008, the Trust's gearing level was 27.3%, with borrowings of \$2,041.6 million. The Trust's weighted average debt maturity was 4.1 years and the weighted average interest rate (including margins and fees) was 6.1%. The Trust had undrawn debt facilities of over \$450 million at 30 June 2008.

At 30 June 2008, the Trust's total borrowings were 95% hedged and estimated to be 76% hedged for the 2009 financial year. The weighted average maturity on hedged debt was 6.6 years and the weighted average interest rate on hedged debt was 5.5% including convertible notes (excluding margins and fees).

The Manager will continue to prudently draw on debt facilities to support the development pipeline and actively manage the ongoing capital requirements of the Trust.

Portfolio update

As at 30 June 2008, the Trust's property portfolio comprised 25 retail assets. The total gross value of investment properties was \$7.4 billion, reflecting growth of 18.6% since 30 June 2007. This largely reflects acquisitions, development activity and asset revaluations during the year.

CFX's portfolio was 99.8% occupied and occupancy costs reduced slightly to 15.3%⁹ at 30 June 2008, reflecting the underlying strength of the Trust's portfolio.

The Shopping Centre News 'Little Guns 2007' survey results were released in November 2007 with QueensPlaza awarded the highest specialty MAT per square metre. On an MAT basis, QueensPlaza is producing \$13,654 per sqm for specialty stores at 30 June 2008.

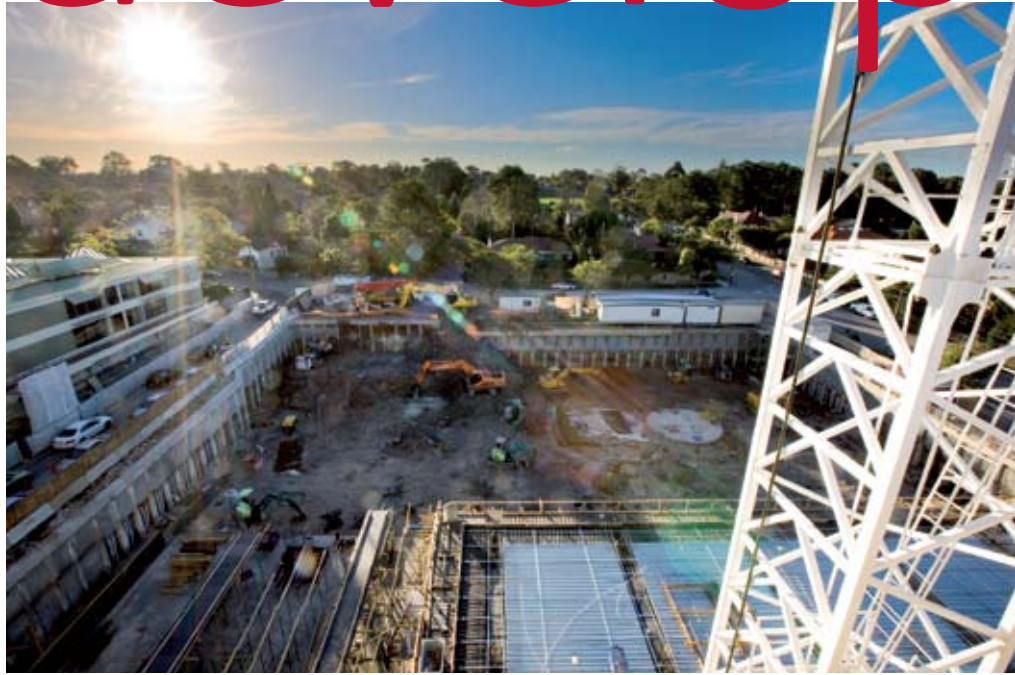
The Shopping Centre News 'Big Guns 2008' survey results were released in March 2008, with Chadstone Shopping Centre once again achieving the highest total MAT for the seventh consecutive year. Chadstone Shopping Centre achieved MAT in excess of \$1.0 billion for the 12 months to 31 December 2007 and was the first Australian shopping centre to reach this milestone, reflecting the strong customer patronage of the centre.

⁹ The comparable basket of shopping centres (not development impacted) has changed since 31 December 2007. For the same comparable basket, occupancy costs were 15.4% and 15.1% as at 30 June 2007 and 31 December 2007 respectively (including GST and marketing levies).

develop

Redevelopments enhance portfolio value by repositioning and rejuvenating shopping centres through improvements to the centres' retail offerings that in turn increase retail trade. Continual redevelopment of the portfolio's assets is a key driver of returns for the Trust.

Redevelopments are themselves a source of earnings accretion. In addition, they enhance the value of the portfolio by repositioning and improving the retail offer, which is a catalyst for stronger rental growth.



Chatswood Chase

CFX acquired 50% of Chatswood Chase Shopping Centre in 2003 and a further 50% in August 2007. The centre was built in 1987 and underwent a major refurbishment completed in 1997. It is situated approximately 8km north of the Sydney Central Business District (CBD) in the heart of Chatswood and has a well established affluent residential and commercial catchment area. The centre comprises a strong fashion component, and the \$170 million redevelopment which commenced in early 2008 will reinvigorate the food offer and attract other fashion retailers.

Chatswood Chase Shopping Centre is a premium retail destination and provides high quality offerings in food, fashion and homewares. The new development creates an additional 11,000 sqm of retail space and opens up the opportunity to remix a significant component of the centre and expand the food, fashion and homewares offering.

ment

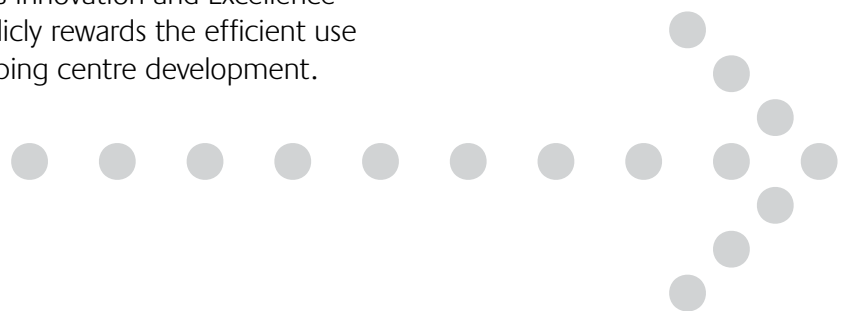


key drivers of returns
value enhancing

QueensPlaza

QueensPlaza is a retail complex situated at the northern entrance to Queen Street mall, within the CBD of Brisbane. The centre has a strong fashion emphasis, taking advantage of the performance of its major tenant, David Jones. The \$327 million project commenced in September 2002 with the demolition of existing buildings on the site and the subsequent excavation of the car park. The development opened in two stages and the final stage was completed in September 2007.

In May 2008, QueensPlaza won the Pitney Bowes Mapinfo Property Investment Award for new development of Shopping Centres at the 2008 Property Council of Australia's Innovation and Excellence awards. The award recognises and publicly rewards the efficient use of capital in a new or refurbished shopping centre development.



Fund Manager's report continued

Retail sales update

Retail sales showed steady growth, albeit at a slightly lower rate than the previous year. While sales growth continued to be positively influenced by fiscal stimuli and the success of strategic remixing and development completions, the negative impact of four successive interest rate increases over the year, which were implemented to slow consumer demand, began to take their toll in the second half of the year.

In the 12 months ended 30 June 2008, CFX's portfolio recorded total sales growth of 4.5% (see table below).

Sales growth in centres not under redevelopment and which have not been redeveloped within the past two years (i.e. comparable sales growth) was 3.7% over the same period. Importantly, retail specialty sales growth was strong, showing total sales growth of 5.2% and comparable sales growth of 4.8% reflecting intensive tenant remixing and management efforts across the portfolio.

Sale statistics by store type

Category	Actual (total portfolio) %	Comparable (total portfolio excluding redevelopment centres*) %
Department stores	1.1	(2.0)
Discount department stores	3.4	3.2
Supermarkets	3.7	3.2
Other majors	5.9	5.0
Mini-majors	9.5	8.0
Retail specialty	5.2	4.8
Non-retail specialty**	5.0	3.9
Total	4.5	3.7
Occupancy rate		99.8
Occupancy costs (specialty stores)		15.3 ¹⁰

* Redevelopment centres are those centres that are undergoing or have undergone substantial redevelopment in the past 24 months.

** Non-retail specialty are sales reporting tenancies under 400 sqm including travel agents, auto accessories, Lotto, other entertainment and other non-retail stores.

Development

As at 30 June 2008, CFX has a \$1.6 billion development pipeline. Development works at a cost of \$215 million were completed during the year, delivering an average year one yield of 8.7%.

Projects currently under construction have a development cost of approximately \$690 million and are targeting an average yield of approximately 7.5% to 8% on first year income.

Strong retailer interest in the developments underway in the portfolio was evident at the inaugural CFSPM development showcase, held in Melbourne and Sydney in early April 2008. The forum provided retailers with the opportunity to discuss the detail of each of the key developments that are underway in the CFX portfolio, including the opportunity to generate interest in the Lonsdale Street stage of the Myer Melbourne redevelopment, which will commence in 2010.

Key development completions

QueensPlaza (Stage 2), Brisbane, QLD

Stage 2 of the development was completed in September 2007 and achieved a year one yield of 9.6% (total project yield 8.4%). QueensPlaza continues to be a leading performer in the portfolio and continues to trade very strongly. The centre now includes 80 specialty stores including Louis Vuitton, Tiffany & Co. and Mont Blanc.

Chadstone Shopping Centre (Stage 25), Chadstone, VIC

The first stage of a three-stage development project was completed in November 2007 and involved the creation of a general merchandise loop mall, a relocated and expanded JB Hi-Fi tenancy, the widening of access roads and other infrastructure works. The original target yield for the project was 6.5% on a cost of \$102 million (CFX share \$51 million), including all of the infrastructure works for the further stages of development. Strong leasing demand resulted in a year one yield of 7.8%.

Forest Hill Chase Shopping Centre, Forest Hill, VIC

The \$28 million project was completed in November 2007 and involved the refurbishment of the common areas, a new food court, a fresh food reconfiguration, the addition of 19 specialty stores, the relocation of Kmart Auto and the conversion of Kmart to a new concept Target store. The project has also involved the conversion of an existing Harris Scarfe store to a Myer department store. The development achieved a year one yield of 7.7%.

The Entertainment Quarter, Moore Park, NSW

The \$50 million (CFX share \$25 million) Australian Film, Television and Radio School (AFTRS) facility was completed in January 2008, two months ahead of schedule. The state-of-the-art facility comprising approximately 13,000 sqm of mixed use space includes two full size film studios, a 120-seat cinema, television studios, sound and picture editing suites and office accommodation for 300 staff and students.

¹⁰ The comparable basket of shopping centres (not development impacted) has changed since 31 December 2007. For the same comparable basket, occupancy costs were 15.4% and 15.1% as at 30 June 2007 and 31 December 2007 respectively (including GST and marketing levies).

sector-specific diversification domestic specialisation sustainability

AFTRS transferred its operations from its Macquarie University campus to The Entertainment Quarter and was fully operational in May 2008. The facility reinforces the strong presence of permanent users on the site. The development achieved a year one yield of 8.2%.

Developments under construction

Rockingham City Shopping Centre, Rockingham, WA
The \$180 million (CFX share \$90 million) Rockingham redevelopment will add 16,000 sqm of new retail space and include 50 new speciality stores and a full rejuvenation of the existing centre. The creation of a new main street anchored by a cinema complex and a new parallel mall extending to a new transit centre will be developed along with a 600-seat food court. The redevelopment is expected to be completed by April 2009.

Chadstone Shopping Centre (Stage 30), Chadstone, VIC
Stage 30 of the redevelopment, known as Chadstone Place, is well progressed and will feature a mixed use, retail and gourmet food offering and will include an additional 1,015 parking spaces at a development cost of approximately \$144 million (CFX share \$72 million). This stage will also feature an open air plaza area adjacent to a gymnasium and a 7,000 sqm commercial office building. The redevelopment is scheduled to be completed prior to Christmas 2008.

Chadstone Shopping Centre (Stage 33), Chadstone, VIC
The final stage of the three-stage redevelopment at Chadstone Shopping Centre will comprise a new mall with a development cost of approximately \$270 million (CFX share \$135 million). The redevelopment commenced construction in June 2008. It will feature a focus on international luxury brand retailers, such as Louis Vuitton, Gucci, Coach and Jimmy Choo, cementing Chadstone's market position as Melbourne's 'Fashion Capital' as well as an extended children's fashion precinct, mainstream fashion and an extended sport/leisurewear offering. This redevelopment is expected to provide an additional 10,600 sqm to the centre.

Northland Shopping Centre, Preston, VIC
The \$170 million (CFX share \$85 million) redevelopment of Northland aims to duplicate the existing north-south mall to the eastern side of the centre, adding approximately 40 new speciality stores and a new discount department store as the anchor. The redevelopment will create new product offerings, including an expanded fresh food and convenience precinct and an additional 600 parking spaces. The redevelopment is expected to be completed prior to Christmas 2009.

Chatswood Chase Shopping Centre, Chatswood, NSW
The \$170 million redevelopment of Chatswood Chase is progressing well with the demolition of the commercial office buildings at the rear of the centre now complete and excavation well underway for the construction of the new car park and Coles supermarket. The redevelopment will deliver an expanded specialty retail offer on levels one and two, including a new fashion precinct as well as an expanded food offer. It will add approximately 130 parking spaces and the overall centre will increase in gross lettable area by approximately 11,000 sqm. The redevelopment is scheduled to be completed prior to Christmas 2009.

Myer Melbourne site, Melbourne, VIC
The \$1.2 billion total development (CFX share \$540 million) of the iconic Myer Melbourne store has commenced with construction works on the Bourke Street store refurbishment now underway. The Bourke Street store is the first stage of the development and the total development is expected to be completed prior to Christmas trading in 2012.

Future development

The Trust is in advanced planning stages for the future development of Roxburgh Park Shopping Centre, Grand Plaza Shopping Centre, Golden Grove Village and Castle Plaza Shopping Centre.

Sustainability

In recognition of the Trust's long-term commitment to sustainability, it was again selected for membership in the Dow Jones Sustainability World Index and has retained membership in the FTSE4Good Index since 2001.

More information on the Trust's sustainability initiatives is on page 17.

Changes to the Distribution Reinvestment Plan (DRP)

During the year, the Responsible Entity announced changes to the Rules of the Distribution Reinvestment Plan. Effective from 28 May 2008, units issued under the DRP will rank equally with units on issue and the 2% unit price discount was reinstated.



Fund Manager's report continued

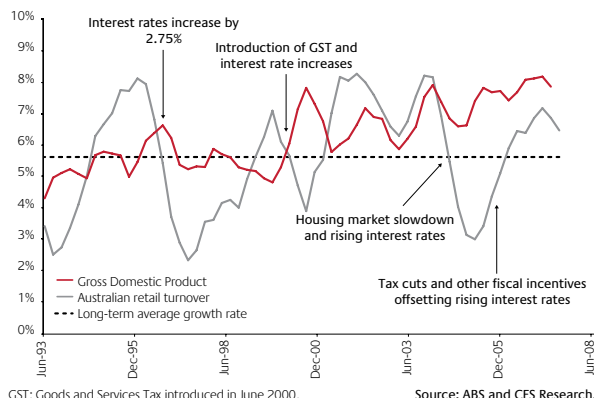
Retail sector outlook

Retailers have enjoyed a period of strong sales growth in recent years, underpinned by tax cuts and other fiscal stimuli as well as record employment levels.

As a result of a decline in economic conditions and weaker consumer confidence, the Manager expects that retail sales growth will slow to approximately 3% to 4%, below the long-term average of approximately 5.5%, for the next 12 to 18 months.

Retail sales growth in the Trust's shopping centres may also slow, but this should have minimal impact on income due to the nature of the Trust's leases, its low exposure to turnover rent and high levels of occupancy.

Australian retail turnover versus economic growth (Annual nominal growth rates quarterly rests)



Trust outlook

Active asset and capital management undertaken both during the year and in prior years have driven strong earnings growth, despite turbulence in the economy and capital markets, and position the Trust well for solid performance.

Throughout the year, the Trust completed development projects on several key shopping centre assets, resulting in solid valuation uplifts, increased earnings and the potential for stronger retail sales. Major redevelopment projects were commenced at Chadstone Shopping Centre, Chatswood Chase Shopping Centre, Rockingham City Shopping Centre,

Northland Shopping Centre and Myer Melbourne, which will further position these assets for solid income growth in future years.

The market has witnessed compression of capitalisation and discount rates across all types of real estate assets over the past few years, facilitated by an increased demand for these assets and by the availability of relatively cheap debt. This trend has been particularly evident for assets of lower quality. Given the current state of the capital markets, it is clear that this compression phase has come to an end and that capitalisation rates and discount rates will soften. Lack of transaction activity means that independent valuers have not had strong evidence to change valuation metrics to date but more transactions are likely to occur over the next 12 to 18 months. The CFX portfolio is expected to be well placed, with conservative valuation metrics and strong property fundamentals.

CFX is the only A-REIT that invests solely in Australian shopping centres. Its focus on maximising returns from those centres, maintaining a strong balance sheet, its high quality earnings stream and the Manager's demonstrated alignment with unitholders, positions the Trust well in the current economic environment.

At the end of this year, Sean Wareing will be retiring as Chairman of CML. On behalf of the Manager, I would like to thank Sean for his support, guidance and valuable contribution to the Trust since December 2003.

I would also like to thank unitholders for their continued support throughout the year and look forward to reporting on the Trust's progress and achievements in the upcoming 12 months.

Yours sincerely,

Michael Gorman
Fund Manager



Sustainability

The Manager continues to develop sustainability initiatives through a process of continuous improvement.

Operational sustainability

The Manager believes that Environmental, Social and Governance (ESG) issues have the potential to impact investment returns, and the implementation of the framework provided by the United Nations Principles of Responsible Investment (PRI) makes good investment sense. Through incorporating ESG considerations into the operational processes for each asset, it can best realise the potential shareholder value that sustainability issues present for the Trust.

To date, the Manager's primary focus has been on energy, water and waste recycling efficiency. All operational sustainability issues are considered through the use of the Manager's Sustainability Manual.

Through use of the manual, initiatives have been developed for the entire CFX portfolio, taking into consideration each asset's physical location and any environmental constraints under which it may be operating. For example, this may include any applicable water restrictions that may apply to a particular centre. The initiatives are identified and collated to track progress, and to allow scheduling and the allocation of appropriate capital expenditure and resources. The initiatives to date have resulted in significant efficiency gains being made in energy consumption, water use and waste management.

Investment sustainability

ESG issues have been incorporated into our investment analysis and decision-making process. As part of the due diligence process for a potential acquisition, the Manager takes into consideration the current sustainability credentials of the shopping centre and the potential cost of refurbishing or redeveloping that building and its ongoing operations.

The Manager undertakes an extensive due diligence process at the time of development or acquisition of an asset. This process requires the engagement of external specialists to provide a comprehensive view of all environmental risks and opportunities. The depth of this process varies from asset to asset on the basis of the risk profile. If any issues are raised in the initial report, further reports or reviews are commissioned.

CFX is undertaking major extension and refurbishment programs for a number of centres in the portfolio. New buildings have been designed and built to high sustainability standards to achieve Green Star ratings¹¹ wherever feasible.

Protecting the Manager's mandate to operate

The Manager believes that understanding the needs and interests of all stakeholders is critical to the long-term success of a business and retail property owner. Therefore, it has regular dialogue with customers, regulators, investors and the broader community both directly and through various industry association memberships.

Climate change is an area of focus for many of those stakeholders. In line with these broader stakeholder concerns and the risks and opportunities for our business, Colonial First State Global Asset Management this year released its Climate Position Statement. This statement recognises the need to approach climate change based on a thorough understanding of the risks and opportunities created for our investments.

For CFX this has transpired into a focus on reducing greenhouse emissions. Initiatives to reduce emissions include:

- a selection of energy-efficient HVAC (heating venting and air conditioning) systems in new development and refurbishment projects
- use of natural or low energy lighting
- optimising building operation systems to reduce energy and water use, and
- installing advanced metering packages to apply across the portfolio to improve the data capture and reporting, enabling CFX to refine day-to-day management efficiency and strategic planning.

More information on the Trust's approach to carbon and climate change issues can be found in its response to the Carbon Disclosure Project (CDP) that will be made publicly available on the CDP website: www.cdproject.net

Ongoing recognition of leadership

CFX has been selected for inclusion in the Dow Jones Sustainability World Index (DJSI) since September 2004 and the FTSE4Good Index since the inception of the Index in 2001. Inclusion in the DJSI and FTSE4Good is selective and requires annual submission of sustainability initiatives and performance data.

Participation in these indices allows CFX to benchmark its performance relative to other organisations within the property industry. This will provide potential investors with a sustainability focused mandate with the assurance that CFX is among the top performers in terms of its focus on sustainability initiatives.

11 To date, Australian shopping centres are benchmarked against a pilot Green Star shopping centre design rating tool.

sustaina

Sustainability continues to be a key component of the overall risk management strategy of the Trust.

The Manager recognises that sustainability issues present both risks and opportunities for the Trust. As a result, it continues to focus on the consideration of sustainability issues into all aspects of its operations.



This overall objective is consistent with commitments under the PRI that apply to Colonial First State Global Asset Management businesses. In line with the Trust's PRI commitments, the Manager is identifying ways to improve the environmental performance of every asset in the portfolio. These environmental initiatives will assist in 'future proofing' assets over the long-term. The Manager recognises that redevelopment provides an ideal opportunity to improve the sustainability of a centre. Generally, the Manager is targeting a 5 star rating from the Green Building Council of Australia (which is Australian Excellence) on each of its major developments.

The Board of CMIL has endorsed the actions of the Manager in subscribing to PRI and the incorporation of broader sustainability initiatives in investment decision making.

Sustainability is also a key consideration in the decision making process when acquiring new assets. In due diligence on a potential acquisition the Manager takes into consideration the current sustainability credentials of the potential acquisition, and if needed, any capital required to bring those credentials up to an acceptable standard.



bility



Artist's impression.

Chadstone Shopping Centre

As part of its commitment to sustainability, the Manager registered the Chadstone Place (Stage 30) development at Chadstone Shopping Centre for rating by the Green Building Council of Australia in its pilot for shopping centre design. The Manager was awarded a 5 star rating for the development design in February 2008. The development features:

- central chilled (air cooled) plant and central heating water (natural gas) plant
- advanced electronic control and monitoring systems for all plant and equipment
- water storage tanks installed to collect rainfall, stormwater and fire system testing run-off to be used for both irrigation and toilet cisterns, and
- creation of a public transport lounge, cycleway path access to centre, change room and storage facilities and a Green Travel Plan for the centre.

In addition, the centre has commenced its 'Towards Zero Waste' project. This project focuses on the reduction of waste to landfill. The project commenced in mid 2007 and to date has driven a reduction in waste sent to landfill by 30%. The project will be delivered in a three-stage process reaching completion in late 2009 when the current round of development is complete.





People



Property and Alternative Investments

Colonial First State Property Retail Pty Limited, as the Manager of the Trust, draws on the resources of Colonial First State Global Asset Management's Property and Alternative Investments division.

Property and Alternative Investments manages funds across listed and unlisted property, infrastructure and private equity on behalf of retail and wholesale investors, with operations in Australia, New Zealand, Asia, the United States and the United Kingdom.

Property and Alternative Investments constitutes one of the largest and most innovative teams of property and infrastructure investment management professionals in Australasia. With more than \$21 billion in funds under management, the division offers long-term investment solutions for property, infrastructure and private equity.

Built on a foundation of skilled and experienced people, innovative products and services and aligned management structures, the division has developed a track record of optimising long-term value for investors and clients.

Specialist asset class expertise

Funds under management within Property and Alternative Investments include three publicly listed REITs, along with a number of unlisted property and infrastructure funds, as well as direct property investment mandates.

Within these specialist asset classes, investors can access investment options across the full risk-return spectrum.

Property and Alternative Investments' core values underpin the business model to achieve the goal of optimising long-term value for investors and clients.

The core values of people, performance, alignment, innovation, corporate governance and sustainability are central to all activities undertaken by the Manager.

Property and Alternative Investments believes that for a property fund to perform optimally, it relies on a dedicated team of property and funds management professionals.

The management team for the Trust is supported by Property and Alternative Investments' senior executive group and by key sections of Colonial First State Global Asset Management. The Property and Alternative Investments division brings together a range of skills including portfolio management, asset management, investment origination and execution, research, sustainability, finance, treasury and other support services to ensure that the Manager optimises investment performance.

sector-specific diversification domestic specialisation sustainability

Colonial First State Property Management

Colonial First State Property Management (CFSPM) is a full service property, leasing and development management business responsible for managing more than \$16 billion of assets for a variety of listed funds, unlisted funds and private investors. It is a stand-alone business based at Chadstone Shopping Centre in Melbourne and is part of Colonial First State Global Asset Management.

CFSPM is the exclusive provider of property, leasing and development services to CFX under an agreement which also provides income flowback to the Trust. The entitlement to CFSPM income is based on the proportion of CFSPM's income derived from the management, leasing and development of CFX assets in proportion to the income derived from relevant retail assets managed and developed by CFSPM in Australia.

This year CFSPM celebrates 25 years as a full service property, leasing and development management business.

CFSPM (then part of the broader entity known as The Gandel Group) was established in 1983 by John Gandel AO to manage the shopping centres being acquired by the Gandel Group of companies and, from 1994, the ASX listed Gandel Retail Trust.

In 1994, at the inception of Gandel Retail Trust, Gandel Asset Management managed a portfolio of six shopping centres valued at approximately \$1.1 billion. By October 2002, the newly formed Gandel Retail Management was managing 31 shopping centres valued at approximately \$5 billion. By April 2006, when the CFSPM name was adopted, the portfolio had grown in value to \$9 billion and it is now managing an Australian shopping centre portfolio valued at more than \$11 billion.

CFSPM's focus on intensive asset management is driven by one of the most experienced asset management teams in Australia. CFSPM, which has over 600 employees, adds significant value to the Trust's retail portfolio by leveraging economies of scale and long-term relationships with local, national and international tenants, as well as key service providers and contractors for products such as centre cleaning, air-conditioning, security, marketing, insurance, repair and maintenance.

The property management business operates within a centralised structure. Head office manages the leasing, development, management, finance and people services function to allow the centre management teams to focus on enabling retailers to drive sales and customising each centre's offer to its local trade area and community.

Industry-leading procedures and systems ensure a consistent reporting platform across all centres. This leads to operational efficiency across the portfolio, with most shopping centre contracts let on a national basis.

CFSPM's specialist retail property management skills enable property owners to receive the benefit of master planning and development expertise, which is critical to ensuring that assets are enhanced and strategically positioned for long-term growth and success.

Associated entities

International

CFSPM continues to build on its international and local reputation for excellence in property management. This was reflected in April 2008, through the establishment of a joint venture with Jones Lang LaSalle and the formation of a new company called Sandalwood. Sandalwood will capitalise on retail property opportunities across Asia and its scope of services will include retail consultancy, leasing, development and shopping centre management. This joint venture is outside of the flowback arrangements referred to above and is not taken into consideration when determining the amount of income that flows to CFX.

Commercial

In 2008 CFSPM's capability was expanded to include commercial office and industrial assets. The insourcing of the property management function of a variety of listed and unlisted funds and private investors was integrated into the business through Colonial First State Management (CFSM). This business is outside of the flowback arrangements referred to above and is not taken into consideration when determining the amount of income that flows to CFX.



property portfolio

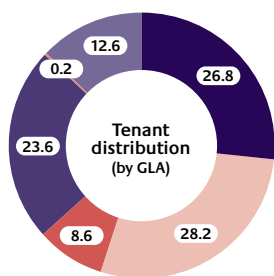
diversification
domestic specialisation
sector-specific
sustainability



Altona Gate Shopping Centre

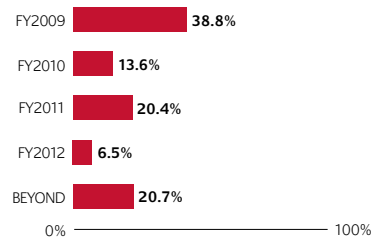


Altona Gate Shopping Centre is a three-level sub-regional shopping centre located approximately 10 km west of Melbourne's CBD. The centre is currently anchored by Kmart, Coles and Safeway, and includes more than 80 specialty stores.



■ Department store 0.0% ■ Discount department store 26.8%
■ Supermarket 28.2% ■ Other majors 0.0%
■ Mini-majors 8.6% ■ Specialties 23.6%
■ Other retail 0.2% ■ Non-retail 12.6%

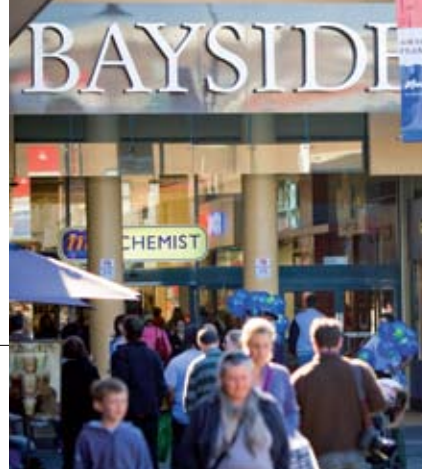
Lease expiry profile (by GLA)



Location	North Altona, VIC
Date acquired	April 1994
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,639

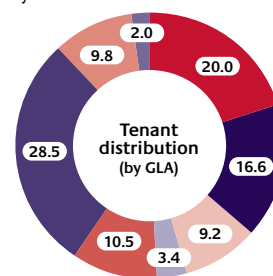
Key data

Total retail area – GLA (sqm) ¹	28,652
Total income to CFX (\$M)	7.9
CFX book value (\$M)	113.1
Valuation (\$M)	111.0
Valuation date	September 2007
Capitalisation rate (%)	6.50
Discount rate (%)	8.00
Terminal yield (%)	6.75
Vacancy (%)	1.3



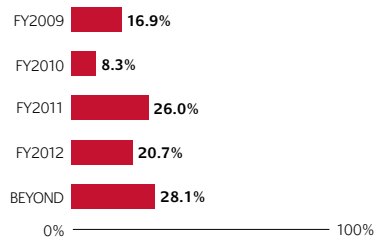
Bayside Shopping Centre

Bayside Shopping Centre is a regional shopping centre located in the heart of Frankston, Victoria. The centre is currently anchored by Myer, Coles, Target, Safeway, Kmart, Rebel Sport, Toys 'R' Us, and a 12-screen AMC cinema complex, and includes more than 250 specialty stores.



■ Department store 20.0% ■ Discount department store 16.6%
■ Supermarket 9.2% ■ Other majors 3.4%
■ Mini-majors 10.5% ■ Specialties 28.5%
■ Other retail 9.8% ■ Non-retail 2.0%

Lease expiry profile (by GLA)



Location	Frankston, VIC
Date acquired	April 1994/February 1997 ²
CFX ownership	100%
Centre type	Regional
Number of car spaces	3,498

Key data

Total retail area – GLA (sqm) ¹	85,908
Total income to CFX (\$M)	33.0
CFX book value (\$M)	539.3
Valuation (\$M)	539.2
Valuation date	June 2008
Capitalisation rate (%)	6.00
Discount rate (%)	8.50
Terminal yield (%)	6.50
Vacancy (%)	0.4

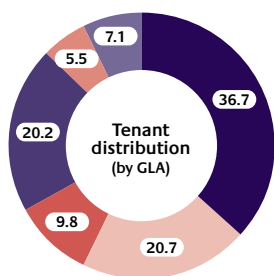
¹ Excludes car park, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

² Bayside/Balmoral: April 1994; Quayside/Entertainment: February 1997.

Brimbank Central Shopping Centre

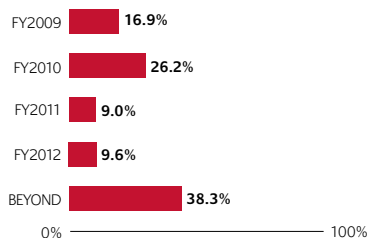


Brimbank Central Shopping Centre is a single-level sub-regional shopping centre located approximately 19 km north-west of Melbourne's CBD. The centre is currently anchored by Safeway, Coles, Target, Kmart and Lincraft, and includes more than 100 specialty stores.



■ Department store 0.0% ■ Discount department store 36.7%
 ■ Supermarket 20.7% ■ Other majors 0.0%
 ■ Mini-majors 9.8% ■ Specialties 20.2%
 ■ Other retail 5.5% ■ Non-retail 7.1%

Lease expiry profile (by GLA)



Location	Deer Park, VIC
Date acquired	October 2002
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,802

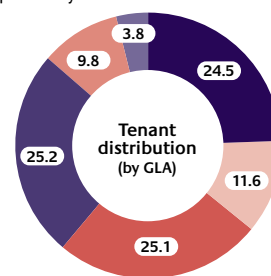
Key data

Total retail area – GLA (sqm) ¹	39,505
Total income to CFX (\$M)	10.1
CFX book value (\$M)	162.2
Valuation (\$M)	160.5
Valuation date	September 2007
Capitalisation rate (%)	6.50
Discount rate (%)	8.00
Terminal yield (%)	6.75
Vacancy (%)	0.0



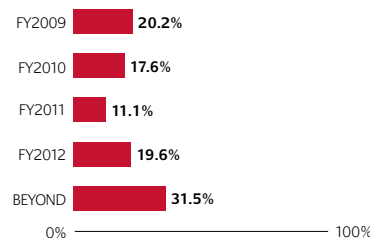
Broadmeadows Shopping Centre

Broadmeadows Shopping Centre is a single-level sub-regional shopping centre with a Homemaker Centre. The centre is currently anchored by Target, Safeway, Coles, Big W, Hoyts, The Warehouse, JB Hifi and Amart Allsports, and includes more than 190 specialty stores.



■ Department store 0.0% ■ Discount department store 24.5%
 ■ Supermarket 11.6% ■ Other majors 0.0%
 ■ Mini-majors 25.1% ■ Specialties 25.2%
 ■ Other retail 9.8% ■ Non-retail 3.8%

Lease expiry profile (by GLA)



Location	Broadmeadows, VIC
Date acquired	April 1994/December 2004 ²
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	2,651

Key data

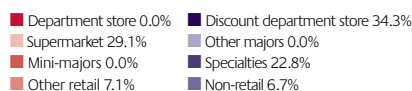
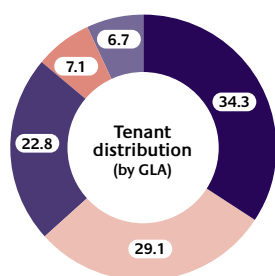
Total retail area – GLA (sqm) ¹	61,589
Total income to CFX (\$M)	23.1
CFX book value (\$M)	358.6
Valuation (\$M)	358.8
Valuation date	December 2007
Capitalisation rate (%)	6.25
Discount rate (%)	8.25
Terminal yield (%)	6.25
Vacancy (%)	0.3

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.
² Shopping centre: April 1994; Homemaker Centre: December 2004.

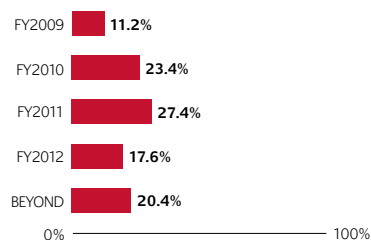
Castle Plaza Shopping Centre



Castle Plaza Shopping Centre is a single-level sub-regional shopping centre located approximately 8 km south-west of Adelaide's CBD. The centre is currently anchored by Target, Coles and Foodland, and includes more than 60 specialty stores.



Lease expiry profile (by GLA)



Location	Edwardstown, SA
Date acquired	October 2002
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,345

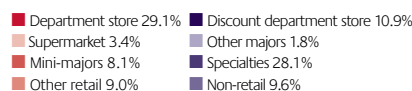
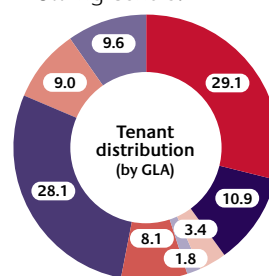
Key data

Total retail area – GLA (sqm) ¹	22,748
Total income to CFX (\$M)	8.6
CFX book value (\$M)	119.2
Valuation (\$M)	115.0
Valuation date	September 2007
Capitalisation rate (%)	6.75
Discount rate (%)	8.25
Terminal yield (%)	7.25
Vacancy (%)	0.0

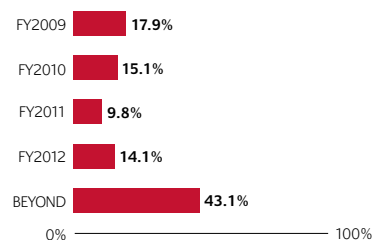


Chadstone Shopping Centre

Chadstone Shopping Centre is a two-level super-regional shopping centre. The centre is currently anchored by Myer, David Jones, Kmart, Target, Coles, Borders, Toys 'R' Us, JB Hifi, an entertainment precinct with a 12-screen Hoyts cinema and an AMF Bowling centre.



Lease expiry profile (by GLA)



Location	Chadstone, VIC
Date acquired	April 1994
CFX ownership	50%
Centre type	Super-regional
Number of car spaces	8,000

Key data

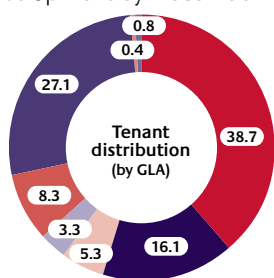
Total retail area – GLA (sqm) ¹	121,286
Total income to CFX (\$M)	60.1
CFX book value (\$M)	1,320.7
Valuation (\$M)	1,302.9
Valuation date	March 2008
Capitalisation rate (%)	4.75
Discount rate (%)	8.00
Terminal yield (%)	4.75
Vacancy (%)	0.0

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.



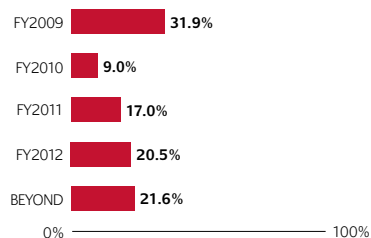
Chatswood Chase

Chatswood Chase is a four-level regional shopping centre. The centre is anchored by David Jones, Kmart, Coles and Harvey Norman. The centre is currently undergoing development and is expected to include around 220 specialty stores upon completion of the development by December 2009.



- Department store 38.7%
- Discount department store 16.1%
- Supermarket 5.3%
- Mini-majors 8.3%
- Other retail 0.4%
- Specialties 27.1%
- Other majors 3.3%
- Non-retail 0.8%

Lease expiry profile (by GLA)



Location	Chatswood, NSW
Date acquired	November 2003*
CFX ownership	100%
Centre type	Regional
Number of car spaces	n/a

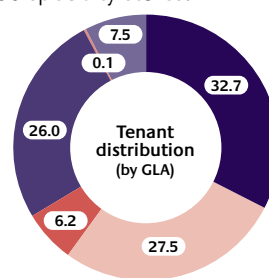
Key data

Total retail area – GLA (sqm) ¹	49,365
Total income to CFX (\$M)	27.6
CFX book value (\$M)	639.7
Valuation (\$M)	581.8
Valuation date	June 2008
Capitalisation rate (%)	5.25
Discount rate (%)	8.25
Terminal yield (%)	5.50
Vacancy (%)	0.0



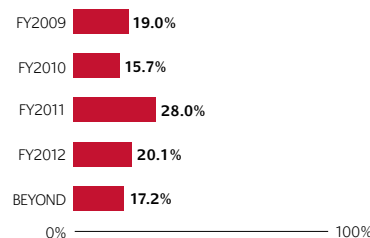
Clifford Gardens Shopping Centre

Clifford Gardens Shopping Centre is a single-level sub-regional shopping centre located approximately 3 km south-west of the Toowoomba CBD. The centre is currently anchored by Big W, Woolworths and Action Supermarket, and includes more than 80 specialty stores.



- Department store 0.0%
- Discount department store 32.7%
- Supermarket 27.5%
- Mini-majors 6.2%
- Other retail 0.1%
- Specialties 26.0%
- Other majors 0.0%
- Non-retail 7.5%

Lease expiry profile (by GLA)



Location	Toowoomba, QLD
Date acquired	October 2002
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,415

Key data

Total retail area – GLA (sqm) ¹	25,385
Total income to CFX (\$M)	10.4
CFX book value (\$M)	153.9
Valuation (\$M)	152.0
Valuation date	December 2007
Capitalisation rate (%)	6.50
Discount rate (%)	8.50
Terminal yield (%)	6.75
Vacancy (%)	0.0

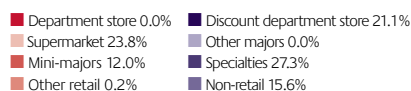
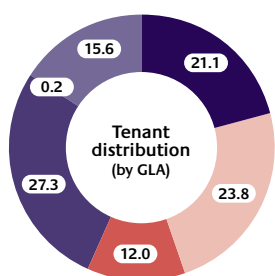
¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

* CFX acquired 50% in November 2003 and the remaining 50% in August 2007.

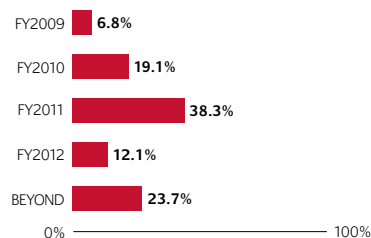
Corio Shopping Centre



Corio Shopping Centre is a sub-regional shopping centre located approximately 60 km south-west of Melbourne's CBD, or 8 km north of Geelong's CBD. The centre is currently anchored by Kmart, Coles and Safeway, and includes more than 90 specialty stores.



Lease expiry profile (by GLA)



Location	Corio, VIC
Date acquired	October 2002
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,491

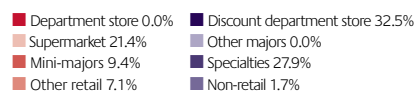
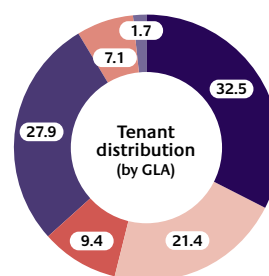
Key data

Total retail area – GLA (sqm) ¹	28,263
Total income to CFX (\$M)	9.5
CFX book value (\$M)	139.0
Valuation (\$M)	139.0
Valuation date	September 2007
Capitalisation rate (%)	6.50
Discount rate (%)	8.50
Terminal yield (%)	6.75
Vacancy (%)	0.4

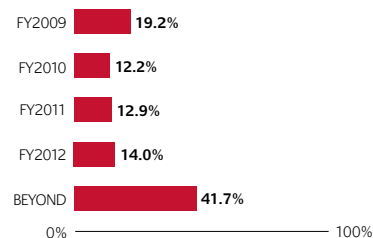


Eastlands Shopping Centre

Eastlands Shopping Centre is a two-level sub-regional shopping centre located approximately 4 km east of Hobart's CBD. The centre is currently anchored by Coles, Kmart, Woolworths, Big W and Village Cinema, and includes more than 90 specialty stores.



Lease expiry profile (by GLA)



Location	Rosny Park, TAS
Date acquired	April 1994
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,449

Key data

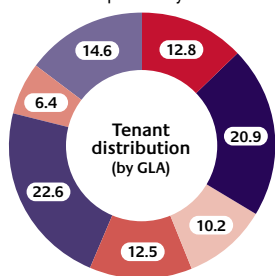
Total retail area – GLA (sqm) ¹	33,434
Total income to CFX (\$M)	10.8
CFX book value (\$M)	162.0
Valuation (\$M)	162.0
Valuation date	March 2008
Capitalisation rate (%)	6.50
Discount rate (%)	8.75
Terminal yield (%)	6.75
Vacancy (%)	0.0

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

Elizabeth Shopping Centre

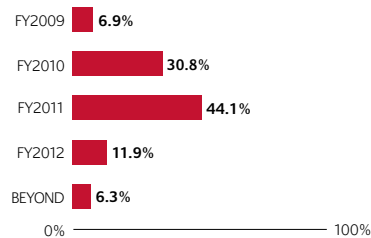


Elizabeth Shopping Centre is a single-level regional shopping centre located approximately 24 km north of Adelaide's CBD. The centre is currently anchored by Big W, Coles, Myer, Target, Woolworths, Rebel Sport, Reading Cinemas and JB Hifi, and includes more than 190 specialty stores.



■ Department store 12.8% ■ Discount department store 20.9%
■ Supermarket 10.2% ■ Other majors 0.0%
■ Mini-majors 12.5% ■ Specialties 22.6%
■ Other retail 6.4% ■ Non-retail 14.6%

Lease expiry profile (by GLA)



Location	Elizabeth, SA
Date acquired	July 1998
CFX ownership	100%
Centre type	Regional
Number of car spaces	3,530

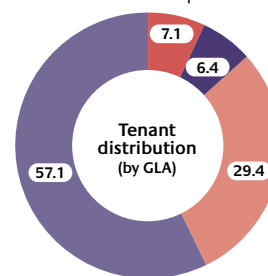
Key data

Total retail area – GLA (sqm) ¹	71,898
Total income to CFX (\$M)	22.4
CFX book value (\$M)	385.2
Valuation (\$M)	385.1
Valuation date	December 2007
Capitalisation rate (%)	6.00
Discount rate (%)	8.25
Terminal yield (%)	6.25
Vacancy (%)	0.9



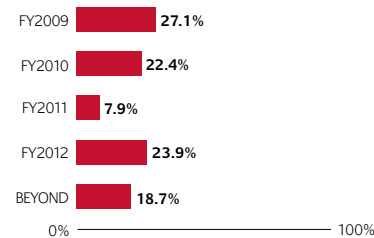
The Entertainment Quarter

The Entertainment Quarter is an entertainment precinct. It is anchored by the Australian Film, Television and Radio School and a Hoyts cinema complex and comprises more than 30 specialty stores, leisure and entertainment facilities, and a major commercial carpark.



■ Department store 0.0% ■ Discount department store 0.0%
■ Supermarket 0.0% ■ Other majors 0.0%
■ Mini-majors 7.1% ■ Specialties 6.4%
■ Other retail 29.4% ■ Non-retail 57.1%

Lease expiry profile (by GLA)



Location	Moore Park, NSW
Date acquired	June 2004
CFX ownership	50%
Centre type	Other
Number of car spaces	2,008

Key data

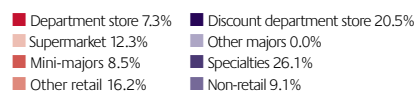
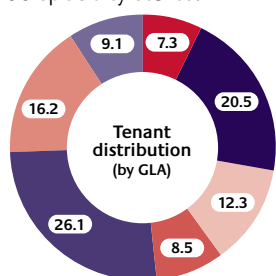
Total retail area – GLA (sqm) ¹	25,537
Total income to CFX (\$M)	2.9
CFX book value (\$M)	53.0
Valuation (\$M)	53.0
Valuation date	June 2008
Capitalisation rate (%)	7.75
Discount rate (%)	10.00
Terminal yield (%)	8.75
Vacancy (%)	0.6

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

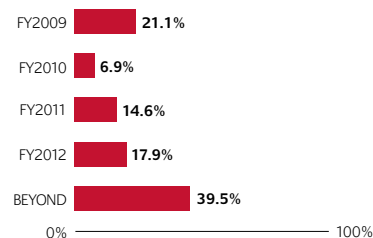
Forest Hill Chase



Forest Hill Chase is a three-level major sub-regional shopping centre located approximately 18 km east of Melbourne's CBD. The centre is currently anchored by Coles, Myer, Safeway, Big W, Target, Hoyts and AMF Bowling, and includes more than 200 specialty stores.



Lease expiry profile (by GLA)



Location	Forest Hill, VIC
Date acquired	January 2005
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	3,088

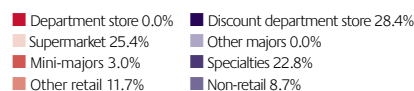
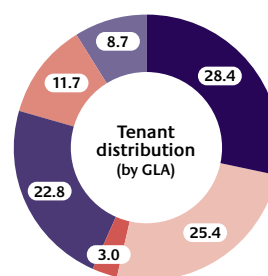
Key data

Total retail area – GLA (sqm) ¹	62,881
Total income to CFX (\$M)	18.0
CFX book value (\$M)	290.3
Valuation (\$M)	290.2
Valuation date	March 2008
Capitalisation rate (%)	6.00
Discount rate (%)	8.00
Terminal yield (%)	6.25
Vacancy (%)	0.1

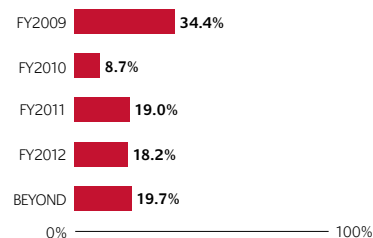


Golden Grove Village

Golden Grove Village is a single-level sub-regional shopping centre located approximately 20 km north-east of Adelaide's CBD. The centre is currently anchored by Big W, Foodland, Baby Target and Woolworths, and includes more than 90 specialty stores.



Lease expiry profile (by GLA)



Location	Golden Grove, SA
Date acquired	October 2002
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,452

Key data

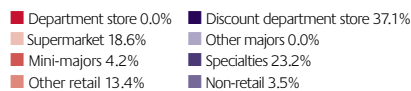
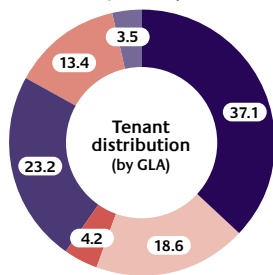
Total retail area – GLA (sqm) ¹	30,303
Total income to CFX (\$M)	7.4
CFX book value (\$M)	118.4
Valuation (\$M)	117.0
Valuation date	December 2007
Capitalisation rate (%)	6.25
Discount rate (%)	8.25
Terminal yield (%)	7.00
Vacancy (%)	0.5

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

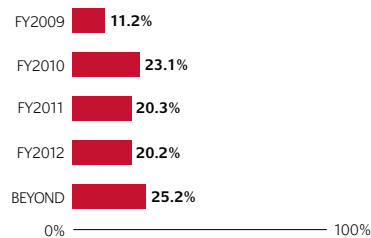
Grand Plaza Shopping Centre



Grand Plaza Shopping Centre is a single-level sub-regional shopping centre located approximately 22 km south of Brisbane's CBD. The centre is currently anchored by Target, Big W, Woolworths, Coles, Kmart, Aldi and a Birch Carroll & Coyle cinema complex, and includes more than 150 specialty stores.



Lease expiry profile (by GLA)



Location	Browns Plains, QLD
Date acquired	October 2002
CFX ownership	50%
Centre type	Sub-regional
Number of car spaces	2,514

Key data

Total retail area – GLA (sqm) ¹	52,927
Total income to CFX (\$M)	16.6
CFX book value (\$M)	174.2 ²
Valuation (\$M)	347.0 ³
Valuation date	December 2007
Capitalisation rate (%)	6.00
Discount rate (%)	8.50
Terminal yield (%)	6.25
Vacancy (%)	0.0

1 Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

2 Book value reflects 50% CFX share as at 30 June 2008.

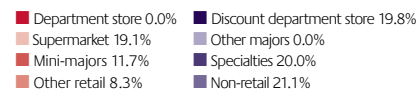
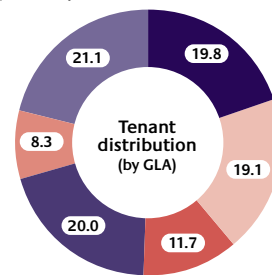
3 Centre valued at 100% CFX share as at 31 October 2007.

4 Centre: April 1997; Homemaker: July 1998.

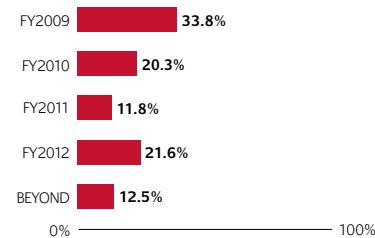
Lake Haven Shopping Centre



Lake Haven Shopping Centre is a single-level sub-regional shopping centre and business park located approximately 10 km north-east of Wyong. The centre is currently anchored by Kmart, Woolworths and Coles, and includes more than 120 specialty stores.



Lease expiry profile (by GLA)



Location	Lake Haven, NSW
Date acquired	April 1997/July 1998 ⁴
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,702

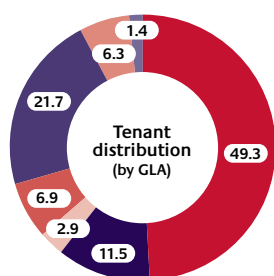
Key data

Total retail area – GLA (sqm) ¹	38,670
Total income to CFX (\$M)	16.6
CFX book value (\$M)	256.3
Valuation (\$M)	255.0
Valuation date	September 2007
Capitalisation rate (%)	6.25
Discount rate (%)	8.00
Terminal yield (%)	6.25
Vacancy (%)	0.0

The Myer Centre Brisbane

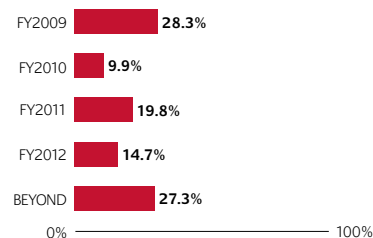


The Myer Centre Brisbane is a six-level CBD-regional shopping centre in Brisbane CBD. The centre is currently anchored by Myer, Target, Birch Carroll & Coyle, Coles Central and Lincraft, and includes more than 180 specialty stores.



Department store 49.3%	Discount department store 11.5%
Supermarket 2.9%	Other majors 0.0%
Mini-majors 6.9%	Specialties 21.7%
Other retail 6.3%	Non-retail 1.4%

Lease expiry profile (by GLA)



Location	Brisbane, QLD
Date acquired	November 1998
CFX ownership	100%
Centre type	CBD regional
Number of car spaces	1,460

Key data

Total retail area – GLA (sqm) ¹	63,519
Total income to CFX (\$M)	46.9
CFX book value (\$M)	730.3
Valuation (\$M)	730.0
Valuation date	December 2007
Capitalisation rate (%)	5.75
Discount rate (%)	8.25
Terminal yield (%)	6.25
Vacancy (%)	0.1

Myer Melbourne



Myer Melbourne is located in the heart of Melbourne's CBD and is currently undergoing a major redevelopment. On completion in 2012, the development is expected to comprise of over 75,000 sqm of retail space, anchored by Myer.



Artist's impression.

Location	Melbourne, VIC
Date acquired	July 2007
CFX ownership	46%
Centre type	CBD regional
Number of car spaces	n/a

Key data

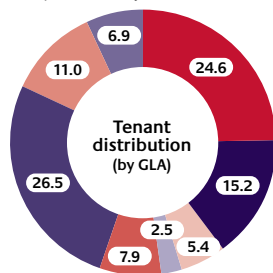
Total retail area – GLA (sqm) ¹	n/a
Total income to CFX (\$M)	0.1
CFX book value (\$M)	281.6
Valuation (\$M)	n/a
Valuation date	n/a
Capitalisation rate (%)	n/a
Discount rate (%)	n/a
Terminal yield (%)	n/a
Vacancy (%)	n/a

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

Northland Shopping Centre

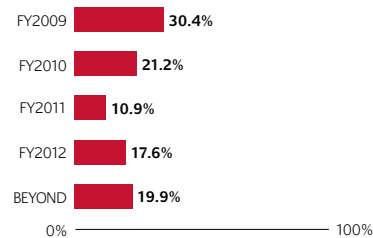


Northland Shopping Centre is a single-level regional shopping centre, anchored by Myer, Kmart, Coles, Toys 'R' Us, Safeway, Rebel Sport and Hoyts Cinemas. Northland is currently undergoing development and is expected to include around 350 specialty stores upon completion by December 2009.



- Department store 24.6%
- Discount department store 15.2%
- Supermarket 5.4%
- Mini-majors 7.9%
- Other retail 11.0%
- Other majors 2.5%
- Specialties 26.5%
- Non-retail 6.9%

Lease expiry profile (by GLA)



Location	Preston, VIC
Date acquired	April 1994
CFX ownership	50%
Centre type	Regional
Number of car spaces	3,335

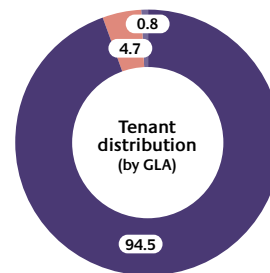
Key data

Total retail area – GLA (sqm) ¹	74,246
Total income to CFX (\$M)	21.6
CFX book value (\$M)	390.7
Valuation (\$M)	375.0
Valuation date	December 2007
Capitalisation rate (%)	5.50
Discount rate (%)	8.00
Terminal yield (%)	5.75
Vacancy (%)	0.0



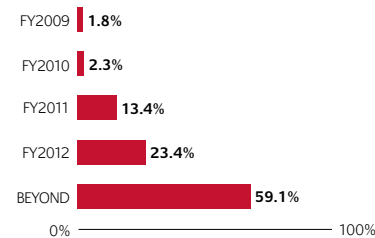
Post Office Square

Post Office Square is a mixed use complex located in the Brisbane CBD. The property incorporates a six level basement car park and a single level retail arcade containing over 20 specialty stores.



- Department store 0.0%
- Discount department store 0.0%
- Supermarket 0.0%
- Mini-majors 0.0%
- Other retail 4.7%
- Other majors 0.0%
- Specialties 94.5%
- Non-retail 0.8%

Lease expiry profile (by GLA)



Location	Brisbane, QLD
Date acquired	December 2005
CFX ownership	100%
Centre type	Other
Number of car spaces	316

Key data

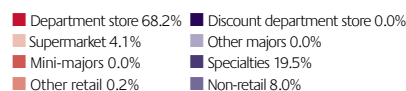
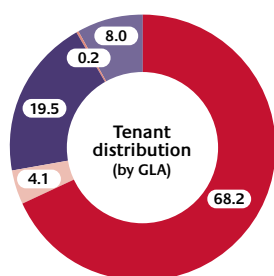
Total retail area – GLA (sqm) ¹	1,751
Total income to CFX (\$M)	5.4
CFX book value (\$M)	76.3
Valuation (\$M)	76.3
Valuation date	June 2008
Capitalisation rate (%)	6.75
Discount rate (%)	9.00
Terminal yield (%)	7.00
Vacancy (%)	0.0

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

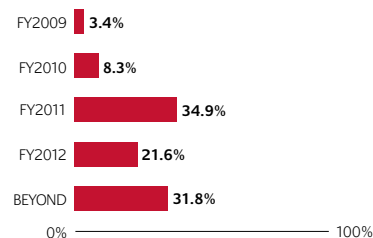
QueensPlaza



QueensPlaza is a five-level CBD-regional shopping centre located in the heart of Brisbane's CBD. The centre is currently anchored by David Jones and Coles and includes more than 80 specialty stores.



Lease expiry profile (by GLA)



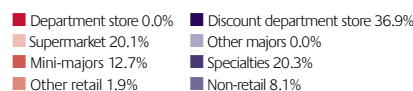
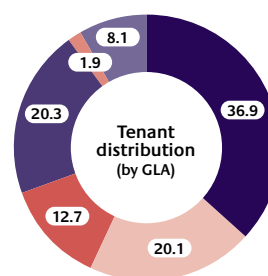
Location	Brisbane, QLD
Date acquired	July 2001
CFX ownership	100%
Centre type	CBD regional
Number of car spaces	600

Key data

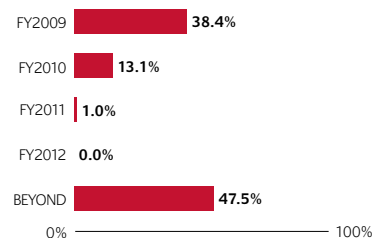
Total retail area – GLA (sqm) ¹	35,963
Total income to CFX (\$M)	23.7
CFX book value (\$M)	465.0
Valuation (\$M)	465.0
Valuation date	June 2008
Capitalisation rate (%)	5.75
Discount rate (%)	8.25
Terminal yield (%)	6.00
Vacancy (%)	0.0



Rockingham City Shopping Centre is a single-level regional shopping centre. The centre is currently anchored by Kmart, Target, Woolworths, Coles and Rebel Sport. Rockingham is currently undergoing a major redevelopment due for completion by March 2009.



Lease expiry profile (by GLA)



Location	Rockingham, WA
Date acquired	October 2002*
CFX ownership	50%
Centre type	Sub-regional
Number of car spaces	2,185

Key data

Total retail area – GLA (sqm) ¹	43,369
Total income to CFX (\$M)	5.3
CFX book value (\$M)	160.0
Valuation (\$M)	160.0
Valuation date	June 2008
Capitalisation rate (%)	6.00
Discount rate (%)	8.75
Terminal yield (%)	6.25
Vacancy (%)	0.0

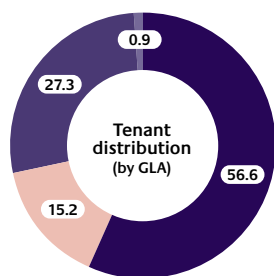
¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

* CFX acquired 12.5% in October 2002, 4.17% in May 2005 and a further 33% in December 2007.

Rosebud Plaza Shopping Centre

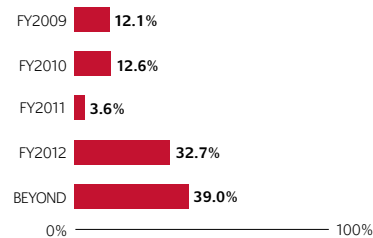


Rosebud Plaza Shopping Centre is a single-level sub-regional shopping centre located approximately 85 km south of Melbourne's CBD. The centre is currently anchored by Kmart, Coles, Safeway and Target, and includes more than 60 specialty stores.



■ Department store 0.0% ■ Discount department store 56.6%
 ■ Supermarket 15.2% ■ Other majors 0.0%
 ■ Mini-majors 0.0% ■ Specialties 27.3%
 ■ Other retail 0.0% ■ Non-retail 0.9%

Lease expiry profile (by GLA)



Location	Rosebud, VIC
Date acquired	July 1998
CFX ownership	100%
Centre type	Sub-regional
Number of car spaces	1,070

Key data

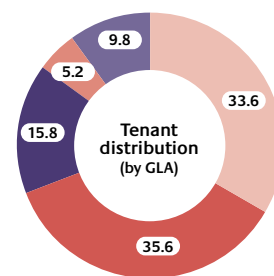
Total retail area – GLA (sqm) ¹	24,219
Total income to CFX (\$M)	6.8
CFX book value (\$M)	111.2
Valuation (\$M)	111.5
Valuation date	December 2007
Capitalisation rate (%)	6.25
Discount rate (%)	8.50
Terminal yield (%)	6.25
Vacancy (%)	0.4

1 Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.
 2 Land: December 1997; Opened: December 1999.

Roxburgh Park Shopping Centre

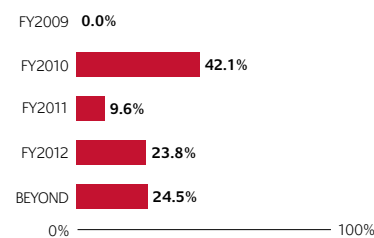


Roxburgh Park Shopping Centre is a single-level neighbourhood shopping centre located approximately 20 km north of Melbourne's CBD. The centre is currently anchored by Safeway and The Warehouse, and includes more than 20 specialty stores.



■ Department store 0.0% ■ Discount department store 0.0%
 ■ Supermarket 33.6% ■ Other majors 0.0%
 ■ Mini-majors 35.6% ■ Specialties 15.8%
 ■ Other retail 5.2% ■ Non-retail 9.8%

Lease expiry profile (by GLA)



Location	Roxburgh Park, VIC
Date acquired	Dec 1997/Dec 1999 ²
CFX ownership	100%
Centre type	Neighbourhood
Number of car spaces	469

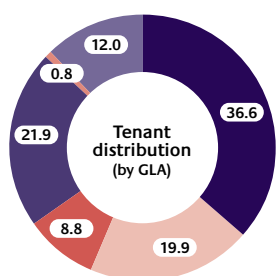
Key data

Total retail area – GLA (sqm) ¹	11,319
Total income to CFX (\$M)	2.5
CFX book value (\$M)	45.6
Valuation (\$M)	43.9
Valuation date	September 2007
Capitalisation rate (%)	6.50
Discount rate (%)	8.50
Terminal yield (%)	6.75
Vacancy (%)	0.0

Runaway Bay Shopping Village

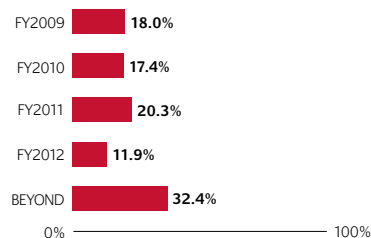


Runaway Bay Shopping Village is a single-level regional shopping centre located approximately 8 km north of the Gold Coast CBD. The centre is currently anchored by Woolworths, Coles, Big W and Target, and includes more than 120 specialty stores.



■ Department store 0.0% ■ Discount department store 36.6%
■ Supermarket 19.9% ■ Other majors 0.0%
■ Mini-majors 8.8% ■ Specialties 21.9%
■ Other retail 0.8% ■ Non-retail 12.0%

Lease expiry profile (by GLA)



Location	Runaway Bay, QLD
Date acquired	October 2002
CFX ownership	50%
Centre type	Regional
Number of car spaces	2,233

Key data

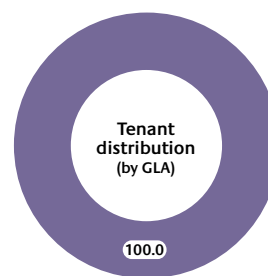
Total retail area – GLA (sqm) ¹	37,321
Total income to CFX (\$M)	7.0
CFX book value (\$M)	107.5
Valuation (\$M)	107.5
Valuation date	June 2008
Capitalisation rate (%)	6.25
Discount rate (%)	8.50
Terminal yield (%)	6.50
Vacancy (%)	0.0



Boves Street

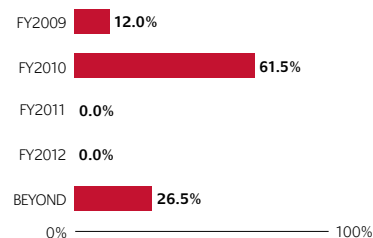
15 Boves St, Woden is located in the suburb of Woden, approximately 10 km south of the Canberra CBD.

The property comprises eight levels, which is largely office accommodation.



■ Non-retail 100.0%

Lease expiry profile (by GLA)



Location	Woden, ACT
Date acquired	October 2002
CFX ownership	100%
Centre type	Commercial
Number of car spaces	11

Key data

Total retail area – GLA (sqm) ¹	9,108
Total income to CFX (\$M)	2.3
CFX book value (\$M)	21.9
Valuation (\$M)	21.8
Valuation date	December 2007
Capitalisation rate (%)	9.5
Discount rate (%)	10.0
Terminal yield (%)	10.0
Vacancy (%)	0.0

¹ Excludes carpark, storage, ATMs, sundry and office tenancy areas but includes kiosk areas.

corporate governance

diversification
domestic specialisation
sector-specific
sustainability





Corporate governance



The corporate governance practices of Commonwealth Managed Investments Limited (CMIL) were in place throughout the reporting period and were fully compliant with the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations.¹²

Left to right
**Sean Wareing (Chairman),
James Kropp, Grahame Petersen,
Joseph Rooney, Michael Venter.**

CMIL has opted for early adoption of the revised Corporate Governance Principles. The following information is provided in accordance with the second edition of the Principles, released in August 2007.

Principle 1:

Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

The Responsible Entity

CMIL is the Responsible Entity of CFS Retail Property Trust (CFX or the 'Trust'). CMIL is a wholly owned subsidiary of Commonwealth Bank of Australia (the 'Bank').

The role of the Responsible Entity is to manage the Trust in the unitholders' best interests in accordance with the Trust's Constitution and the Corporations Act 2001 (Cth) (the Act).

The Board of the Responsible Entity

The Board of the Responsible Entity is appointed by the Bank and holds office until removed by the Bank. Ultimate responsibility for corporate governance matters resides with the Board of Directors of CMIL.

Charter

The Board has adopted a Charter that sets out the role and responsibilities of the Board of Directors. This may be viewed on the Trust's website at colonialfirststate.com.au/cfx

The Charter includes, amongst other things, that the Board will:

- monitor the financial and business operations of the Trust against agreed targets;
- approve short and medium-term tactical, operational and financial plans;
- ensure that the interests of unitholders of the schemes for which it is the Responsible Entity are differentiated from those of the company, and manage any potential or actual conflict of interest;
- maintain corporate governance standards; and
- review the Board Charter at least annually to ensure it remains current, relevant and effective.

¹² Copies of the Corporate Governance Principles and Recommendations, 2nd Edition, ASX Corporate Governance Council, are available from the Australian Securities Exchange telephone 131 279 (local call cost anywhere in Australia) or from the website at www.asx.com.au/supervision/governance/index.htm



Corporate governance continued

Principle 1: continued

Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Compliance Committee

The Compliance Committee is appointed by the Board of the Responsible Entity. The Committee has a Charter, approved by the Board, which sets out the Committee's duties, responsibilities and reporting requirements.

The Committee has a statutory obligation to monitor the extent to which the Responsible Entity complies with the Trust's Compliance Plan, Trust Constitution and the Act.

The Committee meets quarterly, or as necessary, and is provided with comprehensive compliance reports. The Committee reports its findings to the Responsible Entity.

The Committee consists of six members, four of whom are independent. The members are:

- **Harley McHutchison (Chairman)** independent non-executive member.
- **Graeme Lawless** independent non-executive member.
- **Penni James** independent non-executive member.
- **David Robinson** independent non-executive member.
- **Paul Rayson** internal executive member.
- **James Evans** internal executive member.

Independence has been assessed using the same criteria as applying to the Independent Directors of the CMIL Board.

The Compliance Committee has access to all information relevant to the Responsible Entity's compliance with the Compliance Plan and the Act.

Under the Act, the Compliance Committee, in carrying out its functions, may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Responsible Entity.



Principle 1: continued

Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Compliance monitoring and reporting

Compliance personnel have been appointed. They are responsible for reviewing and monitoring the efficiency of compliance and operational risk management systems on an ongoing basis, and ensuring that appropriate compliance measures are in place.

CMIL's compliance framework is consistent with the Australian Standard for Compliance (AS 3806 Compliance Programs).

The compliance personnel prepare at least quarterly reports for the Board and the Compliance Committee, as well as the Manager and business areas responsible for the day-to-day delivery of business activities.

Compliance personnel are independent of the business, and may report matters directly to the Board without reference to any other party. This independence is underpinned through the Bank's compliance framework which has been adopted by CMIL.

The Manager

The Act empowers the Responsible Entity to engage agents to act on its behalf; however, it remains responsible for the actions of those agents.

The Responsible Entity has appointed Colonial First State Property Retail Pty Limited to manage the Trust. Colonial First State Property Retail Pty Limited is a wholly owned subsidiary of the Bank.

The appointment of the Manager is made under a Management Agreement. The Manager provides regular reporting to the Responsible Entity and an annual certification of its ongoing capacity to continue to meet its obligations in accordance with the Agreement.

Performance evaluation

All personnel engaged in the operational activities of the Trust are employees of the Bank. The Bank has in place a performance evaluation system that includes the setting of annual key performance indicators for each employee that are measurable and quantifiable, and are reviewed on a semi-annual basis. Amongst other things, the evaluation incorporates specific performance targets that directly relate to the Trust for the Trust's management team.

An integral part of the performance structure is the requirement for ongoing professional development of personnel. This includes training programs on a wide range of matters including risk management, compliance, market and industry knowledge and Trust obligations.



Corporate governance continued

Principle 2: continued

Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Composition

There are currently five Directors of CMIL, three of whom are Independent Directors. Details of their experience, qualifications and committee membership are set out below. All the Directors were in office at the date of this report.

Sean Patrick Wareing – Chairman, Commonwealth Managed Investments Limited

Independent non-executive Director since 22 December 2003

Term in office – 56 months

In his executive career, Mr Wareing was the Finance Director of Lend Lease Corporation Limited from 1978 to 1987 and, during this period, was also a director of the manager of General Property Trust. He has had extensive international experience, having held senior executive positions with Sime Darby Group in Malaysia, UK and Holland.

Mr Wareing is a Fellow of CPA Australia, an Associate of the Institute of Chartered Secretaries and Administrators and a Fellow of the Australian Institute of Company Directors.

Mr Wareing is currently Chairman of Alesco Corporation Limited and Kiwi Income Properties Limited, a director of Colonial First State Capital Management Pty Ltd and Colonial First State Loan Note Issuer Pty Ltd, and a director and Vice President of the Royal Institute for Deaf and Blind Children.

James Frederick Kropp – Director, Commonwealth Managed Investments Limited

Independent non-executive Director since 22 December 2003

Term in office – 56 months

Mr Kropp was a senior audit and risk management consulting partner in the Sydney office of PricewaterhouseCoopers for over 18 years, retiring from the practice in December 1999. Mr Kropp is a Fellow of CPA Australia and was National President in 1995-96.

Mr Kropp is Chairman of CMIL's Audit Committee. Other positions that Mr Kropp currently holds include: director of AARNET Pty Ltd, the external member and Chairman of the Audit Committee responsible for the Consolidated Financial Statements of the Australian Government, and the external member and Chairman of the Audit Committee of the Department of Finance and Deregulation in Canberra.



Principle 2: continued

Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Grahame Anthony Petersen – Director, Commonwealth Managed Investments Limited

Executive Director since 22 May 2006

Term in office – 27 months

Mr Petersen is the Group Executive for the Wealth Management division of the Bank.

Mr Petersen was appointed to this role in March 2006. As Group Executive Wealth Management, Mr Petersen is responsible for Colonial First State, Colonial First State Global Asset Management and CommInsure and the divisions which support these businesses. Mr Petersen has 28 years' experience in the finance industry, having joined the Rural Bank of NSW as a graduate in 1980.

His career in the finance industry is extensive and varied. Mr Petersen has held senior management roles in business banking, corporate banking, business recovery, retail banking, cards and merchant services and funds management. He has also worked in London and New York.

Mr Petersen's experience includes sales management, marketing, product management, strategy and change management. He holds a Bachelor of Arts degree and Graduate Diploma in Applied Finance.

Joseph Gabriel Rooney – Director, Commonwealth Managed Investments Limited

Independent non-executive Director since 22 December 2003

Term in office – 56 months

Mr Rooney was in practice as a solicitor from February 1965 to June 2001 and has been a partner of several law firms.

Mr Rooney's previous directorships included: Mercantile Pacific Finance Limited (1973 to 1978) and Lend Lease Management Limited (General Property Trust) (1977 to 1984).

Mr Rooney holds the degrees of LL.B (Sydney) and LL.M (London) and is also a member of CMIL's Audit Committee.

Michael John Venter – Director, Commonwealth Managed Investments Limited

Non-executive Director since 13 November 2006

Term in office – 21 months

Mr Venter is the Executive General Manager of Group Finance for the Bank. In this role, as a member of the Financial and Risk Management Leadership Team, Mr Venter works closely with David Craig, the Bank's Chief Financial Officer, and the Bank's Executive Committee and Board on finance issues, strategy and investment allocation decisions.

Other areas of direct responsibility include the Group's Reporting and Performance Analysis, Group Taxation and leading a team of approximately 365 finance professionals across the Bank.

Mr Venter has been with the Bank since January 2004. Although Mr Venter is a senior executive of the Bank, he is considered to be a non-executive Director as he is not involved in the management of the Trust.

Mr Venter holds post graduate accounting qualifications and is a member of the Institute of Chartered Accountants.



Corporate governance continued

Principle 2: continued

Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Paul Alexander Rayson – Alternate Director for Commonwealth Managed Investments Limited (Alternate for Mr G A Petersen)

Executive Director since 20 November 2006

Term in office – 21 months

Mr Rayson is the Chief Financial Officer for the Wealth Management division of the Bank. Mr Rayson was appointed to his role in October 2006. Prior to his current role, Mr Rayson was Chief Financial Officer of the retail banking division of the Bank (Retail Bank) for four years. He played a key role in the strong financial management of the Retail Bank and has considerably strengthened the internal control environment. Previously, he was Chief Financial Officer of Technology, Operations and Property for the Bank.

Before joining the Bank, Mr Rayson was Head of Business Integration for the Colonial Group. In this role he led the successful acquisition and integration of Trust Bank into the Colonial Group and was responsible for a range of smaller acquisitions in financial services.

Mr Rayson is a Chartered Accountant and holds a Bachelor of Commerce (Hons) in Finance and Accounting.

Board independence

All the current Directors who are not senior executives of the Bank have been assessed as Independent Directors.

In reaching that determination, the Board has taken into account:

- the specific disclosures, made in accordance with the Act, by each such Director in respect of any material contract or relationship
- where applicable, the related party dealings referable to each such Director, noting that those dealings are not material under accounting standards; full details of related party dealings are set out in the notes to the Trust's financial statements as required by law
- that no such non-executive Director is, or is associated directly with, a substantial unitholder of the Trust or substantial shareholder of the Bank
- that no such non-executive Director has ever been employed by the Bank or any of its subsidiaries
- that no such non-executive Director is, or is associated with, a supplier, professional adviser, consultant to or customer of CMIL or the Bank which is material under accounting standards, and
- that no such non-executive Director personally carries on any other role for CMIL or the Bank which could, or could reasonably be perceived to, materially interfere with the Director's ability to act as a Director of CMIL and in the best interests of unitholders.

Under the accounting standards, a matter is considered to be material if it is equal to or greater than 10% of the appropriate base amount.

Independent professional advice

Procedures, agreed by the Board, are in place, whereby the Directors may seek independent professional advice, at the expense of the Responsible Entity, to assist them in carrying out their duties as Directors.



Principle 2: continued

Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Appointment

The appointment of Independent Directors to the Board of CMIL is made by the Board Performance and Renewal Committee of the Bank, CMIL's parent entity.

These appointments are made upon the recommendation of the Bank's Chief Executive Officer, having regard to a range of criteria, the skills and experience of the nominee and the business of the company.

A formal letter of appointment is issued to the successful nominee. Remuneration is agreed by the Bank, in consultation with the successful nominee. The Bank pays the remuneration of the Independent Directors.

Independent Directors were appointed for an initial period of three years. The term of their appointment is until 31 December 2008. The renewal of an appointment is considered by the Bank's Board Performance and Renewal Committee.

The senior executives of the Bank serving as CMIL Directors are appointed by the Bank having regard to their level of skill, experience and knowledge. They are not remunerated for their duties as Directors of CMIL.

Board performance

The composition of all major wholly owned subsidiary companies of the Bank, including CMIL, is reviewed annually by the Board Performance and Renewal Committee of the Bank. This Committee is responsible for critically reviewing, at least annually, the composition and effectiveness of the CMIL Board, both individually and as a whole, and seeks to identify where improvement might be made and to assess the quality and effectiveness of information that is provided to the CMIL Directors.

As a wholly owned subsidiary of the Bank, CMIL does not have its own Board Performance and Renewal Committee.

To facilitate optimal performance, the CMIL Board participates in professional development programs, including those facilitated by the Bank and those arranged directly for it. All Directors receive a detailed information pack and training in the requirements of the Act as it pertains to Directors, and the program is updated to capture specific issues of relevance from time to time.

The CMIL Board also undertakes an annual self-assessment, facilitated by the Company Secretary.



Corporate governance

continued

Principle 3:

Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Board meetings

Board meetings are held quarterly, with additional meetings held as necessary. The table below shows the CMIL Board attendance for the year:

CMIL Board attendance 2007-08

Director	No. of meetings held	No. of meetings attended
S P Wareing	12	9
J F Kropp	12	10
J G Rooney	12	12
G A Petersen	12	7
M J Venter	12	9
P A Rayson (alternate for G A Petersen)	4	4

Access to documents

The Board has access to all documents and information necessary to discharge its duties and responsibilities.

Code of conduct

The Directors of CMIL and the Trust's management team are required to conduct themselves in accordance with the Bank's Statement of Professional Practice.

This Statement sets out standards of professional behaviour in areas such as conflicts of interest, professional conduct and confidentiality, and applies to all staff employed by the Bank.

The Bank also has comprehensive policies prohibiting insider trading by Directors and executives. Any breach of these guidelines is also a breach of the Statement of Professional Practice.

Insider trading policy

CMIL has no employees and has outsourced all of its functions, excluding those which require the holding of an Australian Financial Services Licence, to agents which include related entities.

The employees of the related entities are all employees of the parent entity, the Bank. The Bank has established an Insider Trading Policy for all employees, and this forms part of the Bank's Statement of Professional Practice.

In addition, the Manager has in place a policy which prohibits the trading of securities by key personnel with Trust responsibilities.

All employees, as well as Directors and officers, are prohibited from trading in securities when in possession of unpublished price-sensitive information.

Each Director has agreed to provide notice to CMIL of any dealings in securities within five business days of such dealings so that CMIL can comply with its obligation to notify the ASX.



Principle 4:

Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit Committee

On 22 December 2003, the Board established an Audit Committee comprising three members, of whom two are independent Directors.

The Committee has a Charter, approved by the Board, which sets out the Committee's functions, duties, responsibilities, composition and proceedings.

The Chairman of the Board is not permitted to be Chairman of the Audit Committee.

The members of the Committee are:

- J F Kropp (Chairman)
- J G Rooney, and
- M J Venter.

The Committee meets at least four times per year. Attendance is shown in the table below. Minutes are kept of all meetings and tabled at the following Board meeting.

Audit Committee attendance 2007-08

Director	No. of meetings held	No. of meetings attended
J F Kropp	5	5
J G Rooney	5	5
M J Venter	5	3

At least once a year, the Audit Committee meets the external auditor and the internal audit executive. It also meets separately with the external auditor independently of management.

Appointment of auditor

PricewaterhouseCoopers is the current auditor for:

- Commonwealth Managed Investments Limited
- the managed investment schemes for which CMIL is the Responsible Entity, and
- the compliance plans of those registered managed investment schemes.

PricewaterhouseCoopers has appointed a separate audit partner for the compliance plans as required by the Act.

The appointment and removal of the external auditor is regulated by the Act.



Corporate governance continued

Principle 5:

Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Principle 6:

Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Continuous disclosure policy and procedures

CMIL has continuous disclosure procedures designed specifically to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules. These procedures are consistent with those issued by the Bank and are in place to ensure that unitholders and the market are provided with full and timely information about CMIL's activities.

The continuous and periodic disclosure requirements are embedded into the Trust's Compliance Plan, which is subject to ongoing compliance monitoring and forms part of the annual external compliance plan audit.

The Manager has a duty to promptly inform the Board of any matter that can be reasonably expected to have a material impact on the value of the Trust. It operates with policy and procedure that are consistent to those of CMIL to facilitate CMIL's disclosure of material matters. These requirements also form part of the terms of the Management Agreement between CMIL and the Manager.

The release of price-sensitive information is made first through the ASX before release to any other party, and is the responsibility of the Company Secretary.

Upon confirmation by the ASX of the release of information to the market, the announcement is posted to the website of the Trust to ensure accessibility to the widest audience. Presentation of material to analysts, brokers and the media are all subject to these disclosure practices.

Communication policy

The Directors of CMIL are committed to open and effective communication, ensuring that unitholders are informed of all significant developments concerning the listed trusts for which CMIL is the Responsible Entity.

Communication with unitholders is principally conducted through the Trust's website, which contains all market announcements, presentations and current financial information material.

The types of communication available on the website include annual reports, half-year reports, disclosures made to the ASX, investor bulletins and presentations by the Trust's management team, and all notices from the Board Chairman or Fund Manager notifying unitholders of specific developments. All policies and summaries of charters referred to here, can also be accessed on the website at colonialfirststate.com.au/cfx/Aboutcfx/responsible_entity

Whilst neither the Act nor the Trust's constitution requires that the Trust holds an annual general meeting, each six months, to coincide with the release of the half-year and annual financial statements and reports, the Trust holds an analyst briefing.

Facilities are available for unitholders to participate in these briefings, should they wish to do so, through a number of media, being telephone, webcast and podcast. Additionally, the presentations are available on the Trust's website after clearance from ASX in accordance with the disclosure practices of CMIL noted above in Principle 5.



Principle 7:

Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal controls.

Risk management and internal controls

CMIL is the holder of an Australian Financial Services Licence and accordingly is required to have in place processes including compliance, risk management and internal controls appropriate to the nature, scale and complexity of its business to enable it to meet its obligations under the financial services laws.

As part of its overall process to manage risk, the Directors of CMIL are provided declarations that are required to be made in accordance with section 295A of the Act. Additional information may be found in the Financial report under the section Directors' declaration on page 100.

The Board has received assurance from the Chief Financial Officer and Principal Executive Officer of the Trust, through its Audit Committee, that the declarations made in accordance with section 295A are:

1. founded on a sound system of risk management and internal compliance and controls which, in all material respects, implement the policies adopted by the Board, and
2. the risk management and internal compliance and control systems of the Trust are operating effectively and efficiently based on the criteria established in the obligations of an Australian Financial Services Licence. These include, but are not limited to, matters of compliance, internal controls, reporting, risk identification and management.

In addition, CMIL recognises that effective risk management forms part of its approach to creating unitholder value over the life of the Trust.

CMIL has implemented policies and internal controls to ensure that Trust assets are protected and all material risks are identified and appropriately managed. Risk is managed through the business activities of the Manager, and is independently monitored and reported on by the compliance and risk management personnel as well as through periodic reporting provided to the Board by the Manager.

CMIL has in place an integrated risk management framework that enables the identification, assessment, management and reporting of risks. The framework is consistent with the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management).

CMIL has developed a set of core operational risks that it believes most directly affect the Trust which are inherent in the environment in which it operates, which include:

- macroeconomic conditions
- market volatility
- property risk
- financial risk (including refinancing and capital expenditure)
- interest rate movements
- liquidity
- insurance
- changes in laws and government policy, and
- environmental and sustainability risk.



Corporate governance continued

Principle 7: continued

Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal controls.

Principle 8:

Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

This set of risks is not exhaustive however, they provide investors with an insight into the primary operating risks that CMIL believes can and do influence the operation of the Trust and the market in which the Trust operates.

Details of current risk issues, as they relate to the Trust in its immediate market environment, are contained in the Fund Manager's report (see page 16).

Additional information on financial risks is included in the Financial report on pages 91 to 98.

Remuneration Committee

The Board has not appointed a Remuneration Committee since no staff are employed by CMIL. All independent Director remuneration is determined and paid by CMIL's parent entity, the Bank, and senior executives of the Bank serving as CMIL Directors are not remunerated for their duties. Director remuneration is not paid by the Trust.

The Board of Directors of the Bank has a Remuneration Committee, which considers senior executive appointments and associated remuneration.

It is the Bank's policy to set remuneration that is competitive so as to attract, motivate and retain high calibre local and international executive staff.

Details of the Bank's Remuneration Committee can be found at the website of the Bank (<http://shareholders.commbank.com.au/group>).

Compliance Committee remuneration is not paid by the Trust.

Expense reimbursement

Directors and the Compliance Committee members are entitled to be reimbursed for reasonable expenses incurred in the performance of their duties.



Investor relations

ASX listing

The CFS Retail Property Trust is listed on the ASX. The code under which the Trust's ordinary units are traded is 'CFX'. The CFX unit price is available on the Trust website colonialfirststate.com.au/cfx and is published daily in major Australian metropolitan newspapers.

Unitholder communication

CFX is committed to providing investors with the latest available information regarding the Trust. Every year the Responsible Entity is required to communicate information to unitholders, including annual reports, distribution statements, notices of meeting and other advices.

Annual and half-year reports

The Corporations Legislation Amendment Act 2007, passed on 21 June 2007, gives disclosing entities the ability to make the annual report available on a website and provide hard copy annual reports only to those members who elect to receive them in that form.

All annual and half-year reports are available on the Trust's website colonialfirststate.com.au/cfx. We will tell you how to access these reports when they become available. A printed copy of reports for the current financial year will only be sent to unitholders who have elected to receive them in that format through the Unit Registry.

Website

The CFX website colonialfirststate.com.au/cfx contains key information about the Trust, including the latest news and ASX announcements, an overview of the property portfolio, frequently asked questions and more.

Email updates

Unitholders can register to keep abreast of the latest Trust news and updates and to receive investor communications by email. The benefits of electronic communications include prompt information, convenience and security of electronic delivery, significant cost savings and environmentally friendly communications.

Contact the Unit Registry

If you have queries relating to your unitholding or wish to update your personal details, please contact the Unit Registry, Link Market Services Limited:

CFS Retail Property Trust
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Telephone (Freecall) 1800 500 710
Telephone (outside Australia) +61 2 8280 7105
Facsimile +61 2 9287 0303

You can also update your personal details and access information regarding your unitholding online through the investor information section of the CFX website through the 'Access your unitholding' section or the 'Investor Service Centre' section on the Unit Registry website at linkmarketservices.com.au.

As a unitholder, you can use the online system to:

- view current and previous holding balances and your transaction history
- choose your preferred annual report option
- confirm whether you have lodged your Tax File Number (TFN) or Australian Business Number (ABN)
- register your email address and update your communications preferences
- check the unit price, and
- download a variety of unitholder instruction forms.



Investor relations continued

Contact the Manager

The Manager aims to deliver a high level of service to unitholders. Should you feel that there is some way we can improve our service, we'd like to know. Whether you are making a suggestion or a complaint, your feedback is appreciated. Contact details for the Manager are outlined below:

Investor Relations Manager
Colonial First State Global Asset Management
GPO Box 3892
Sydney NSW 2001
Telephone: +61 2 9303 3500
Email: CFXfeedback@colonialfirststate.com.au

The Responsible Entity is also a member (member no. 10324) of the Financial Ombudsman Service (FOS), an external complaints resolution scheme. On 1 July 2008, the Banking and Financial Services Ombudsman, Financial Industry Complaints Service and Insurance Ombudsman Service merged to form the national Financial Ombudsman Service. FOS has three divisions corresponding to the old merged schemes: Banking & Finance Division, Investments, Life Insurance and Superannuation Division and General Insurance Division. FOS offers Australian consumers a single national source of accessible information and expertise for banking, insurance and investment disputes.

If you are not satisfied with the resolution of your complaint by the Responsible Entity, you may refer your complaint to FOS.

Distribution payments

Distribution payments for the Trust are made on a half-yearly basis for the distribution periods ending 30 June and 31 December each year. Distribution payments can be made by:

- direct credit to a nominated Australian financial institution account
- a cheque mailed to your registered unitholding address
- the allocation of new units via the Distribution Reinvestment Plan (DRP).

For further information on how to participate in the DRP, please contact the Unit Registry or visit the Trust's website.

Annual taxation statements

An annual taxation statement is sent to unitholders in August each year. This statement summarises the distribution(s) paid to you by CFX during the preceding financial year and includes information required to complete your taxation return. Unitholders should retain this statement for their taxation records.

Key dates*

23 December 2008	Ex-distribution date for December 2008 distribution
31 December 2008	Record date for December 2008 distribution
17 February 2009	Half-year results announcement and webcast
27 February 2009	December 2008 distribution payment date and issue of half-year report
24 June 2009	Ex-distribution date for June 2009 distribution
30 June 2009	Record date for June 2009 distribution
18 August 2009	Annual results announcement and webcast
27 August 2009	June 2009 distribution payment and annual taxation statements dispatch date

* Please note that these dates are indicative only and may be subject to change.

financial report



diversification
domestic specialisation
sector-specific
sustainability



Report by the Directors of the Responsible Entity

The Directors of Commonwealth Managed Investments Limited (CML), the Responsible Entity, submit the following report for the year ended 30 June 2008.

Directors

The names of the Directors of the Responsible Entity in office at any time during the year were:

S P Wareing (Chairman)
J F Kropp
J G Rooney
G Petersen
M J Venter
P Rayson (alternate for G Petersen)

All Directors were in office from the beginning of the year until the date of this report, unless stated otherwise.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 7, 48 Martin Place, Sydney, New South Wales 2000.

Principal activities

The CFS Retail Property Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 7, 52 Martin Place, Sydney, New South Wales 2000.

The principal activity of the Trust and its controlled entities (the 'Trust') is investment in retail property. There have been no significant changes in the nature of this activity during the year.

Distributions

The total distribution for the year to 30 June 2008 is 12.00 cents per unit (June 2007: 11.60 cents per unit). The distribution paid for the half-year ended 31 December 2007 was 6.0 cents per unit. The distribution declared but not paid for the half-year ended 30 June 2008 is 6.0 cents per unit.

The distribution for units issued under the distribution reinvestment plan during the year is calculated on a pro rata basis from the date of issue. The distribution for units issued under the distribution reinvestment plan in August 2007 was 4.24 cents per unit for the half-year ended 31 December 2007. The distribution declared but not paid for units issued under the distribution reinvestment plan in February 2008 is 4.12 cents per unit for the half-year ended 30 June 2008.

Units issued after 28 May 2008 under a distribution reinvestment plan will rank equally with all other units and will be fully entitled to distributions from the date of issue.

Review of operations

Key highlights over the year include:

- Consolidated net profit for the year ended 30 June 2008 of \$669.1 million (2007: \$1,112.9 million).
- The total distribution for the year is \$271.3 million (2007: \$246.5 million). The increase in the distribution results in part from the Trust's ability to capitalise on solid retail market conditions and achieve favourable leasing outcomes across the portfolio and in part from the positive earnings impact of recently completed developments such as QueensPlaza and Chadstone Stage 25. The increased distribution also reflects the increased revenue arising from the Trust's purchase of an additional share of Chatswood Chase.
- Distribution per unit for the year is 12.00 cents, which is up by 3.4% compared to the previous year (2007: 11.60 cents per unit).
- On 10 August 2007, a consortium including the Trust acquired the Myer Melbourne building on Bourke and Lonsdale Streets in the Melbourne Central Business District for a total cost of \$605 million. The Bourke Street part of the site will be redeveloped to house Myer, while the remainder of the site will be redeveloped as retail with the potential for other uses over the retail podium. The Trust's initial outlay was \$276.6 million. The Trust's total cost of the completed development, including acquisition costs, is estimated to be approximately \$500 million.
- On 21 August 2007, the Trust issued \$600 million of senior, unsecured convertible notes, redeemable at the option of the noteholder on 21 August 2012. The notes were issued to fund the Trust's interest in the acquisition and development of Myer Melbourne.
- Unitholders voted on 23 August 2007 to approve the acquisition of the 50% share of Chatswood Chase owned by Commonwealth Bank of Australia (CBA, a related party). The interest in the property was purchased at the independent valuation of \$281.5 million, reflecting a 5.25% capitalisation rate. Termination of the structured arrangements with CBA resulted in a net payment of \$14.6 million to the Trust, reducing the overall net payment by the Trust to \$266.9 million. The acquisition had been largely funded by an equity raising of \$200 million in July 2007, which was also ratified by unitholders at the meeting.

Report by the Directors of the Responsible Entity

- On 31 December 2007, the Trust purchased a further one-third share of Rockingham City Shopping Centre, WA from the Direct Property Investment Fund (DPIF, a related party). The transaction increased the Trust's share from 16.7% to 50% at a cost of \$76.6 million, thereby increasing exposure in the major redevelopment of this asset. Simultaneously, the Trust's interest in Grand Plaza Shopping Centre, QLD was reduced from 100% to 50% for a consideration of \$173.5 million. Both transactions were undertaken at independent valuation.
- The Trust successfully completed the development of QueensPlaza, Brisbane in September 2007 and Stage 25 of the redevelopment of Chadstone in December 2007. The Trust's current development pipeline is approximately \$1.6 billion, including redevelopments of Myer Melbourne, Chadstone Stages 30 and 33, Rockingham City and Chatswood Chase.
- For the half-year to 31 December 2007, the Trust outperformed the customised retail property accumulation index by 24.6%. A capped performance fee of \$4.5 million was recognised in accordance with the performance fee methodology. For the half-year to 30 June 2008, the Trust outperformed the customised retail property accumulation index by 9.3% and a capped performance fee of \$4.6 million was recognised. In addition to this fee, the fair value of 'carry-over' outperformance of 37.6% has been calculated to be \$26.2 million. Total performance fees therefore recognised in the income statement for the year amount to \$35.3 million.
- In February 2008, the Trust extended a \$250 million cash advance facility that was to expire in December 2008, to February 2011. An additional three-year \$100 million facility was negotiated in February 2008 and two new three-year \$100 million facilities in June 2008, providing the Trust with further funding flexibility.
- On 30 April 2008, the Trust exchanged contracts to purchase a 50% share of 266 Little Bourke Street, Melbourne. The Trust's share of the purchase is \$21 million which was settled on 22 July 2008. In addition, lessee compensation payments of \$4 million will be paid between 15 January 2009 and 1 December 2009. The property will form part of the Myer Melbourne redevelopment.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust that occurred during the year under review, other than those matters stated in this report.

Matters subsequent to the end of the year

The Directors of the Responsible Entity are not aware of any matter or circumstance occurring after balance date which may affect either the Trust's operations or the results of those operations or the state of affairs of the Trust, not otherwise disclosed in this report.

Likely developments and expected results of operations

The Trust will continue to maintain its objectives of identifying opportunities to increase the profitability of the Trust and its net asset value.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regard to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Trust. Where the officers of the Responsible Entity act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Directors' interests and benefits

Any holdings of Directors in the Trust are shown in note 17(j).

No Director of the Responsible Entity has received or become entitled to receive any benefit by reason of a contract made by the Trust or a related entity with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.



Report by the Directors of the Responsible Entity

Additional financial information

Details of the method of valuation of the Trust's investment properties can be found in note 1(e), the value of the Trust's assets in notes 4 to 11, movements in contributed equity can be found in note 14, fees paid to the Responsible Entity in note 17(i), the net tangible asset backing per unit in note 27, details of the interest bearing liabilities of the Trust in note 13, the number of Trust units held by the Responsible Entity and its associates in note 17(j), and information regarding the Trust financial risk management in note 24.

Non-audit services

The Responsible Entity may decide to employ the auditor (PricewaterhouseCoopers) on assignments in addition to its statutory audit duties. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out at note 18. The Directors, in accordance with advice received from the Audit Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of the non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Environmental regulation

The operations of the Trust are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

Basis of preparation

The financial report is presented in Australian dollars and all values in the financial report and the Directors' report have been rounded to the nearest thousand dollars (\$'000) as allowed under Australian Securities & Investments Commission (ASIC) Class Order 98/0100, as amended, unless otherwise indicated.

Auditor's Independence Declaration

A statement of independence has been provided by our auditor, PricewaterhouseCoopers, and is attached to the Directors' report on page 55.

This report is signed in accordance with the resolution of the Board of Directors of the Responsible Entity.

Dated this 19th day of August 2008



Sean P Wareing

Director

Sydney

Report by the Directors of the Responsible Entity



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Auditor's Independence Declaration

As lead auditor for the audit of CFS Retail Property Trust for the year ended June 30 2008,

I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CFS Retail Property Trust and the entities it controlled during the period.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Peter van Dongen'.

Peter van Dongen
Partner

Sydney
19 August 2008

Income statements

for the year ended 30 June 2008

Income statements	Note	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Revenue					
Rental and other property income	2	534,951	480,294	380,676	350,867
Interest income		1,527	1,118	3,371	914
Dividend income		465	497	465	497
Distribution income		–	–	112,567	91,239
		536,943	481,909	497,079	443,517
Other income					
Share of net profit of associate before fair value adjustments		2,319	1,283	–	–
Share of associate's loss from fair value adjustments		(124)	(1,959)	–	–
Share of net profit/(loss) accounted for using the equity method	10	2,195	(676)	–	–
Net interest income on interest rate swaps		12,252	3,130	12,252	3,130
Net expense on Chatswood Chase income swap		(92)	(263)	(92)	(263)
Other fair value adjustments to derivatives		21,747	28,110	21,747	28,110
Net gain on derivatives		33,907	30,977	33,907	30,977
Alignment fee income	17(m)	10,119	10,407	10,119	10,407
Net gain from sale of investment property		–	213	–	213
Fair value adjustments to investment properties	7	416,316	854,351	321,908	662,551
Total revenue and other income		999,480	1,377,181	863,013	1,147,665
Rates, taxes and other outgoings		133,343	120,504	92,256	86,731
Repairs and maintenance		10,123	9,663	6,943	6,680
Bad and doubtful debt expense		(1,894)	1,969	(787)	1,510
Amortisation of intangible asset		1,135	4,540	–	–
Borrowing costs		115,827	91,381	131,183	91,381
Responsible Entity's base fee	17(i)	33,094	25,642	33,094	25,642
Responsible Entity's performance fee	17(i)	35,274	7,449	35,274	7,449
Auditor's remuneration	18	344	267	344	263
Other expenses		3,118	2,845	3,012	2,725
Total expenses		330,364	264,260	301,319	222,381
Net profit attributable to unitholders		669,116	1,112,921	561,694	925,284
Basic earnings per unit (cents)	23	29.62	52.38		
Diluted earnings per unit (cents)	23	28.18	52.38		

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

Income statements

for the year ended 30 June 2008

Distribution reconciliation		Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
	Note				
Net profit		669,116	1,112,921	561,694	925,284
Transfers (to)/from undistributed reserves:					
Straight-lining revenue	2	(3,108)	(5,997)	(2,097)	(3,661)
Fair value adjustments from investment properties and associate		(416,192)	(852,392)	(321,908)	(662,551)
Other fair value adjustments to derivatives		(21,747)	(28,110)	(21,747)	(28,110)
Responsible Entity's performance fee		35,274	7,449	35,274	7,449
Adjustments for capital items		6,845	8,064	20,107	8,064
Amortisation of intangible asset		1,135	4,540	-	-
Net transfer to undistributed reserves	15	(397,793)	(866,446)	(290,371)	(678,809)
Distributions paid and payable	3	271,323	246,475	271,323	246,475

Balance sheets

as at 30 June 2008

	Note	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Current assets					
Cash and cash equivalents	4	2,051	5,124	1,599	4,195
Receivables	5	50,319	37,077	185,432	135,407
Derivative financial instruments		91,956	64,435	91,956	64,435
Other assets	6	7,165	6,249	5,899	5,138
Intangible assets	11	–	1,135	–	–
Total current assets		151,491	114,020	284,886	209,175
Non-current assets					
Investment properties	7	7,069,272	6,224,264	5,178,462	4,738,912
Investments in controlled entities	8(a)	–	–	1,792,824	1,123,927
Property, plant and equipment	9	295,921	–	–	–
Investment in associate	10	52,967	32,700	52,967	32,700
Investment in unlisted company	8(b)	–	–	–	–
Receivables	5	–	4,488	218,903	254,024
Total non-current assets		7,418,160	6,261,452	7,243,156	6,149,563
Total assets		7,569,651	6,375,472	7,528,042	6,358,738
Current liabilities					
Payables	12	102,754	88,714	74,407	73,115
Distribution payable	3	135,959	126,002	135,959	126,002
Responsible Entity's base management fees payable	17(i)	16,728	13,064	16,728	13,064
Responsible Entity's performance fees payable	17(i)	4,588	3,771	4,588	3,771
Interest bearing liabilities	13	296,918	199,985	296,918	199,985
Derivative financial instruments		71,645	55,968	71,645	55,968
Total current liabilities		628,592	487,504	600,245	471,905
Non-current liabilities					
Interest bearing liabilities	13	1,647,506	1,342,672	1,647,506	1,342,672
Fair value of Responsible Entity's performance fee liability	17(i)	26,168	–	26,168	–
Total non-current liabilities		1,673,674	1,342,672	1,673,674	1,342,672
Total liabilities		2,302,266	1,830,176	2,273,919	1,814,577
Net assets		5,267,385	4,545,296	5,254,123	4,544,161
Equity					
Contributed equity	14	2,745,916	2,421,620	2,745,916	2,421,620
Reserves	15	2,521,469	2,123,676	2,508,207	2,122,541
Total equity		5,267,385	4,545,296	5,254,123	4,544,161

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

Cash flow statements

for the year ended 30 June 2008

	Note	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Cash flows from operating activities					
Rental and other property income received		581,814	538,091	431,520	404,294
Distributions received		950	–	65,925	81,835
Interest income received		1,536	1,078	1,283	886
Interest income on interest rate swaps		9,996	4,968	9,996	4,968
Net Chatswood Chase income swap (paid)/received		(112)	3,313	(112)	3,313
Payments to suppliers		(239,151)	(222,903)	(191,070)	(183,075)
Borrowing costs paid		(124,875)	(100,964)	(124,875)	(100,964)
Net cash flows from operating activities	21	230,158	223,583	192,667	211,257
Cash flows from investing activities					
Payments for investment properties		(305,679)	–	(6,400)	–
Payments for units in associate and controlled entities		(16,453)	(7,765)	(589,930)	(7,765)
Payments for property developments and improvements		(485,612)	(147,700)	(106,701)	(107,090)
Repayments from/(Payments on behalf of) sub-trusts		–	–	30,381	(28,637)
Proceeds from termination of Chatswood Chase capital swap		10,080	–	10,080	–
Proceeds from disposal of asset		97,126	3,556	–	3,556
Dividend received		465	497	465	497
Net cash flows used in investing activities		(700,073)	(151,412)	(662,105)	(139,439)
Cash flows from financing activities					
Proceeds from issue of units		215,970	–	215,970	–
Proceeds from issue of conversion rights		53,994	–	53,994	–
Unit issue costs paid		(2,694)	(58)	(2,694)	(58)
Proceeds from interest bearing liabilities		1,374,906	970,246	1,374,906	970,246
Repayment of interest bearing liabilities		(971,000)	(898,600)	(971,000)	(898,600)
Distributions paid		(204,334)	(142,877)	(204,334)	(142,877)
Net cash flows from/(used in) financing activities		466,842	(71,289)	466,842	(71,289)
Net (decrease)/increase in cash and cash equivalents held		(3,073)	882	(2,596)	529
Cash and cash equivalents at the beginning of the year		5,124	4,242	4,195	3,666
Cash and cash equivalents at the end of the year		2,051	5,124	1,599	4,195

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



Statements of changes in equity for the year ended 30 June 2008

	Note	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Opening total equity		4,545,296	3,583,641	4,544,161	3,577,966
Fair value adjustments from associate and controlled entities		–	–	95,295	192,177
Net income recognised directly in equity		–	–	95,295	192,177
Net profit for the year		669,116	1,112,921	561,694	925,284
Total recognised income and expense for the year		669,116	1,112,921	656,989	1,117,461
Transactions with unitholders in their capacity as unitholders					
Issue of units	14	272,996	95,267	272,996	95,267
Value of conversion rights – convertible notes	13	53,994	–	53,994	–
Unit issue costs	14	(2,694)	(58)	(2,694)	(58)
Distributions paid and payable	3	(271,323)	(246,475)	(271,323)	(246,475)
		52,973	(151,266)	52,973	(151,266)
Closing total equity		5,267,385	4,545,296	5,254,123	4,544,161

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

Notes to the financial statements for the year ended 30 June 2008

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report of CFS Retail Property Trust for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 19 August 2008.

The financial report is a general purpose financial report and has been prepared in accordance with the Trust Constitution, applicable Australian Accounting Standards, other mandatory professional reporting requirements, and the Corporations Act 2001. Both the functional and presentation currencies of the Trust and its subsidiaries are Australian dollars (\$). All values in the financial report and the Directors' report have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated, as available under ASIC Class Order 98/0100.

The financial report has been prepared in accordance with the historical cost convention except where otherwise identified in note 1.

Compliance with AIFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards.

New accounting standards

Accounting standards AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 are applicable to annual reporting periods beginning on or after 1 January 2009. AASB 8 requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Trust intends to adopt the standards from 1 July 2009. Application of the standards will not affect any of the amounts recognised in the financial statements but may result in different segments, segment results and different types of information being reported in the segment note of the financial report.

Revised accounting standard AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 are applicable to annual reporting periods beginning on or after 1 January 2009. The revised AASB 123 has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Trust, as the Trust already capitalises borrowing costs relating to qualifying assets.

Revised accounting standard AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 are applicable to annual reporting periods beginning on or after 1 January 2009. The revised AASB 101 may require the presentation of a statement of comprehensive income and changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Trust intends to apply the revised standard from 1 July 2009.

(b) Principles of consolidation

The consolidated financial statements comprise CFS Retail Property Trust (the 'parent entity') and its controlled entities at 30 June 2008. Controlled entities are fully consolidated from the date on which control is transferred to the Trust. Where applicable, they are deconsolidated from the date that control ceases.

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

The balances and effects of transactions between controlled entities are eliminated in full.

In the parent entity's financial statements, investments in controlled entities are classified as available-for-sale financial assets (refer to note 1(d)).

(c) Investment in associate

Certain property investments are held via joint ownership arrangements. These joint ownership arrangements include the ownership of units in a single purpose unlisted trust over which the Trust exercises significant influence but not control ('Associate').

The Trust has adopted the equity method of accounting for its property investment held via an Associate.

The investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the share of the results of the operations of the associate.

The reporting dates of the associate and the Trust are identical and the associate's accounting policies conform to those used by the Trust for like transactions and events in similar circumstances.

In the parent entity's financial statements, investments in associates are classified as available-for-sale financial assets (refer to note 1(d)).



Notes to the financial statements

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(d) Other investments

Other investments are classified as available-for-sale financial assets. Available-for-sale financial assets acquired are initially brought to account at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, these investments are measured at fair value.

Gains or losses on available-for-sale financial assets are recognised as a separate component of equity and shown as net income recognised directly in equity in the statement of changes in equity, until the financial assets are sold, collected or otherwise disposed of, or until the financial assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(e) Investment properties

Investment properties comprise direct property investments held for long-term rental yields. Investment properties acquired are initially brought to account at cost plus associated costs of acquisition, including stamp duty.

Investment properties are independently revalued at intervals of not more than one year. Valuations are performed by registered valuers and are reflected in the financial statements of the Trust. In addition, at each reporting date the Responsible Entity of the Trust assesses each property to ensure its carrying value, as determined by the independent valuers adjusted for subsequent capital expenditure, reflects its fair value. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties.

Capital works in progress are excluded from investment property valuation and are carried at cost as a reasonable approximation of fair value. On completion of capital works, the cost is transferred to the book value of the specific property and subsequently considered as part of the valuation process.

Any gains or losses arising from the changes in the fair value of investment properties are included in the income statement in the reporting period in which they arise.

Investment properties are derecognised when they have been disposed of. The net gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the proceeds on disposal and is included in the income statement in the reporting period in which the disposal occurred.

Land and buildings (including integral plant and equipment) that comprise investment property are not depreciated. The carrying amount includes costs of acquisition, additions, refurbishment, redevelopments, improvements, lease incentives, assets relating to fixed increases in operating lease rentals in future periods, and borrowing costs incurred.

Where assets have been revalued, the potential effect of the capital gains tax (CGT) on disposal has not been taken into account in the determination of the revalued carrying amount because the Trust does not expect to be ultimately liable for CGT in respect of the assets.

(f) Investment property held for sale

Non-current assets classified as held for sale are stated at fair value if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

(g) Property, plant and equipment

Property, plant and equipment comprises properties that are purchased for the purpose of being constructed or developed for future use as an investment property. The property under development is carried at cost less any provision for impairment. A review for impairment is performed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. Upon completion of the development, the property is classified as an investment property and accounted for accordingly. Property, plant and equipment is not depreciated.

(h) Lease incentives

Lease incentives may take the form of upfront payments, rent-free periods, contributions to certain lessee's costs, relocation costs and fit-outs and improvements. They are recognised as part of the carrying value of the investment properties and amortised over the term of the lease as a reduction of rental income.

(i) Derivative financial instruments

The Trust is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps, forward rate agreements, and cross currency swaps to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Fair value at balance date is calculated to be the present value of the estimated future cash flows of these instruments. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

There is a comprehensive hedging program implemented by the Trust that is used to manage interest and exchange rate risk.

Notes to the financial statements

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(i) Derivative financial instruments (continued)

Derivatives are not entered into for speculative purposes and the hedging policies are approved and monitored by the Capital Management Committee.

Interest rate swaps

The Trust enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates or vice versa. The swaps are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Responsible Entity has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in the income statement.

Cross currency swaps

Foreign currency denominated notes have been swapped back to Australian dollars via principal and interest cross currency swaps. These swaps qualify for hedge accounting as they have met the documentation, designation and effectiveness tests. Having satisfied these tests, these swaps are designated as fair value hedges of the underlying foreign currency exposures. Changes in the fair value of derivatives that qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash at bank and short-term money market investments which are readily converted into cash.

(k) Receivables and payables

Tenant rent is payable in advance on the first calendar day of the month.

Rental debtors are recognised at original invoice amount less a provision for any uncollected debts. Collectibility of rental debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Indicators that debts may be uncollectible include default in payment (more than 14 days overdue), significant financial difficulties of the debtor, and the probability that the debtor will be placed under administration or bankruptcy. The debtor's circumstances relating to the default in payment are considered and in some cases alternative payment arrangements may apply. If the debtor defaults on

the terms of these arrangements, the debt will be recognised as doubtful. The amount of the doubtful debt is recognised in the income statement within bad and doubtful debts expense. When a rental debtor that had been recognised as a doubtful debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad and doubtful debts in the income statement.

Payables represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid.

Normal commercial terms and conditions are applied to receivables and payables.

(l) Performance fees

A liability is recognised for the fair value of the Responsible Entity's performance fees relating to 'carry-over' outperformance at balance date. Fair value has been determined as the present value of future cash flows, based upon assumptions relating to the probability of paying capped performance fees in future periods, future asset growth, and the appropriate discount rate.

(m) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected patterns of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

(n) Interest bearing liabilities

All interest bearing liabilities are carried on the balance sheet and are initially measured at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life.



Notes to the financial statements

for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

(n) Interest bearing liabilities (continued)

The fair value of the liability portion of convertible notes is determined using a market interest rate for an equivalent non-convertible bond at the date of issue. This amount is recorded as a liability until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in equity as units on issue.

Borrowing costs are expensed in the reporting period in which they are incurred, except when they are incurred in the construction of qualifying assets (an asset that takes a substantial period of time to get ready for its intended purpose) where they are capitalised in the carrying value of the asset.

Borrowing costs accrued are included in the current liabilities section of the balance sheet.

(o) Units on issue

Issued and paid up capital is recognised at the fair value of the consideration received by the Trust.

In accordance with the Trust Constitution and Australian Accounting Standards, costs relating to the Initial Public Offering and the issue of new units have been charged against units on issue.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the amount can be reliably measured.

Fixed rental increases are recognised on a straight-line basis over the term of the lease or over the period until the next market review date.

Contingent rentals are recognised as income in the reporting period in which they are earned.

Revenue from dividends and distributions are/is recognised when they are declared. Interest income is recognised on an accruals basis using the effective interest method.

(q) Expenditure

Expenditure, including rates, taxes, and other outgoings, is brought to account on an accruals basis.

Leasing fees are costs that arise in the process of securing rental lease agreements. Leasing fees are capitalised to the carrying value of investment property and amortised over the term of the respective lease agreements.

(r) Income tax

Under current income tax legislation the Trust is not subject to income tax, provided that unitholders are presently entitled to the income of the Trust as calculated for trust accounting purposes.

(s) Goods and Services Tax

Receivables and payables are stated inclusive of Goods and Services Tax (GST). The net amount of GST recoverable from or payable to the taxation authority is included in the balance sheet as a receivable or payable.

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

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

(t) Jointly controlled operations

The proportionate interests in the assets, liabilities and expenses of jointly controlled operations have been incorporated in the financial statements under the appropriate headings. Details of the jointly controlled operations are set out in note 16.

(u) Distributions

A provision for distribution is recognised in the balance sheet if the distribution has been declared or publicly recommended on or before balance date.

In accordance with the Trust Constitution, the Trust distributes income to unitholders on a semi-annual basis.

(v) Earnings per unit

(i) Basic earnings per unit

Basic earnings per unit is calculated as net profit divided by the weighted average number of units on issue.

(ii) Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

(w) Use of significant estimates and assumptions

The preparation of the financial statements in conformity with accounting standards requires the Responsible Entity to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The key estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amount of assets and liabilities recognised in these financial statements are noted at 1(e) Investment properties, 1(i) Derivative financial instruments, and 1(l) Performance fees.

Notes to the financial statements

for the year ended 30 June 2008

2. Rental and other property income

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Rental and other property income (excluding straight-lining fixed rental increases)	531,843	474,297	378,579	347,206
Rental income resulting from straight-lining fixed rental increases	3,108	5,997	2,097	3,661
	534,951	480,294	380,676	350,867

3. Unitholders' distributions

Distributions paid and payable by the Trust during the year are:

	30 June 2008		30 June 2007	
	\$'000	cents/unit	\$'000	cents/unit
Distribution paid – February				
Ordinary fully paid units	134,560	6.00	119,344	5.70
Ordinary fully paid DRP units	804	4.24	1,129	4.00
	135,364		120,473	

Distribution payable – August

Ordinary fully paid units	135,698	6.00	125,197	5.90
Ordinary fully paid DRP units	261	4.12	805	3.98
	135,959		126,002	
	271,323		246,475	

4. Cash and cash equivalents

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Cash at bank and on hand	2,001	1,811	1,549	882
Short-term deposits	50	3,313	50	3,313
	2,051	5,124	1,599	4,195



Notes to the financial statements

for the year ended 30 June 2008

5. Receivables

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Current				
Rental debtors	6,394	10,196	5,578	6,922
Less: Provision for doubtful debts	(3,906)	(6,504)	(3,151)	(4,090)
	2,488	3,692	2,427	2,832
Distributions receivable from controlled entities	-	-	152,064	106,792
Distribution receivable from associate	312	2,881	312	2,881
Accrued income	10,269	6,724	7,515	4,790
Other debtors – related entities	32,268	19,574	20,719	15,303
– other entities	4,982	4,206	2,395	2,809
	50,319	37,077	185,432	135,407
Non-current				
Other debtors – related entities	-	4,488	218,903	254,024
	-	4,488	218,903	254,024

6. Other assets

Current				
Prepayments	5,838	5,971	4,591	4,883
Interest receivable	88	97	69	74
Other	1,239	181	1,239	181
	7,165	6,249	5,899	5,138

Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated

Properties held directly by parent entity	Ownership %	Original purchase date	Original purchase price \$'000	Latest independent valuation date	Independent valuation ^(A) \$'000	Acquisitions/ additions since valuation ^(A) \$'000	Book value 30 June 08 \$'000	Book value 30 June 07 \$'000
Altona Gate Shopping Centre, VIC	100	Mar-94	50,762	Sep-07	111,000	1,365	112,365	103,883
Bayside Shopping Centre, VIC	100	Mar-94 & Feb-97	131,612	Jun-08	539,220	–	539,220	518,000
Broadmeadows Shopping Centre, VIC	100	Mar-94 & Dec-04	58,880	Dec-07	358,800	(268)	358,532	330,524
Chadstone Shopping Centre, VIC	50	Mar-94	269,740	Mar-08	1,302,912	(1,162)	1,301,750	1,119,103
Eastlands Shopping Centre, TAS	100	Mar-94	45,975	Mar-08	162,000	51	162,051	152,236
Elizabeth Shopping Centre, SA	100	Jul-98 (50%) & Jan-03 (50%)	132,385	Dec-07	385,100	(507)	384,593	342,430
Forest Hill Chase, VIC	67.37	Jan-05	152,917	Mar-08	195,508	(251)	195,257	180,781
Lake Haven Shopping Centre, NSW	100	Apr-97 & Jul-98	87,868	Sep-07	255,000	1,258	256,258	235,558
Northland Shopping Centre, VIC	50	Mar-94	177,771	Dec-07	375,500	(331)	375,169	338,507
Post Office Square, QLD	100	Dec-05	74,375	Jun-08	76,250	–	76,250	86,000
Rosebud Plaza Shopping Centre, VIC	100	Jul-98	28,083	Dec-07	111,500	(283)	111,217	97,961
Roxburgh Park Shopping Centre, VIC	100	Dec-97	5,433	Sep-07	43,900	702	44,602	39,597
The Myer Centre Brisbane, QLD	100	Nov-98	382,441	Dec-07	730,000	319	730,319	675,928
QueensPlaza, QLD	100	Jul-01	76,691	Jun-08	465,000	–	465,000	450,000
Total held by parent entity							5,112,583	4,670,508

(A) Valuation excludes additions and disposals subsequent to the last independent valuation. Additions/(Disposals) since valuation includes the cost of properties purchased and the carrying amount of properties sold since valuation. Also included in additions/(disposals) since valuation is any completed capital works transferred from capital works in progress.

Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated (continued)

Properties held by controlled entities	Ownership %	Original purchase date	Original purchase price \$'000	Latest independent valuation date	Independent valuation ^(A) \$'000	Acquisitions/ additions since valuation ^(A) \$'000	Book value 30 June 08 \$'000	Book value 30 June 07 \$'000
Bowes Street, Woden, ACT	100	Oct-02	10,536	Dec-07	21,750	61	21,811	18,068
Brimbank Central Shopping Centre, VIC	100	Oct-02	100,207	Sep-07	160,500	1,588	162,088	142,224
Castle Plaza Shopping Centre, SA ¹	100	Oct-02	74,080	Sep-07	115,000	3,670	118,670	101,455
Chatswood Chase, NSW ²	100	Oct-03 (50%) & Aug-07 (50%)	251,660 281,500	Jun-08	581,800	–	581,800	281,500
Clifford Gardens Shopping Centre, QLD	100	Oct-02	95,827	Dec-07	152,000	602	152,602	145,147
Corio Shopping Centre, VIC	100	Oct-02	55,052	Sep-07	139,000	(32)	138,968	120,127
Forest Hill Chase, VIC	32.63	Jan-05	70,214	Mar-08	94,692	(121)	94,571	87,561
Golden Grove Village, SA	100	Oct-02	73,291	Dec-07	117,000	214	117,214	105,375
Grand Plaza Shopping Centre, QLD ³	50	Oct-02	163,071	Oct-07	347,000	(173,743)	173,257	334,181
Rockingham City Shopping Centre, WA ⁴	50	Oct-02 (12.5%), May-05 (4.17%) & Dec-07 (33.33%)	33,594 8,472 76,653	Jun-08	160,000	–	160,000	34,154
Runaway Bay Shopping Village, QLD	50	Oct-02	74,177	Jun-08	107,500	–	107,500	106,000
Total held by controlled entities							1,828,481	1,475,792
Total							6,941,064	6,146,300

(A) Valuation excludes additions and disposals subsequent to the last independent valuation. Additions/(Disposals) since valuation includes the cost of properties purchased and the carrying amount of properties sold since valuation. Also included in additions/(disposals) since valuation is any completed capital works transferred from capital works in progress.

- On 3 July 2007, the Trust exchanged contracts on a site adjacent to the Castle Plaza Shopping Centre for \$24.3 million. Settlement is not due until July 2009.
- The Trust acquired a further 50% of Chatswood Chase on 28 August 2007 for \$281.5 million based upon the 30 June 2007 valuation.
- The Trust sold a 50% share of Grand Plaza Shopping Centre on 31 December 2007 for \$173.5 million (plus adjustments for capital works in progress) based upon the 31 October 2007 valuation.
- The Trust acquired a further 33.33% of Rockingham City Shopping Centre on 31 December 2007 for \$76.6 million (plus adjustments for capital works in progress) based upon the 30 September 2007 valuation.

Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated (continued)

	Consolidated Book value as at 30 June 2008 \$'000	Consolidated Book value as at 30 June 2007 \$'000	Parent entity Book value as at 30 June 2008 \$'000	Parent entity Book value as at 30 June 2007 \$'000
Investment properties (excluding capital works in progress)	6,941,064	6,146,300	5,112,583	4,670,508
Capital works in progress ⁵				
Altona Gate Shopping Centre, VIC	719	216	719	216
Bayside Shopping Centre, VIC	36	444	36	444
Bowes Street, Woden, ACT	89	89	–	–
Brimbank Central Shopping Centre, VIC	129	1,206	–	–
Broadmeadows Shopping Centre, VIC	97	1,522	97	1,522
Castle Plaza Shopping Centre, SA	570	–	–	–
Chadstone Shopping Centre, VIC (50%)	18,973	32,850	18,973	32,850
Chatswood Chase, NSW	57,878	3,959	–	–
Clifford Gardens Shopping Centre, QLD	1,308	115	–	–
Corio Shopping Centre, VIC	7	–	–	–
Eastlands Shopping Centre, TAS	8	–	8	–
Elizabeth Shopping Centre, SA	630	521	630	521
Forest Hill Chase, VIC	474	7,795	319	5,253
Golden Grove Village, SA	1,229	604	–	–
Grand Plaza Shopping Centre, QLD (50%)	964	164	–	–
Havilah Street, NSW	16,658	15,831	16,658	15,831
Lake Haven Shopping Centre, NSW	78	313	78	313
Northland Shopping Centre, VIC (50%)	15,503	1,718	15,503	1,718
Rockingham City Shopping Centre, WA (50%)	–	881	–	–
Roxburgh Park Shopping Centre, VIC	1,012	–	1,012	–
Total capital works in progress	116,362	68,228	54,033	58,668
Sundry properties at cost	11,846	9,736	11,846	9,736
Total investment properties	7,069,272	6,224,264	5,178,462	4,738,912

⁵ Works in progress are excluded from investment property valuation and are carried at cost as a reasonable approximation of fair value. On completion of capital works, the cost is transferred to the book value of the specific property and subsequently considered as part of the valuation process.



Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated (continued)

Valuers

Property	Valuer	Qualifications	Company
Altona Gate Shopping Centre, VIC	M J Schuh	AAPI	Knight Frank
Bayside Shopping Centre, VIC	B F Sweeney	FAPI	Jones Lang LaSalle
	P Grogan	AAPI	Jones Lang LaSalle
Bowes Street, Woden, ACT	P Rhodes	AAPI	Jones Lang LaSalle
Brimbank Central Shopping Centre, VIC	M J Schuh	AAPI	Knight Frank
Broadmeadows Shopping Centre, VIC	S R Andrew	FAPI	Colliers International
Castle Plaza Shopping Centre, SA	T Trnovsky	AAPI	Savills
	R Aschberger	FAPI	Savills
Chadstone Shopping Centre, VIC	S Thomas	AAPI	CB Richard Ellis
	S Huang	AAPI	CB Richard Ellis
Chatswood Chase, NSW	M Steur	AAPI, FPINZ	CB Richard Ellis
Clifford Gardens Shopping Centre, QLD	T Irving	AAPI	CB Richard Ellis
Corio Shopping Centre, VIC	S Fox	AAPI	Savills
Eastlands Shopping Centre, TAS	S Fox	AAPI	Savills
Elizabeth Shopping Centre, SA	S Fox	AAPI	Savills
Forest Hill Chase, VIC	M J Schuh	AAPI	Knight Frank
Golden Grove Village, SA	N Bell	AAPI	Knight Frank
Grand Plaza Shopping Centre, QLD	T Irving	AAPI	CB Richard Ellis
Lake Haven Shopping Centre, NSW	M Steur	AAPI, FPINZ	CB Richard Ellis
The Myer Centre Brisbane, QLD	P Kwan	AAPI	Knight Frank
Northland Shopping Centre, VIC	B F Sweeney	FAPI	Jones Lang LaSalle
	P Grogan	AAPI	Jones Lang LaSalle
Post Office Square, QLD	S Fox	AAPI	Savills
QueensPlaza, QLD	H Crampton	AAPI	Colliers International
	T Simlesa	AAPI	Colliers International
Rockingham City Shopping Centre, WA	M Foster-Key	AAPI, MRICS	Savills
Rosebud Plaza Shopping Centre, VIC	S Thomas	AAPI	CB Richard Ellis
	A Lyle	GAPI	CB Richard Ellis
Roxburgh Park Shopping Centre, VIC	S Thomas	AAPI	CB Richard Ellis
	S Huang	GAPI	CB Richard Ellis
Runaway Bay Shopping Village, QLD	T Irving	AAPI	CB Richard Ellis

Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated (continued)

Reconciliations

Reconciliations of the carrying amounts of investment property at the beginning and end of the current and previous year are set out below:

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Opening balance	6,224,264	5,199,024	4,738,912	3,950,103
Capital expenditure	206,539	153,673	102,168	114,440
Leasing fees and incentives deferred, net of amortisation	2,119	3,030	1,239	2,210
Straight-lined rental income asset	3,108	5,997	2,097	3,661
Investment properties purchased	382,333	1,335	6,400	1,335
Disposal of investment properties	(173,780)	(3,331)	–	(3,331)
Net revaluation increments	416,316	854,351	321,908	662,551
Amortisation expense	–	(13)	–	–
Capitalised interest	8,373	10,198	5,738	7,943
Closing balance	7,069,272	6,224,264	5,178,462	4,738,912

Capital commitments

Estimated capital expenditure contracted for at balance date, but not provided for:

Not later than one year	217,799	38,207	102,866	19,806
Later than one year and not later than five years	79,967	976	37,964	–
	297,766	39,183	140,830	19,806

Notes to the financial statements

for the year ended 30 June 2008

7. Investment properties – consolidated (continued)

Operating lease expenditure

Operating lease expenditure contracted for is payable as follows:

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Not later than one year	377	443	237	249
Later than one year and not later than five years	436	477	343	261
	813	920	580	510

Other expenditure

Other expenditure contracted for is payable as follows:

Not later than one year	9,712	6,067	6,643	4,460
Later than one year and not later than five years	1,738	4,582	1,514	3,425
	11,450	10,649	8,157	7,885

Operating lease income

Future minimum rentals revenue under non-cancellable operating leases are as follows:

Not later than one year	404,375	376,309	288,562	273,961
Later than one year but not later than five years	1,120,708	1,063,849	809,212	799,460
Later than five years	749,862	682,696	583,501	539,396
	2,274,945	2,122,854	1,681,275	1,612,817

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of tenant sales in excess of stipulated minimums and do not include recovery of outgoings.

Notes to the financial statements

for the year ended 30 June 2008

8. Investments

(a) Investments in controlled entities

The parent entity owns units in the following controlled entities, all of which are domiciled in Australia:

Name of controlled entity (sub-trust)	Percentage	Percentage	2008	2007
	helds (units)	helds (units)		
	2008	2007	\$'000	\$'000
	%	%		
Colonial First State Retail Property Trust ¹	100	100	856,792	762,154
CC Holdings No.1 Trust ²	100	100	283,762	277,012
CC Holdings No.2 Trust ²	100	–	292,208	–
Forest Hill Trust ³	100	100	83,667	84,761
Bourke and Lonsdale St Trust ⁴	100	–	276,395	–
			1,792,824	1,123,927

1 Colonial First State Retail Property Trust owns a share of eight properties directly and 100% of the units in Colonial Choice Property Fund No.1 which holds Bowes Street.

2 CC Holdings No.1 Trust and CC Holdings No.2 Trust jointly own 100% of the units of CC Commercial Trust which owns 100% of Chatswood Chase via sub-trusts. The Trust acquired CC Holdings No.2 Trust on 28 August 2007.

3 Forest Hill Trust owns 32.63% of Forest Hill Chase.

4 The Bourke and Lonsdale St Trust owns the Trust's holding in Myer Melbourne, which was acquired on 10 August 2007.

(b) Investments in unlisted company

The Trust holds a redeemable preference share and redeemable property preference shares in an unlisted company, CFSP Asset Management Pty Ltd.

	Consolidated	Consolidated	Parent entity	Parent entity
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$	\$	\$	\$
Unlisted company				
– redeemable preference share	1	1	1	1
– redeemable property preference share	15	12	15	12
	16	13	16	13

Notes to the financial statements

for the year ended 30 June 2008

9. Property, plant and equipment

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Myer Melbourne ^{1,2}	295,921	-	-	-

- 1 On 10 August 2007, the Trust acquired a share of the Myer Melbourne properties for \$276.7 million via a subsidiary of the Trust. The properties, which front Bourke Street and Lonsdale Street, Melbourne, were purchased for redevelopment and are therefore classified as property, plant and equipment and carried at cost. The titles to these properties are leasehold.
- 2 On 30 April 2008, the Trust exchanged contracts to purchase a 50% share of 266 Little Bourke Street, Melbourne. The Trust's share of the purchase is \$21 million (plus lessee compensation payments of \$4 million). A deposit of \$1.05 million has been paid, with settlement on 22 July 2008. The property will form part of the Myer Melbourne redevelopment and be classified as property, plant and equipment. The title to this property is freehold.

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous year are set out below:

Opening balance	-	-	-	-
Capital expenditure	282,659	-	-	-
Capitalised interest	13,262	-	-	-
Closing balance	295,921	-	-	-

10. Investment in associate

(a) Interests in associate

	Ownership 30 June 2008 %	Ownership 30 June 2007 %	Consolidated and parent entity 30 June 2008 \$'000	Consolidated and parent entity 30 June 2007 \$'000
Bent Street Trust ¹	50	50	52,967	32,700
			52,967	32,700

- 1 The Trust owns 50% of the units in the Bent Street Trust which, in turn, owns 100% of the leasehold of the Entertainment Quarter, NSW. The Trust therefore indirectly owns 50% of the property. At 30 June 2008 the property was independently valued at \$106 million (100%) excluding capital works in progress. The valuation was performed by A Johnston (AAPI) and S Kearney (AAPI) of Savills.

The Trust's equity accounted investment also includes its share of the non-property assets and liabilities of the Bent Street Trust.

Notes to the financial statements

for the year ended 30 June 2008

10. Investment in associate (continued)

(b) Equity accounting information

	Consolidated and parent entity 30 June 2008 \$'000	Consolidated and parent entity 30 June 2007 \$'000
Share of associate's financial information		
Assets	55,600	38,783
Liabilities	2,633	6,083
Revenue	7,881	6,479
Profit/(Loss)	2,195	(676)
Share of associate's commitments and contingent liabilities		
Capital commitments	-	14,414
Lease commitments payable	4	7
Lease commitments receivable	70,574	36,350
Contingent liabilities	-	-

Bent Street Trust has a contractual commitment for the ground lease of the Entertainment Quarter including both a base and percentage rent component. The lease term is 40 years and terminates on 21 April 2036 with a 10 year option. Base rent as at 30 June 2008 is set at \$2.9 million (2007: \$2.9 million) per annum.

11. Intangible asset

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Intangible asset at cost ¹	-	22,700	-	-
Less: accumulated amortisation	-	(21,565)	-	-
	-	1,135	-	-

¹ The intangible asset represents the alignment fee entitlement of the Trust related to the earnings of Colonial First State Property Management Pty Limited. The intangible asset was amortised over five years from October 2002.

12. Payables

Property expenses	25,576	26,680	14,154	16,695
Rents received in advance	960	736	741	383
Accrued interest expense	26,269	13,725	26,269	13,725
Accrued capital expenditure	40,436	38,164	25,402	32,127
Security deposits	5,963	5,852	4,417	3,822
Other	3,550	3,557	3,424	3,477
Other payables – related	-	-	-	2,886
	102,754	88,714	74,407	73,115

Notes to the financial statements

for the year ended 30 June 2008

13. Interest bearing liabilities

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Current				
Medium-term notes	199,956	99,985	199,956	99,985
Short-term notes	–	100,000	–	100,000
Cash advances	96,962	–	96,962	–
	296,918	199,985	269,918	199,985
Non-current				
Medium-term notes	911,645	1,121,037	911,645	1,121,037
Cash advances	121,585	221,635	121,585	221,635
Other bank loans	67,992	–	67,992	–
Convertible notes (see below)	546,284	–	546,284	–
	1,647,506	1,342,672	1,647,506	1,342,672
Convertible notes				
Face value of notes issued	600,000	–	600,000	–
Less value of conversion rights ^a	(53,994)	–	(53,994)	–
Less unamortised issue costs	(7,722)	–	(7,722)	–
	538,284	–	538,284	–
Interest expense at market rate ^b	34,221	–	34,221	–
Less coupon paid and payable	(26,221)	–	(26,221)	–
	8,000	–	8,000	–
	546,284	–	546,284	–

On 21 August 2007, the Trust successfully executed a \$600 million issuance of senior, unsecured convertible notes, redeemable at the option of the noteholder on 21 August 2012. Unless previously redeemed or converted to ordinary units, the units will be redeemed on the final maturity date of 21 August 2014. The notes were issued to fund the Trust's purchase of its share of Myer Melbourne, future extensive redevelopment of the asset and to retire existing short-term debt. The notes are listed on the Singapore stock exchange.

(a) A portion of the proceeds from the issue of the convertible notes is deemed to represent the value of the conversion option and is recognised as equity. The fair value of the liability portion of the convertible notes is determined using a market interest rate for an equivalent non-convertible bond at the date of issue. This amount is recorded as a liability until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option.

(b) The difference between interest expense calculated at the market rate and the coupon rate paid is included in borrowing costs expense in the income statement and added to the carrying amount of the convertible notes liability in the balance sheet. As a result, at 21 August 2012, the carrying amount of the liability will be equal to the face value of the notes less any amounts converted to units.

Notes to the financial statements

for the year ended 30 June 2008

13. Interest bearing liabilities (continued)

The Trust has the following facilities available:

	Expiry	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000	
Stand-by facility	30 Sep 2009	100,000	-	100,000	-	
	30 Sep 2007	-	100,000	-	100,000	
Bill discount facility	31 Dec 2009	75,000	75,000	75,000	75,000	
Short-term notes	31 Mar 2008	-	100,000	-	100,000	
Medium-term notes	15 Oct 2007	-	100,000	-	100,000	
	12 Nov 2008	90,000	90,000	90,000	90,000	
	12 Nov 2008	110,000	110,000	110,000	110,000	
	31 Jul 2009	200,000	200,000	200,000	200,000	
	12 Nov 2010	30,000	30,000	30,000	30,000	
	12 Nov 2010	70,000	70,000	70,000	70,000	
	12 Nov 2010	100,000	100,000	100,000	100,000	
	12 Nov 2010	45,000	45,000	45,000	45,000	
	12 Nov 2010	55,000	55,000	55,000	55,000	
	2 Sep 2012	100,000	100,000	100,000	100,000	
	22 Dec 2014	100,000	100,000	100,000	100,000	
	US medium-term notes	7 Feb 2014	31,946	33,932	31,946	33,932
		7 Feb 2017	149,316	156,027	149,316	156,027
7 Feb 2019		31,876	33,074	31,876	33,074	
Cash advance	30 Nov 2007	-	100,000	-	100,000	
	8 Dec 2008	-	250,000	-	250,000	
	25 Jun 2009	125,000	125,000	125,000	125,000	
	31 Jan 2010	100,000	100,000	100,000	100,000	
	11 Feb 2011	250,000	-	250,000	-	
	11 Feb 2011	100,000	-	100,000	-	
	27 June 2011	100,000	-	100,000	-	
Convertible notes	30 June 2011	100,000	-	100,000	-	
	21 Aug 2012	600,000	-	600,000	-	
		2,663,138	2,073,033	2,663,138	2,073,033	
Less: drawn down portion*		(2,001,138)	(1,545,033)	(2,001,138)	(1,545,033)	
Undrawn lines of credit		662,000	528,000	662,000	528,000	

* In accordance with AASB 139 Financial Instruments: Recognition and Measurement, interest bearing liabilities are carried at amortised cost, net of deferred borrowing costs of \$10,719,905 (30 June 2007: \$2,376,556) and other adjustments to convertible notes of \$45,993,802 (30 June 2007: \$0). However, for the purpose of this reconciliation the actual drawn/issued amounts are used.

Security for the facilities is in the form of a negative pledge over the Trust's properties which is supported by the long-term issuer rating of A assigned to the Trust by Standard & Poor's credit rating services.



Notes to the financial statements

for the year ended 30 June 2008

14. Contributed equity

	No. of units 30 June 2008 '000	No. of units 30 June 2007 '000	Unit value 30 June 2008 \$'000	Unit value 30 June 2007 \$'000
Opening balance	2,142,213	2,093,758	2,421,620	2,326,411
Issue of units	125,740	48,455	272,996	95,267
Costs for issue of units	–	–	(2,694)	(58)
Value of conversion rights on convertible notes ¹	–	–	53,994	–
Closing balance	2,267,953	2,142,213	2,745,916	2,421,620

¹ Refer to note 13(a).

Rights and restrictions over units

Each unit ranks equally with all other units for the purpose of distributions and on termination of the Trust, with the exception of units issued pursuant to a distribution reinvestment plan during the year, as stated below. Units issued after 28 May 2008 under a distribution reinvestment plan will rank equally with all other units and will be fully entitled to distributions from the date of issue.

Institutional bookbuild and unitholder purchase plan

On 5 July 2007, the Trust issued 93,023,256 units at \$2.15 via an institutional bookbuild. On 7 August 2007, an additional 7,427,720 units were issued at \$2.15 via a unitholder purchase plan. This equity was raised to partially fund the Trust's purchase of 50% of the Chatswood Chase Shopping Centre on 28 August 2007.

Distributions reinvested

On 24 August 2007, 18,972,964 units were issued at \$2.22 per unit pursuant to a distribution reinvestment plan. The units ranked for distribution from 24 August 2007 on a pro rata basis for the half-year ended 31 December 2007 and became fully entitled to distributions thereafter. The distribution for the half-year ended 31 December 2007 calculated on this pro rata basis was 4.24 cents per unit.

On 27 February 2008, 6,316,291 units were issued at \$2.36 per unit pursuant to a distribution reinvestment plan. The units ranked for distribution from 27 February 2008 on a pro rata basis for the half-year ended 30 June 2008 and became fully entitled to distributions thereafter. The distribution for the half-year ended 30 June 2008 calculated on this pro rata basis is 4.12 cents per unit.

Notes to the financial statements

for the year ended 30 June 2008

15. Reserves

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Undistributed reserves	2,521,469	2,123,676	2,078,041	1,787,670
Investment revaluation reserve	-	-	430,166	334,871
	2,521,469	2,123,676	2,508,207	2,122,541

Movements:

Undistributed reserves

Opening balance	2,123,676	1,257,230	1,787,670	1,108,861
Net transfer from distribution reconciliation	397,793	866,446	290,371	678,809
Closing balance	2,521,469	2,123,676	2,078,041	1,787,670

Investment revaluation reserve

Opening balance	-	-	334,871	142,694
Fair value adjustments of controlled entities and associates	-	-	95,295	192,177
Closing balance	-	-	430,166	334,871

The closing balance of undistributed reserves consists of:

Unrealised gain on investment property	2,431,860	2,093,588	2,064,347	1,742,439
Unrealised loss on investment in associate	(4,384)	(4,260)	-	-
Unrealised gain on derivative financial instruments	48,861	37,194	48,861	37,194
Unrealised straight-lining revenue	68,110	65,002	56,416	54,319
Realised retained earnings	(22,978)	(67,848)	(91,583)	(46,282)
	2,521,469	2,123,676	2,078,041	1,787,670

Undistributed reserves

This is used to record any movements in undistributed reserves taking into account the net profit generated and the distributions paid and provided for during the year.

Investment revaluation reserve

This is used by the parent entity to record increments and decrements on the revaluation of investments in controlled entities and associates classified as held for sale as described in accounting policy note 1(d).

Realised retained earnings

On 28 August 2007, the Chatswood Chase income and capital swaps were realised (refer to note 17(l)). Total fair value adjustments to the swaps amounting to \$10,080,442 were transferred from the unrealised gain on derivative financial instruments reserve to realised retained earnings.

On 31 December 2007, the Trust sold 50% of Grand Plaza Shopping Centre for \$173,500,000. Total fair value adjustments to the property amounting to \$78,044,576 were transferred from the unrealised gain on investment property reserve to realised retained earnings.

Notes to the financial statements

for the year ended 30 June 2008

16. Interest in joint ventures

The Trust has a 50% participating interest in the Chadstone, Northland, Runaway Bay, Rockingham City Shopping Centre, Grand Plaza Shopping Centre, and Myer Melbourne Lonsdale Street joint ventures and is entitled to 50% of their output. The Trust has a one-third interest in the Myer Melbourne Bourke Street joint venture and is entitled to one-third of its output. The Trust's joint venture principal activities are investment in retail property. The Trust's interest in the assets employed in the joint ventures are included in the balance sheet in accordance with accounting policy note 1(t) under the following classifications:

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
(a) Chadstone joint venture				
Current assets				
Receivables	9,389	1,511	9,389	1,511
Other	657	753	657	753
Non-current assets				
Investment properties	1,325,574	1,154,695	1,325,574	1,154,695
	1,335,620	1,156,959	1,335,620	1,156,959
Current liabilities				
Payables	15,652	5,339	15,652	5,339
	15,652	5,339	15,652	5,339
Share of revenue, expenses and results				
Revenue	70,032	63,287	70,032	63,287
Expenses	13,332	11,288	13,332	11,288
Net profit	56,700	51,999	56,700	51,999
(b) Northland joint venture				
Current assets				
Receivables	1,880	1,222	1,880	1,222
Other	306	298	306	298
Non-current assets				
Investment properties	390,844	340,397	390,844	340,397
	393,029	341,917	393,029	341,917
Current liabilities				
Payables	2,097	1,298	2,097	1,298
	2,097	1,298	2,097	1,298
Share of revenue, expenses and results				
Revenue	27,730	26,312	27,730	26,312
Expenses	7,600	6,470	7,600	6,470
Net profit	20,130	19,842	20,130	19,842

Notes to the financial statements

for the year ended 30 June 2008

16. Interest in joint ventures (continued)

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
(c) Runaway Bay joint venture				
Current assets				
Receivables	483	631	-	-
Other	13	16	-	-
Non-current assets				
Investment properties	107,500	106,000	-	-
	107,996	106,647	-	-
Current liabilities				
Payables	1,543	833	-	-
	1,543	833	-	-
Share of revenue, expenses and results				
Revenue	9,095	8,848	-	-
Expenses	2,299	2,152	-	-
Net profit	6,796	6,696	-	-
(d) Rockingham City Shopping Centre joint venture				
Current assets				
Receivables	1,738	368	-	-
Other	117	32	-	-
Non-current assets				
Investment properties	160,000	35,035	-	-
	161,855	35,435	-	-
Current liabilities				
Payables	5,165	254	-	-
	5,165	254	-	-
Share of revenue, expenses and results¹				
Revenue	7,079	3,424	-	-
Expenses	3,148	1,051	-	-
Net profit	3,931	2,373	-	-

¹ For the year ended 30 June 2007, the Trust's share was 16.67%. On 31 December 2007, the Trust purchased a further one-third share, taking its total share to 50%.



Notes to the financial statements

for the year ended 30 June 2008

16. Interest in joint ventures (continued)

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
(e) Grand Plaza Shopping Centre joint venture				
Current assets				
Receivables	593	-	-	-
Other	24	-	-	-
Non-current assets				
Investment properties	174,221	-	-	-
	174,838	-	-	-
Current liabilities				
Payables	2,476	-	-	-
	2,476	-	-	-
Share of revenue, expenses and results²				
Revenue	20,405	-	-	-
Expenses	4,653	-	-	-
Net profit	15,752	-	-	-
2 On 31 December 2007, the Trust sold 50% of its interest in the property. Prior to the sale, the Trust owned 100% of the property.				
(f) Myer Melbourne Bourke Street joint venture				
Current assets				
Receivables	207	-	-	-
Other	-	-	-	-
Non-current assets				
Property, plant and equipment	59,863	-	-	-
	60,070	-	-	-
Current liabilities				
Payables	1,099	-	-	-
	1,099	-	-	-
Share of revenue, expenses and results				
Revenue	2,035	-	-	-
Expenses	(614)	-	-	-
Net profit	1,421	-	-	-

Notes to the financial statements

for the year ended 30 June 2008

16. Interest in joint ventures (continued)

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
(g) Myer Melbourne Lonsdale Street joint venture				
Current assets				
Receivables	630	-	-	-
Other	-	-	-	-
Non-current assets				
Property, plant and equipment	236,058	-	-	-
	236,688	-	-	-
Current liabilities				
Payables	461	-	-	-
	461	-	-	-
Share of revenue, expenses and results				
Revenue	5,426	-	-	-
Expenses	1,026	-	-	-
Net profit	4,400	-	-	-
Share of joint ventures' commitments and contingent liabilities³				
Capital commitments	187,649	16,355	140,830	13,110
Lease commitments payable	373	195	334	158
Lease commitments receivable	464,506	421,539	349,506	300,530
Contingent liabilities	-	-	-	-

3 These commitments and contingencies are included in the figures disclosed in note 7.



Notes to the financial statements

for the year ended 30 June 2008

17. Related parties

(a) Responsible Entity and Manager

Commonwealth Managed Investments Limited (CMIL), the Responsible Entity, has appointed Colonial First State Property Retail Pty Ltd (CFSPRPL) as the Manager of the Trust. CMIL is a wholly owned subsidiary of Commonwealth Insurance Holdings Limited (CIHL). CIHL and CFSPRPL are wholly owned subsidiaries of Commonwealth Bank of Australia (the 'Bank'), the ultimate parent of the group, and are considered to be related parties of the Trust.

(b) Trustee of the Trust's sub-trusts

Commonwealth Custodial Services Limited (ABN 26 000 485 487), the Trustee of the Trust's sub-trusts, is a wholly owned subsidiary of the Bank and is considered to be a related party of the Trust. Commonwealth Custodial Services Limited has not received a fee for acting as Trustee of the sub-trusts.

(c) Rental income

The Bank occupies 0.4% of the Trust's lettable area (2007: 0.4%). Rents received during the year amounted to \$3,238,563 (2007: \$3,148,381). The amount outstanding at balance date is \$8,200 (2007: \$9,611). All leases are based on normal commercial terms.

(d) Bank accounts

As at 30 June 2008, the Trust has \$2,032,428 cash deposited in bank accounts operated by the Bank (2007: \$5,105,479). These accounts are provided on normal commercial terms and conditions.

(e) Interest bearing liabilities

The Trust has borrowing facilities with the Bank. The facilities are provided on normal commercial terms and conditions. Borrowings outstanding at balance date with the Bank are \$225,000,000 (2007: \$263,000,000). Amounts paid and payable in respect of the borrowings for the year are \$17,574,744 (2007: \$26,348,486). There is no amount prepaid by the Trust to the Bank in respect of these borrowings as at 30 June 2008 (2007: \$264,467).

The Trust has entered into a number of interest rate swaps with the Bank to fix interest payable on \$410,000,000 of the Trust's borrowings as at 30 June 2008 (2007: \$300,000,000). The weighted average rate of these swaps is 5.76% (2007: 5.79%) and maturity ranges from 1 July 2008 to 15 June 2011 (2007: 8 July 2007 to 15 June 2011). A number of interest rate swaps are in place with the Bank through which fixed rates are swapped to floating rates on \$169,000,000 (2007: \$219,000,000) of the Trust's borrowings. Maturity ranges from 12 November 2008 to 22 December 2014 (2007: 15 October 2007 to 22 December 2014).

The Trust has also entered into a number of forward dated interest rate swaps with the Bank to fix interest payable on \$300,000,000 (2007: \$500,000,000) of the Trust's future borrowings. The weighted average rate of these swaps is 5.93% (2007: 5.87%) and maturity ranges from 1 June 2010 to 6 September 2013 (2007: 1 July 2008 to 16 September 2013).

The Trust has hedged US\$100,000,000 (2007: US\$100,000,000) of its exposure to foreign exchange risk via cross-currency swaps with the Bank. Maturity ranges from 7 February 2017 to 7 February 2019 (2007: 7 February 2017 to 7 February 2019).

All swaps are on normal commercial terms and conditions.

(f) Purchase of investment properties from related parties

On 28 August 2007, the Trust purchased a further 50% interest in Chatswood Chase from the Bank for \$281,500,000. On 31 December 2007, the Trust sold a 50% share of Grand Plaza Shopping Centre to Direct Property Investment Fund B ('DPIF-B'), whose Responsible Entity is CMIL, for \$173,500,000, and purchased a further one-third of Rockingham City Shopping Centre from DPIF-B, for \$76,653,333. All transactions were based upon independent valuations.

(g) Property jointly owned by Funds/Trusts

DPIF-B has a 50% interest in Runaway Bay Shopping Village, Rockingham City Shopping Centre and Grand Plaza Shopping Centre.

DPIF-B has a 50% interest in the units of Bent Street Trust which holds 100% of the leasehold of The Entertainment Quarter. The Trust and DPIF-B, therefore, acquired The Entertainment Quarter jointly on 30 June 2004 via Bent Street Trust.

These properties are governed according to joint venture agreements on commercial terms.

Notes to the financial statements for the year ended 30 June 2008

17. Related parties (continued)

(h) Details of Key Management Personnel

(i) Directors

The Directors of Commonwealth Managed Investments Limited (CMIL), the Responsible Entity of the CFS Retail Property Trust, are considered to be Key Management Personnel.

Non-executive Chairman

S P Wareing

Executive Directors

G Petersen

P Rayson (alternate for G Petersen)

Non-executive Directors

J F Kropp

J G Rooney

M J Venter

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following persons were Key Management Personnel with the authority for the strategic direction and management of the Trust.

Name	Position	Employer
James O'Leary	Head of Property and Alternative Investments	Commonwealth Bank of Australia
Darren Steinberg	Head of Listed Funds	Commonwealth Bank of Australia
Michael Gorman	Fund Manager	Commonwealth Bank of Australia

(iii) Remuneration of Key Management Personnel

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note 17(i). No amounts are paid by the Trust directly or indirectly to the Key Management Personnel for services provided to the Trust.

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity. Remuneration of non-executive Directors is paid directly by the Responsible Entity or related party. Executive Directors are employed as executives of Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Other Key Management Personnel are employed and paid by the Bank. Consequently, no compensation as defined in AASB 124 Related Party Disclosures is paid by the Trust to its Key Management Personnel.

(i) Responsible Entity fees

In accordance with the enhanced Explanatory Memorandum dated 19 September 2002, CMIL is entitled to receive a fee of 0.45% per annum of the gross asset value of the Trust less any derivative financial instrument assets, calculated and accrued on a monthly basis and payable half-yearly.

The Responsible Entity's base fee for the year ended 30 June 2008 is \$33,094,217 (30 June 2007: \$25,642,541).

The Responsible Entity is also entitled to a performance fee. The performance fee is calculated and payable, if entitled, each half-year at December and June. Hence, the disclosure below is set out in six-month periods. The method of calculation is detailed in the Notice of Meeting and enhancement to the Explanatory Memorandum dated 19 September 2002. The performance fee will be paid in cash to the Responsible Entity.

The performance fee for the year ended 30 June 2008 is \$35,274,350 (30 June 2007: \$7,449,031). As at 30 June 2008, the total amount owed to the Responsible Entity in relation to base and performance fees is \$21,315,900 (30 June 2007: \$16,834,652). Additionally, the Trust has recognised the fair value of 'carry-over' outperformance as \$26,168,000 (2007: \$0).

Notes to the financial statements

for the year ended 30 June 2008

17. Related parties (continued)

(i) Responsible Entity fees (continued)

The relative performance of the Trust to the Index is set out in the following table:

	2008 financial year Total return %	2007 financial year Total return %
<i>Determination of performance fee at 31 December</i>		
<i>Performance since date of last reset¹:</i>		
CFS Retail Property Trust ¹	12.8	16.0
Retail property accumulation index ¹	(11.8)	17.1
Relative percentage out/(under) performance	24.6	(1.1)
Opening 'carry-over' outperformance	6.1	11.4
Current out/(under) performance	24.6	(1.1)
'Carry-over' outperformance	30.7	10.3
'Carry-over' absorbed to fund maximum performance fee for the half-year	(1.2)	(1.2)
Closing 'Carry-over' outperformance	29.5	9.1
Performance for the six months to 31 December	4,519	3,678
<i>Determination of performance fee at 30 June</i>		
<i>Performance since date of last reset¹:</i>		
CFS Retail Property Trust ¹	(12.7)	(1.6)
Retail property accumulation index ¹	(22.0)	0.2
Relative percentage out/(under) performance	9.3	(1.8)
Opening 'carry-over' outperformance	29.5	9.1
Current out/(under) performance	9.3	(1.8)
'Carry-over' outperformance	38.8	7.3
'Carry-over' absorbed to fund maximum performance fee for the half-year	(1.2)	(1.2)
Closing 'Carry-over' outperformance	37.6	6.1
Performance for the six months to 30 June	4,587	3,771
	\$'000	\$'000
Total capped performance fees for the year ²	9,106	7,449
Movement in fair value of 'carry-over' outperformance ³	26,168	–
Total performance fee recognised in the income statement ³	35,274	7,449
Corresponding transfer from equity to top-up distribution payable ⁴	35,274	7,449

1 Calculated in accordance with the customised index provided by Standard & Poor's. The 20-day volume weighted average price (VWAP) is used in both the Trust's price and in the UBS Retail 200 Property Accumulation Index and the Trust's price is excluded from the index. In accordance with the performance fee methodology, performance fee is determined on the Trust's performance since the last period in which a performance fee was accrued (the date of the last reset).

2 Performance fee is capped at 0.15% for the Trust's gross asset value up to \$3.5 billion and capped at 0.1% for the Trust's gross asset value above \$3.5 billion.

3 Although the amount of the performance fee to be paid each period is capped, the 'carry-over' outperformance may be used to absorb performance fee entitlement in future periods. The fair value of the outperformance has been calculated by assigning probabilities to the likelihood of paying capped performance fees in future periods, and discounting these estimated cash flows to the balance date.

4 Each distribution period, an amount equal to the performance fee expense will be transferred from equity to increase the available distribution per unit. Any amounts not distributed will be transferred to undistributed reserves.

Notes to the financial statements

for the year ended 30 June 2008

17. Related parties (continued)

(j) Related party unitholdings

Directors, employees and associates of CMIL and entities controlled by the Bank may hold investments in the Trust. Such investments were purchased on normal commercial terms and were at arm's length. The number of units held by Directors of CMIL and CFSPRPL (including entities controlled, jointly controlled or significantly influenced by them), the Bank and other funds managed by Bank related entities are as follows:

	Parent entity Number of fully paid units 30 June 2008	Parent entity Number of fully paid units 30 June 2007
Commonwealth Bank of Australia and related entities	517,810,647	500,250,839
JOAL Pty Limited*	72,325	70,000

* Mr J G Rooney, who is a non-executive Director of CMIL, is also a director of this entity.

(k) Other related party transactions

Identity of related party	Nature of relationship	Type of transaction	Terms and conditions	12 months to 30 June 2008 \$'000	12 months to 30 June 2007 \$'000
Colonial First State Property Management Pty Ltd	Property, leasing and development manager of the Trust	Centre management, leasing and development fees paid/payable by the Trust to Colonial First State Property Management Pty Ltd	Arm's length in accordance with the Explanatory Memorandum dated 30 July 2002	49,398,711	42,827,892
Colonial First State Property Management Pty Ltd	Property Manager of the Trust	Rent and outgoings paid/payable by Colonial First State Property Management Pty Ltd to the Trust as a tenant of offices at Chadstone Shopping Centre	Arm's length in accordance with executed leases and independent valuation	1,449,959	1,385,110
Colonial First State Property Management Pty Ltd	Centre Manager of the Trust	Rent and outgoings paid/payable by Colonial First State Property Management Pty Ltd as tenant of centres to the Trust	Arm's length in accordance with executed leases and independent valuations	2,423,724	2,168,166
Colonial First State Property Management Pty Ltd	Property Manager of the Trust	Centre management expenses paid/ payable by the Trust to Colonial First State Property Management Pty Ltd	Reimbursement of expenses incurred by Colonial First State Property Management Pty Ltd for centre management expenses incurred. The majority of these expenses are recovered in outgoings from tenants	13,314,629	11,605,976

Notes to the financial statements

for the year ended 30 June 2008

17. Related parties (continued)

(k) Other related party transactions (continued)

As Property Manager, Colonial First State Property Management Pty Ltd (CFSPM) retains an amount of the Trust's net rental income in a trust account, in order to meet the operating needs of each of the Trust's investment properties. The total of these balances at 30 June 2008 was \$26,376,300 (2007: \$14,168,904).

(l) Chatswood Chase

The Trust acquired an interest in Chatswood Chase on 10 October 2003 in a joint venture with Commonwealth Bank of Australia (the 'Bank'). The Trust and the Bank each acquired a 50% interest as tenants in common, with income swap and capital swap arrangements put in place. Net expense incurred on the income swap was \$92,517 (2007: \$263,123). Net proceeds from the capital swap were \$10,080,442 (2007: \$0). These arrangements were terminated on 28 August 2007 when the Trust acquired the Bank's interest.

(m) Alignment fee income

The Trust is entitled to an alignment fee from the owners of CFSPM, being an income stream related to its earnings. For the period 2 October 2002 to 1 October 2007, this income was equal to approximately 35% of CFSPM's distributable income. From 2 October 2007, this income reduced to approximately 28% of distributable income in accordance with the Explanatory Memorandum dated 19 September 2002. Total alignment fee income of the Trust for the year ended 30 June 2008 was \$10,118,569 (2007: \$10,407,175).

(n) Investment in unlisted company

The Trust holds a redeemable preference share and redeemable property preference shares in an unlisted company, CFSP Asset Management Pty Ltd (CFSPAM), as disclosed in note 8(b). Other listed and unlisted property trusts, for whom CMIL is the responsible entity, also hold an investment in CFSPAM.

For the year ended 30 June 2008, rent and outgoings paid/payable by CFSPAM as tenant of centres to the Trust was \$13,191,634 (2007: \$11,543,672). Franked dividends received from CFSPAM for the year were \$465,404 (2007: \$496,899).

18. Auditor's remuneration

	Consolidated 30 June 2008	Consolidated 30 June 2007	Parent entity 30 June 2008	Parent entity 30 June 2007
	\$	\$	\$	\$
Amounts received or due and receivable by the auditor of the Trust:				
Audit fees	321,608	267,475	321,608	263,150
Other fees	22,888	-	22,888	-
	344,496	267,475	344,496	263,150

19. Segment information

The Trust operates only in the retail property and related investment industry in Australia.

Notes to the financial statements

for the year ended 30 June 2008

20. Management expense ratio (MER)

MER is the ratio of expenses pertaining to the management of the Trust to total average assets. Total average assets is the average of total assets at the beginning and end of each month.

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000
Actual MER related expenses	44,832	35,124
Total average assets	7,102,348	5,728,569
MER %	0.631	0.613

MER related expenses include Responsible Entity's base and performance fee (excluding the movement in the fair value of the performance fee liability), auditor's remuneration, registry and CHESS fees and other operating expenses as disclosed in the income statement.

21. Notes to the cash flow statement

Reconciliation of net profit attributable to unitholders to net cash provided by operating activities:

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Net profit	669,116	1,112,921	561,694	925,284
Straight-lining revenue	(3,108)	(5,997)	(2,097)	(3,661)
Fair value adjustments to investment properties, associate and controlled entities	(416,192)	(852,392)	(321,908)	(662,551)
Other fair value adjustments to financial derivatives	(21,747)	(28,110)	(21,747)	(28,110)
Interest capitalised	(21,635)	(10,198)	(5,738)	(10,198)
Amortisation of intangible asset	1,135	4,540	-	-
Net profit on disposal of asset	-	(213)	-	(213)
Amortisation of leasehold improvement	-	13	-	13
Dividend income	(465)	(497)	(465)	(497)
Distributions reinvested in associate	(3,940)	-	(3,940)	-
Charge to provision for doubtful debts	(2,598)	715	(939)	259
Decrease/(increase) in receivables and other assets	(12,999)	16,466	(53,919)	3,036
Increase in payables	42,416	(13,665)	41,551	(12,105)
Payments for derivatives	(7,825)	-	(7,825)	-
Non-cash interest expense on convertible notes	8,000	-	8,000	-
Net cash provided by operating activities	230,158	223,583	192,667	211,257

Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents represents cash at call and money market securities.

Financing arrangements

Refer to note 13 for details of the Trust's debt facilities. The Trust has no other lines of credit.



Notes to the financial statements

for the year ended 30 June 2008

22. Non-cash financing and investing activities

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Net settled asset sale and purchase	76,653	–	–	–
Distributions reinvested	57,026	95,267	57,026	95,267
	133,679	95,267	57,026	95,267

The purchase of a one-third share of Rockingham City Shopping Centre for \$76.6 million and sale of a 50% share of Grand Plaza Shopping Centre for \$173.5 million (refer to note 17(f)) was net settled.

Distributions satisfied by the issue of units under the distribution reinvestment plan are shown in note 14.

23. Earnings per unit

	Consolidated Year ended 30 June 2008	Consolidated Year ended 30 June 2007
Basic earnings per unit		
Basic earnings in cents per unit	29.62	52.38
Alternative basic earnings per unit:		
Basic earnings per unit before fair value adjustments to investment property, associates, derivatives and performance fee, and straight-lining of fixed rental increases	11.25	10.66
The weighted average number of units used in the calculation of basic earnings per unit ('000)	2,258,973	2,124,551
Diluted earnings per unit		
Diluted earnings in cents per unit	28.18	52.38
Alternative diluted earnings per unit:		
Diluted earnings per unit before fair value adjustments to investment property, associates, derivatives and performance fee, and straight-lining of fixed rental increases	11.27	10.66
The weighted average number of units used in the calculation of diluted earnings per unit ('000)	2,452,611	2,124,551

Basic earnings per unit is calculated as net profit divided by the weighted average number of units. Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

The alternative basic earnings per unit is calculated as net profit before fair value adjustments to investment property, associates, derivatives and performance fee, and straight-lining of fixed rental increases, divided by the weighted average number of units. The alternative diluted earnings per unit equals the diluted earnings per unit adjusted for fair value adjustments to investment property, associates, derivatives and performance fee, and straight-lining of fixed rental increases.

Notes to the financial statements

for the year ended 30 June 2008

23. Earnings per unit (continued)

The following reflects the income data used in the basic and alternative basic earnings per unit computations:

	Consolidated Year ended 30 June 2008	Consolidated Year ended 30 June 2007
Net profit (used in calculating basic EPU)	669,116	1,112,921
Adjusted for:		
Investment property and associate revaluation increment	(416,192)	(852,392)
Financial derivatives revaluation increment	(21,747)	(28,110)
Fair value movement in performance fee liability	26,168	–
Straight-lining of fixed rental increases	(3,108)	(5,997)
Net profit (used in calculating alternative basic EPU)	254,237	226,422

The following reflects the income data used in the diluted and alternative diluted earnings per unit computations:

Net profit (used in calculating diluted EPU)	691,169	1,112,921
Adjusted for:		
Investment property and associate revaluation increment	(416,192)	(852,392)
Financial derivatives revaluation increment	(21,747)	(28,110)
Fair value movement in performance fee liability	26,168	–
Straight-lining of fixed rental increases	(3,108)	(5,997)
Net profit (used in calculating alternative diluted EPU)	276,290	226,422

24. Capital and financial risk management

The Trust's overall risk management program focuses on ensuring compliance with the Trust's Constitution and seeks to maximise the returns derived for the level of risk to which the Trust is exposed.

Capital and financial risk management is carried out by the Manager through the Capital Strategy and Risk Management Group (CSRM). CSRM identifies, evaluates and hedges financial risks in consultation with the Fund Manager and reports directly to the Capital Management Committee (CMC). The CMC is charged with overseeing the capital and financial risk management function under policies approved by the Manager and Responsible Entity's Board of Directors (the 'Board') and in accordance with the Trust Constitution and compliance plan.

On an annual basis, the Trust's capital management strategy is reviewed and adjusted where necessary by CSRM in conjunction with the Fund Manager and presented to the CMC and Board for approval. This strategy includes the debt and hedging strategy overview for the Trust.

The Trust's objective when managing its capital requirements is to maintain an optimal capital structure to reduce the cost of capital, considering the balance between risks and returns to investors, while ensuring the Trust:

- complies with capital requirements of the Constitution, regulatory authorities and lenders,
- maintains a strong credit rating, and
- continues to operate as a going concern.

The Trust may alter its capital mix by drawing upon existing credit facilities, issuing new securities, offering a distribution reinvestment plan, underwriting the distribution reinvestment plan, divesting assets to repay borrowings, or undertaking a security buy-back program.

The financial risks arising from the Trust's activities are credit risk, liquidity risk, interest rate risk, foreign exchange risk, and other price risk. The Trust management uses different methods to measure exposure to different types of risk. These risk management methods include transacting with appropriately rated counterparties and using ageing analysis to manage credit risk, financial modelling of future rolling cash flow forecasts for liquidity risk, and sensitivity analysis in the case of interest rate and other price risks (refer note 24(f)). The Trust uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

It is, and has been throughout the year under review, the Trust's policy that no trading in financial instruments shall be undertaken.

The Trust's principal financial instruments, other than derivatives, comprise bank debt, short-term notes, medium-term notes, convertible notes and cash advances with varying terms. The main purpose of these financial instruments is to raise finance for the Trust's operations. The Trust has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

(a) Credit risk

Credit risk represents the financial loss that would be recognised if counterparties failed to perform as contracted. Credit risk primarily arises from trade and other receivables and derivative financial instruments. The maximum exposure to credit risk at the reporting date is the carrying amount of these assets recognised in the balance sheet.

With regard to credit risk on trade receivables, the Trust objective is to find high quality tenants with a stable credit history. Tenants are analysed for creditworthiness and the Trust may also obtain security in the form of rent deposits or guarantees which can be called upon in the event of default under the terms of the lease. A regular review of trade receivables ageing analysis is undertaken by the property managing agents and reported to the Trust.

The Trust's ageing analysis of trade receivables is as follows:

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
0-14 days	2,488	3,692	2,427	2,832
15-30 days	2,350	1,338	1,705	1,195
31-60 days	312	850	262	471
61-90 days	163	571	199	378
90+ days	1,081	3,745	985	2,046
Total	6,394	10,196	5,578	6,922
Impaired	3,906	6,504	3,151	4,090

As rent is payable in advance on the first day of each calendar month, all trade receivables are past due. All trade receivables that are less than 15 days are past due but not impaired. A provision has been made in the accounts for those assets which are classified as doubtful and are therefore included in this disclosure as impaired. Refer to note 1(k) for the Trust's policy on recognition of impaired or doubtful debts. Total bad debts expense for 2008 was \$633,408 (2007: \$1,232,868), being 0.12% of rental and other property income (2007: 0.26%).

There are no financial assets that would have otherwise been past due and impaired that have had renegotiated terms.

Credit risk on trade receivables is considered low as there is no concentration of material risk from any individual tenant.

Credit risk on derivative contracts is minimised as the counterparties are recognised financial intermediaries with an S&P long-term corporate credit rating of A- or higher or Moody's equivalent A3 rating. Where ratings agencies assign different ratings to an entity, the lower rating will be applied to the counterparty. Derivative counterparties also must hold an AFS licence and \$10 million of tier one capital or be an Approved Deposit-taking Institution (ADI).

Counterparty credit limits are allocated between the available counterparties and subject to regular review by the CMC. An annual review of the approved panel of counterparties is undertaken by the CMC and any additions to the panel must have CMC endorsement.

Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(b) Liquidity risk

Liquidity risk refers to the risk that the Trust will not have sufficient cash to settle a transaction on a due date.

The Trust manages liquidity risk by prudent monitoring of cash levels, through the use of a detailed fund model which allows for continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Trust maintains access to funding through committed credit facilities, the distribution reinvestment plan and the option to raise funds through the issue of new securities.

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

	Consolidated 30 June 2008 \$'000	Consolidated 30 June 2007 \$'000	Parent entity 30 June 2008 \$'000	Parent entity 30 June 2007 \$'000
Floating Rate				
– Expiring within one year	28,000	200,000	28,000	200,000
– Expiring beyond one year	634,000	328,000	634,000	328,000
Total	662,000	528,000	662,000	528,000

A key component of liquidity risk is refinancing risk, which arises when the Trust is required to refinance existing debt positions or undertake new debt. A change in the Trust's credit rating or unfavourable credit market conditions, including increased interest rate and credit margins, may impact the availability and acceptable pricing of required finance for the Trust's operations. Refinancing risk is managed by the Trust by diversifying the sources of debt and spreading the maturities of borrowings and interest rate swaps. The impact on the Trust credit rating is considered when analysing potential transactions.

As part of the Trust's risk monitoring process with regard to debt covenant requirements, quarterly 'stress testing' is carried out. The basis of this testing is to determine the impact against the base case used in the fund model on the Trust's loan to value ratio (LVR) when subjected to certain market 'shock' scenarios, such as a 10% – 30% decrease in asset values, or the impact on the Trust's interest cover ratio (ICR) as a result of a 10% – 30% decrease in market rental income levels. The results of the 'stress testing' are used to evaluate and manage the risk profile of the Trust with regard to its debt covenant obligations. In each scenario, the tests have not resulted in any breaches of the Trust's debt covenant obligations.

Maturities of financial liabilities

The table below shows the Trust's financial liabilities and net and gross settled derivative financial liabilities in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivatives that are held at fair value as financial assets at balance date are not included as an offset to the financial liabilities in this analysis. The amounts in the table are the contractual undiscounted cash flows including interest payments for the remaining period of the contract. Principal amounts are assumed to be paid at the expiry date of the facility. Future cash flows on floating rate debt and interest rate swaps have been estimated assuming interest rates and, where applicable, inflation prevailing at balance date remain constant for each instrument. Future payments on US\$-denominated debt and the offsetting receipts from cross-currency swaps are estimated assuming the exchange rate at balance date remains constant for the remaining period of the instruments. Convertible notes are assumed to be redeemed at face value of \$600 million on 21 August 2012, rather than convert to units. The Trust has acquired an option to borrow \$300 million at an interest rate of 6.00%, from 22 August 2012 with a maturity date of 22 August 2017. The option provides the Trust with an additional source of funding, to be utilised as required.

Capped performance fees that are recognised in accordance with the performance fee methodology are assumed to be payable within 12 months of balance date. Future payments of performance fees relating to 'carry over' outperformance at balance date are estimated based upon the probabilities assigned to the likelihood of paying capped performance fees in future periods (refer to note 17(i)).

The Trust intends to obtain funding to meet payment obligations either by drawing upon existing undrawn facilities, by exercising its option to draw \$300 million debt in August 2012, if required, or by establishing new lines of credit as required. Additionally, cash flows will be generated from derivative assets with a carrying amount of \$91,956,038.



Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(b) Liquidity risk (continued)

Consolidated

As at 30 June 2008	Less than 12 months \$'000	1 to 2 years \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives					
Non-interest bearing	233,760	9,175	8,028	30,967	281,930
Variable rate	238,071	385,857	114,977	–	738,905
Fixed rate	181,056	67,618	1,064,817	360,875	1,674,366
Total	652,887	462,650	1,187,822	391,842	2,695,201
Derivatives¹					
Net settled (interest rate swaps)	9,891	8,742	11,979	3,370	33,982
Gross settled					
– inflow	(11,193)	(11,193)	(33,579)	(251,500)	(307,465)
– outflow	21,312	21,312	63,936	330,509	437,069
Total	20,010	18,861	42,336	82,379	163,586

1 This analysis includes cash flows from derivatives that are in a mark-to-market liability position on the balance sheet. Additionally, net cash inflows will be generated from derivatives that are in a mark-to-market asset position of \$92.0 million (2007: \$64.4 million) on the balance sheet.

As at 30 June 2007

Non-derivatives

Non-interest bearing	217,826	–	–	–	217,826
Variable rate	144,171	284,403	364,144	–	792,718
Fixed rate	148,144	152,082	309,970	515,834	1,126,030
Total	510,141	436,485	674,114	515,834	2,136,574

Derivatives

Net settled (interest rate swaps)	3,762	2,772	9,363	27,570	43,467
Gross settled					
– inflow	(27,686)	(18,496)	(38,007)	(297,334)	(381,523)
– outflow	33,615	23,651	52,647	334,580	444,493
Total	9,691	7,927	24,003	64,816	106,437

Parent

The anticipated cash flows for the parent are the same as for the Trust with the exception of non-interest bearing liabilities which for the parent are \$260.4 million (30 June 2007: \$202.2 million).

Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the value and cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

The Trust manages its interest cost using a mix of fixed and variable rate debt. To limit exposure to interest rate fluctuations in order to establish certainty over long-term cash flows, the Trust's policy is to keep between 70% and 85% of its borrowings at fixed rates of interest. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. To manage exposure to interest rate risk, the Trust enters into interest rate swaps, in which the Trust agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount.

The following table sets out the carrying amount, by maturity, of how the Trust's financial instruments are exposed to interest rate risk:

Consolidated

2008	Variable	Less than 1 year \$'000	Fixed interest rate			Non- interest bearing \$'000	Total \$'000
	interest rate \$'000		1 to 2 years \$'000	2 to 3 years \$'000	Over 5 years \$'000		
Financial assets							
Cash and cash equivalents	2,051	-	-	-	-	-	2,051
Receivables	-	-	-	-	-	50,319	50,319
Total	2,051	-	-	-	-	50,319	52,370
Financial liabilities							
Payables	-	-	-	-	-	150,238	150,238
Interest bearing liabilities							
- Medium-term notes	900,000	-	-	-	-	-	900,000
- US medium-term notes	213,138	-	-	-	-	-	213,138
- Cash advances	220,000	-	-	-	-	-	220,000
- Other bank loans	68,000	-	-	-	-	-	68,000
- Convertible notes ¹	-	-	-	600,000	-	-	600,000
Distribution payable	-	-	-	-	-	135,959	135,959
Interest rate swaps	(1,340,000)	310,000	510,000	420,000	100,000	-	-
Total	61,138	310,000	510,000	1,020,000	100,000	286,197	2,287,335

¹ For the purpose of presenting the maturity of the Trust's financial liabilities, convertible notes are assumed to be redeemed for face value on 21 August 2012, rather than convert to units.



Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(c) Interest rate risk (continued)

Consolidated

2007	Variable	Fixed interest rate				Non-	Total
	interest rate	Less than 1 year	1 to 2 years	2 to 3 years	Over 5 years	interest bearing	
	\$'000	\$'000	\$'000	\$'00	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	5,124	-	-	-	-	-	5,124
Receivables	-	-	-	-	-	37,077	37,077
Capital swap	-	-	-	-	-	11,384	11,384
Total	5,124	-	-	-	-	48,461	53,585
Financial liabilities							
Payables	-	-	-	-	-	100,663	100,663
Interest bearing liabilities							
- Short-term notes	100,000	-	-	-	-	-	100,000
- Medium-term notes	1,000,000	-	-	-	-	-	1,000,000
- US medium-term notes	223,033	-	-	-	-	-	223,033
- Cash advances	222,000	-	-	-	-	-	222,000
Distribution payable	-	-	-	-	-	126,007	126,007
Interest rate swaps	(1,274,000)	316,000	178,000	480,000	300,000	-	-
Total	271,033	316,000	178,000	480,000	300,000	226,670	1,771,703

Parent

The maturity of financial instruments exposed to interest rate risk for the parent is the same as for the Trust with the exception of cash and cash equivalents which for the parent is \$1,599,517 (30 June 2007: \$4,195,330).

Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(d) Foreign exchange risk

Foreign exchange risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust issued US\$200 million senior unsecured fixed-rate notes via a US Private Placement (rated by Standard & Poor's as 'A'), and would therefore be exposed to this risk in the absence of effective hedging.

This risk is managed through the use of cross-currency swaps which hedge the changes in the fair value of the US dollar denominated debt relating to changes in foreign currency exchange rates and the benchmark US dollar interest rate, in accordance with the hedging objectives set out by the Trust.

The hedge relationship is highly effective as all key terms of the hedge instruments, being the consolidated notional principal of the cross-currency swaps and the consolidated underlying cash flows, coincide with the hedged item. As a result, no portion of the change in fair value of the cross-currency swap is ineffective and the Trust has no exposure to foreign exchange risk. Counterparty credit risk is continuously monitored.

At 30 June 2008, the Trust has hedged 100% of the US\$200 million senior unsecured fixed-rate notes (2007: 100%).

The Trust made a loss of \$9,895,876 through fair value adjustments to its cross-currency swaps, offset by a corresponding gain on the underlying US dollar denominated debt (2007: \$30,612,564).

(e) Other price risk

The Trust's financial instruments include performance fees payable which are determined by reference to the performance of the Trust's unit price relative to the customised retail property index provided by Standard & Poor's. This index is influenced by a range of factors which are outside the control of the Trust. Due to the nature of this risk, financial instruments are not used to manage the Trust's exposure. Sensitivity analysis (per note 24 (f)) measures the impact of movement in the index on Trust profit and loss and equity.

(f) Summarised sensitivity analysis

The following table summarises the impact on Trust profit or loss and equity of a reasonably possible upwards or downwards movement in each of the risk variables below, assuming that all other variables remain constant. These movements are based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and volatility of the retail property index. Due to unexpected market conditions, actual movements may be greater than anticipated and therefore these ranges should not be used as a definitive indicator of future movements in the stated risk variables.

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at balance date, including the estimated change in the value of financial instruments that are carried at fair value. Cash and floating rate debt at balance date are multiplied by the reasonably possible change in interest rates to determine the effect on net profit for the year. The Trust's financial instruments whose carrying values are affected by changes in interest rates are interest rate swaps and performance fees carried at fair value. In calculating the change in value of interest rate swaps, a change in interest rates at balance date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

Other price risk represents the estimated change in the value of performance fees payable, resulting from a change in the Trust's benchmark retail property index provided by Standard & Poor's. While the index may be volatile from one six-month period to the next, for the purpose of this analysis a 10% change in the index at balance date has been assumed to be reasonably possible. The analysis assumes all other variables at balance date, including the Trust's unit price, are unchanged.

Notes to the financial statements

for the year ended 30 June 2008

24. Capital and financial risk management (continued)

(f) Summarised sensitivity analysis (continued)

2008

	Interest rate risk				Other price risk			
	Impact on profit		Impact on equity		Impact on profit		Impact on equity	
	Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)	
	+100bps	-100bps	+100bps	-100bps	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	21	(21)	-	-	-	-	-	-
Borrowings	(1,016)	1,016	-	-	-	-	-	-
Payables	319	(328)	-	-	2,615	(566)	-	-
Derivatives	28,538	(31,030)	-	-	-	-	-	-
	27,862	(30,363)	-	-	2,615	(566)	-	-

2007

	Interest rate risk				Other price risk			
	Impact on profit		Impact on equity		Impact on profit		Impact on equity	
	Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)		Increase/(Decrease)	
	+100bps	-100bps	+100bps	-100bps	+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	51	(51)	-	-	-	-	-	-
Borrowings	(3,016)	3,016	-	-	-	-	-	-
Derivatives	29,428	(31,942)	-	-	-	-	-	-
	32,495	(35,009)	-	-	-	-	-	-

Parent

Estimated impacts on profit and equity for the parent are materially the same as those for the Trust.

Fair value of financial assets and liabilities

The Trust's convertible notes are carried at amortised cost of \$546.3 million (2007: \$0) rather than the estimated fair value of \$532.3 million (2007: \$0). The fair value of all other financial assets and liabilities included on the balance sheet approximates their carrying value.

Refer to note 1 regarding the Trust's accounting policy relating to valuation of financial instruments.

Notes to the financial statements

for the year ended 30 June 2008

25. Subsequent events

On 22 July 2008, the Trust paid \$19.95 million, being its share of the amount owing for the purchase of 266 Little Bourke Street, Melbourne.

There have been no significant events occurring after balance date which may affect either the Trust's operations or the results of those operations or the state of affairs of the Trust, not otherwise disclosed in this report.

26. Contingent liabilities

As at 30 June 2008, the Trust has a contingent liability amounting to \$460,000 (2007: \$610,000) as a result of litigation claims from tenants.

27. Net tangible asset backing per unit

	Consolidated 30 June 2008	Consolidated 30 June 2007	Parent entity 30 June 2008	Parent entity 30 June 2007
Net tangible assets (\$'000)	5,267,385	4,544,161	5,254,123	4,544,161
Net tangible asset backing per unit (\$)	2.32	2.12	2.32	2.12

Net tangible asset backing is calculated by dividing the equity attributable to unitholders of the Trust, adjusted for any intangible assets, by the number of ordinary units on issue. The number of units used in the calculation can be found in note 14.



Director's declaration

In accordance with a resolution of the Directors of Commonwealth Managed Investments Limited, the Responsible Entity for the CFS Retail Property Trust, we declare that:

- (a) in the opinion of the Directors, the financial statements and notes set out on pages 56 to 99 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust and its controlled entities' financial position as at 30 June 2008 and of the performance for the year ended on that date, and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001 and the Trust Constitution, and
- (b) in the opinion of the Directors, there are reasonable grounds to believe that the Trust and its controlled entities will be able to pay their debts as and when they become due and payable, and
- (c) the Directors have been given the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2008.

Signed in accordance with the resolution of the Directors of Commonwealth Managed Investments Limited.

Sean P Wareing
Director

Sydney
19 August 2008

Independent auditor's report to the unitholders of CFS Retail Property Trust



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ABN 52 780 433 757

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Report on the financial report

We have audited the accompanying financial report of CFS Retail Property Trust (the registered scheme), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both CFS Retail Property Trust and the CFS Retail Property Trust Group (the consolidated entity). The consolidated entity comprises the registered scheme and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.



Independent auditor's report to the unitholders of CFS Retail Property Trust

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of CFS Retail Property Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the registered scheme's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

Peter van Dongen
Partner

Sydney
19 August 2008

Supplementary information

diversification
domestic specialisation
sector-specific
sustainability



Supplementary information

Substantial holdings as at 18 August 2008*

Company name	Effective date	Number of units	% issued capital
Commonwealth Bank of Australia and its associates	24 August 2007	381,143,223	16.85%
The Gandel Group Pty Limited	6 July 2006	408,319,261	19.50%

* The holdings in the table above do not include the interests retained by the Commonwealth Bank of Australia (5.09%) and the Gandel Group (13.65%) in the form of first rights of refusal in relation to the disposal of units pursuant to a Sale and Options over Units Agreement dated 3 October 2002 and previously provided to the ASX on 4 October 2002.

Top 20 unitholders as at 18 August 2008

Name	Number of units	% issued capital
HSBC Custody Nominees	342,223,158	15.09%
National Nominees Limited	222,494,702	9.81%
Commonwealth Bank Of Australia	219,634,425	9.69%
J P Morgan Nominees Australia Limited	183,997,097	8.11%
Allowater Pty Ltd	174,963,753	7.72%
Citicorp Nominees Pty Limited	152,384,787	6.72%
Rosslynbridge Pty Ltd	100,988,180	4.45%
The Colonial Mutual Life Assurance Society Limited	66,088,722	2.91%
Citicorp Nominees Pty Limited	58,391,837	2.58%
RBC Dexia Investor Services Australia Nominees Pty Limited	51,862,268	2.29%
Cenarth Pty Ltd	50,119,710	2.21%
Braybridge Pty Ltd	47,885,240	2.11%
Ledburn Proprietary Limited	40,798,509	1.80%
Broadgan Pty Ltd	39,418,509	1.74%
Cogent Nominees Pty Limited	30,498,523	1.34%
HSBC Custody Nominees (Australia) Limited	28,189,238	1.24%
Cogent Nominees Pty Limited	27,935,254	1.23%
ANZ Nominees Limited	24,052,851	1.06%
Bond Street Custodians Limited	22,025,253	0.97%
Australian Foundation Investment Company Limited	18,729,952	0.83%
Total	1,902,681,968	83.91%

Spread of unitholders as at 18 August 2008

Holding	Number of unitholders	Number of units fully paid	% issued capital
1 to 1,000	1,523	552,178	0.02
1,001 to 5,000	4,651	14,306,209	0.63
5,001 to 10,000	4,358	32,516,709	1.43
10,001 to 50,000	6,237	122,236,474	5.39
50,001 to 100,000	326	21,632,615	0.95
100,001 and Over	211	2,076,709,339	91.57
Total	17,306	2,267,953,524	100.00

There were 757 unitholders each holding less than a markable parcel of 245 units (\$2.04 on 18/08/2008).

CFX issue of units

Date	Issue	Number of units	Price	Cost
1 April 1994	Listing	583,001,000	\$1.00	\$583,001,000
22 February 1995	Distribution Reinvestment Plan	18,868,627	\$0.83	\$15,660,960
18 August 1995	1 for 5 Rights Issue	120,374,753	\$0.90	\$108,337,278
17 October 1997	2 for 9 Rights Issue \$0.40 paid on application \$0.56 final instalment payable on 30 June 1999	160,503,704	\$0.96	\$154,083,556
17 July 1998	Placement	72,000,000	\$1.09	\$78,480,000
12 November 1998	1 for 4 Rights Issue	238,689,206	\$1.10	\$262,558,127
23 August 1999	Distribution Reinvestment Plan	21,138,064	\$1.09	\$23,040,490
24 February 2000	Distribution Reinvestment Plan	16,404,323	\$1.06	\$17,388,582
25 August 2000	Distribution Reinvestment Plan	26,199,375	\$1.08	\$28,295,325
26 February 2001	Distribution Reinvestment Plan	25,570,288	\$1.16	\$29,661,534
27 August 2001	Distribution Reinvestment Plan	27,449,601	\$1.08	\$29,645,569
25 February 2002	Distribution Reinvestment Plan	25,568,885	\$1.13	\$28,892,840
26 August 2002	Distribution Reinvestment Plan	9,566,458	\$1.21	\$11,575,414
8 October 2002	New ordinary issue*	404,383,962		
8 October 2002	Broadmeadows Unit Issue	6,606,525	\$1.21	\$7,993,895
29 January 2003	Institutional Placement	74,074,075	\$1.35	\$100,000,001
17 March 2003	Unit Purchase Plan	3,942,688	\$1.35	\$5,322,629
27 February 2004	Distribution Reinvestment Plan	34,370,995	\$1.29	\$44,338,584
16 March 2004	Placement	35,715,000	\$1.44	\$51,429,600
27 August 2004	Distribution Reinvestment Plan	30,344,561	\$1.38	\$41,875,494
21 December 2004	Institutional Placement	63,694,268	\$1.57	\$100,000,001
31 January 2005	Unit Purchase Plan	16,118,814	\$1.57	\$25,306,538
25 February 2005	Distribution Reinvestment Plan	28,588,059	\$1.55	\$44,311,491
26 August 2005	Distribution Reinvestment Plan	27,603,362	\$1.64	\$45,269,514
28 February 2006	Distribution Reinvestment Plan	22,981,159	\$1.91	\$43,894,014
25 August 2006	Distribution Reinvestment Plan	28,231,802	\$1.82	\$51,381,880
28 February 2007	Distribution Reinvestment Plan	20,223,739	\$2.17	\$43,885,514
6 July 2007	Institutional Placement	93,023,256	\$2.15	\$200,000,000
7 August 2007	Unit Purchase Plan	7,427,720	\$2.15	\$15,969,598
24 August 2007	Distribution Reinvestment Plan**	18,972,594	\$2.22	\$42,119,159
27 February 2008	Distribution Reinvestment Plan^	6,316,291	\$2.36	\$14,906,447
Total fully paid ordinary units		2,267,953,154		

* 0.65 GAN units for each CFT unit.

** Units issued under 24 August 2007 Distribution Reinvestment Plan receive pro rata distribution for the period ended 31 December 2007.

^ Units issued under 27 February 2008 Distribution Reinvestment Plan receive pro rata distribution for the period ended 30 June 2008.

Voting rights

On a show of hands, unitholders in the CFS Retail Property Trust have one vote each. On a poll, unitholders in the CFS Retail Property Trust have one vote for each unit held in the CFS Retail Property Trust.

Supplementary information continued

CFX distribution history

Distribution period ended	Non-income tax assessable				Income tax assessable			
	Distribution cpu*	Tax deferred %	Tax free %	CGT concession amount %	Discounted capital gain %	Other capital gain %	Franked dividend %	Franking credits cpu*
30 June 1994	1.975	18.15	4.96					
31 December 1994	3.95	14.2	5.17					
30 June 1995	3.85	23.51	5.45					
31 December 1995								
– Ordinary units	3.87	24.35	6.25					
– Partly-paid units	2.86	24.35	6.25					
30 June 1996	3.93	27.96	6.43					
31 December 1996	3.88	12.87	7.13					
30 June 1997	4.02	18.87	7.97					
31 December 1997								
– Ordinary units	4.02	20.40	8.98					
– Partly-paid units (pro-rata)	0.70	20.40	8.98					
30 June 1998								
– Ordinary units	4.07	23.57	9.49					
– Partly-paid units (pro-rata)	1.70	23.57	9.49					
31 December 1998								
– Ordinary units	4.09	29.92	13.08					
– Partly-paid units (pro-rata)	1.704	29.92	13.08					
– Placement units (pro-rata)	3.734	29.92	13.08					
– Rights Issue units (pro-rata)	1.111	29.92	13.08					
30 June 1999								
– Ordinary units	4.21	33.74	12.95					
– Partly-paid units (pro-rata)	1.755	33.74	12.95					
31 December 1999								
– Ordinary units	4.20	31.38	13.56					
– DRP units	1.755	33.74	12.95					
30 June 2000								
– Ordinary units	4.30	31.49	13.49					
– DRP units	3.02	31.49	13.49					
31 December 2000								
– Ordinary units	4.30	25.49	14.18					
– DRP units	3.01	25.49	14.18					
30 June 2001								
– Ordinary units	4.40	26.06	14.23					
– DRP units	3.04	26.06	14.23					
31 December 2001								
– Ordinary units	4.40	37.60	n/a**					
– DRP units	3.04	37.60	n/a**					
30 June 2002								
– Ordinary units	4.56	39.55	n/a**					
– DRP units	3.17	39.55	n/a**					

* cpu = cents per unit.

** For all distributions paid post 30 June 2001, the tax-free portion became tax-deferred.



Distribution period ended	Non-income tax assessable				Income tax assessable			
	Distribution cpu*	Tax deferred %	Tax free %	CGT concession amount %	Discounted capital gain %	Other capital gain %	Franked dividend %	Franking credits cpu*
31 December 2002								
– Ordinary units	4.78	37.8	n/a**					
– DRP units	3.27	37.8	n/a**					
30 June 2003								
– Ordinary units	4.88	45.44	n/a**					
31 December 2003								
– Ordinary units	5.00	37.05	n/a**	0.71	0.71			
30 June 2004								
– Ordinary units	5.06	37.05	n/a**	0.71	0.71			
– DRP units	3.48	37.05	n/a**	0.71	0.71			
31 December 2004								
– Ordinary units	5.20	42.55	n/a**					
– DRP units	3.59	42.55	n/a**					
30 June 2005								
– Ordinary units	5.31	42.55	n/a**					
– DRP units	3.67	42.55	n/a**					
31 December 2005								
– Ordinary units	5.46	42.5896	n/a**	0.338	0.338	0.0141	0.0066	0.00015
– DRP units	3.80	42.5896	n/a**	0.338	0.338	0.0141	0.0066	0.00011
30 June 2006								
– Ordinary units	5.64	42.5896	n/a**	0.338	0.338	0.0141	0.0066	0.00016
– DRP units	3.83	42.5896	n/a**	0.338	0.338	0.0141	0.0066	0.00011
31 December 2006								
– Ordinary units	5.70	43.22	n/a**	0.39	0.39	–	0.20	0.00489
– DRP units	4.00	43.22	n/a**	0.39	0.39	–	0.20	0.00343
30 June 2007								
– Ordinary units	5.90	43.22	n/a**	0.39	0.39	–	0.20	0.00506
– DRP units	3.98	43.22	n/a**	0.39	0.39	–	0.20	0.00341
31 December 2007								
– Ordinary units	6.00	31.68	n/a**	–	17.00	–	0.17	0.00437
– DRP units	4.24	31.68	n/a**	–	17.00	–	0.17	0.00309
30 June 2008								
– Ordinary units	6.00	31.68	n/a**	–	17.00	–	0.17	0.00437
– DRP units	4.12	31.68	n/a**	–	17.00	–	0.17	0.00300

* cpu = cents per unit.

** For all distributions paid post 30 June 2001, the tax-free portion became tax-deferred.



Glossary

Term	Reference in report	Definition
Australian equivalents to International Financial Reporting Standards	AIFRS	Same as term.
Australian real estate investment trust	A-REIT	Previously referred to in the Australian market as listed property trusts (LPTs). The terminology was changed to be consistent with the global market conventions of real estate investment trusts (REITs).
Australian Securities Exchange	ASX	The main Australian market place for trading equities, government bonds and other fixed interest securities.
Colonial First State Global Asset Management	Colonial First State Global Asset Management	The consolidated asset management division of Commonwealth Bank of Australia's Wealth Management business unit.
Colonial First State Property Management Pty Ltd ABN 96 101 504 045	Colonial First State Property Management or CFSPM or (formerly Gandel Retail Management)	Provides property management, leasing and development services to CFS Retail Property Trust.
Colonial First State Property Management Pty Ltd ABN 96 101 504 045 or Colonial First State Management Pty Limited ABN 43 128 976 787	Colonial First State Property Management or CFSPM or Colonial First State Management or CFSM	Colonial First State Management is the appointed property manager of a variety of listed funds, unlisted funds and private investors to which CFSPM provides property management, leasing and development services.
Colonial First State Property Retail Pty Limited ABN 19 101 384 294	Colonial First State Property Retail Pty Limited or CFSPRPL	The Manager of CFS Retail Property Trust.
Commonwealth Bank of Australia ABN 48 123 123 124	the Commonwealth Bank, Commonwealth Bank of Australia, or the Bank	One of Australia's leading financial institutions with businesses in New Zealand, Asia and the United Kingdom.
Commonwealth Managed Investments Limited ABN 33 084 098 180 AFSL 235384	Commonwealth Managed Investments Limited or CML or Responsible Entity	A wholly owned subsidiary of Commonwealth Bank of Australia and the Responsible Entity of CFX.
distribution per unit	distribution per unit or DPU	The proportion of CFX's earnings paid to unitholders.
gross lettable area	gross lettable area or GLA	The total possible area in any given building.
moving annual turnover	moving annual turnover or MAT	Gross sales for all contributing retailers represented in a shopping centre over a progressive 12-month period.
net tangible asset backing per unit	net tangible asset backing per unit or NTA	The total assets of CFX less total liabilities and not including intangible items such as goodwill per unit.
Property and Alternative Investments	Property and Alternative Investments	A division of Colonial First State Global Asset Management with specialist expertise in property, infrastructure and private equity funds management, as well as property management.
term in office	term in office	The amount of time that a Board member has served and is accurate at the time of approval of the Report by the Board (19 August 2008).



Directory



ASX trading code

CFS Retail Property Trust

ARSN 090 150 280

Responsible Entity

Commonwealth Managed Investments Limited
ABN 33 084 098 180
AFSL 235384

Directors of the Responsible Entity

Mr Sean Patrick Wareing (Chairman)
Mr James Frederick Kropp
Mr Grahame Anthony Petersen
Mr Joseph Gabriel Rooney
Mr Michael John Venter

Company Secretaries

J F Greenhalgh FCIS MNIA
W W Lee BA LLB (Syd)
G R Freeman BComm LLB (UNSW)

Registered office of the Responsible Entity

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Sydney NSW 2000
Telephone +61 2 9378 3915

Manager of the Trust

Colonial First State Property Retail Pty Limited
ABN 19 101 384 294

Registered office of the Manager

Level 7
48 Martin Place
Sydney NSW 2000

Principal office of the Manager

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52 Martin Place
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Telephone +61 2 9303 3500
Facsimile +61 2 9303 3622
Email CFXfeedback@colonialfirststate.com.au
Website colonialfirststate.com.au/cfx

Property Manager

Colonial First State Property Management Pty Ltd
Chadstone Shopping Centre
1341 Dandenong Road
Chadstone VIC 3148

Unit Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone (Freecall) 1800 500 710
Telephone (outside Australia) +61 2 8280 7105
Facsimile +61 9287 0303

For enquiries regarding your unitholding, please contact the Unit Registry.

- For all correspondence, please quote your Securityholder Reference Number (SRN)/Holder Identification Number (HIN) that can be found near the top right hand corner of your holding statement.
- The Unit Registry will only accept correspondence or amendments to unitholdings if they are signed by the unitholder/s.
- To arrange changes of address, changes in registration of units, direct credit requests or to enquire about distribution information, please contact the Unit Registry on 1800 500 710.
- You can also view your investment details online and update your personal details through the 'Investor Service Centre' section of the Unit Registry website at linkmarketservices.com.au or through the 'Access your unitholding' section of the CFX website at colonialfirststate.com.au/cfx. You will require your SRN/HIN to access this information.



