

## APPENDIX 4E

### Preliminary Final Report for the year ended 30 June 2009

Name of Entity: Macquarie CountryWide Trust

#### Results for announcement to the market

	12 months to 30 June 2009 \$m	12 months to 30 June 2008 \$m	Variance (%)
Core earnings*	174.5	171.2	1.9%
(Loss)/revenue from ordinary activities	(300.7)	245.2	(222.6%)
(Loss)/profit from ordinary activities after tax attributable to members	(1,435.0)	100.4	(1,529.3%)
(Loss)/profit for the year attributable to members	(1,435.0)	100.4	(1,529.3%)

\* Core earnings represents the net profit/(loss) of the Trust adjusted for certain unrealised, non-cash or non-recurring capital items. A reconciliation of the Trust's profit/(loss) after tax to core earnings is provided in Note 7 of the financial statements.

Distributions	Amount per unit	Tax deferred amount per unit
<i>Current year:</i>		
Final distribution	3.00¢	
Interim distribution	4.00¢	
Total	7.00¢	1.03¢
<i>Previous corresponding year:</i>		
Final distribution	7.20¢	
Interim distribution	7.80¢	
Total	15.00¢	6.38¢
Record date for determining entitlements to the distribution	30 June 2009	

Refer to the attached Balance Sheets, Income Statements and Cash Flow Statements for further detail.

21 August 2009

## Results for announcement to the market (continued)

Core earnings of the Trust were \$174.5 million representing a 1.9% increase compared to the prior year. This result highlights that the underlying operational performance of the Trust has been profitable.

The Trust's statutory accounting result is a loss of \$1,435.0 million. This includes a number of significant unrealised, non-cash or non-recurring capital items:

- (\$447.8) million – Valuation losses from US joint ventures less the Trust's share of profits from these entities
- (\$256.8) million – Valuation losses on investment properties in Australia, New Zealand and Europe
- (\$670.6) million – Write-down of investments
- (\$253.8) million – Fair value adjustments of derivative financial instruments and foreign exchange movements
- \$156.8 million – Deferred tax benefit from write-downs in US joint venture investment properties

## Details of Distributions

Refer attached financial statements (Directors Report and Note 5: Distributions paid and proposed).

## Details of Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) was in operation for the distributions during the period. Of the distributions paid during the year, \$44.4 million was reinvested in the Trust.

The last date for receipt of an election notice for participation in the DRP was 30 June 2009.

The DRP price per unit includes a discount of 1.0% to the volume weighted average market price of units traded on the ASX during the 10 business days from and including the ex-distribution date.

## Statement of Undistributed Income

Refer attached financial statements (Note 22: (Unallocated losses)/undistributed income).

## Net Tangible Assets

	Current year	Previous corresponding year
Net tangible asset backing per unit*	\$0.77	\$1.79
Net tangible asset backing per unit after distribution**	\$0.74	\$1.72
Net tangible asset backing per unit after distribution (excluding deferred tax balances)	\$0.74	\$1.80

\* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interest etc).

\*\* The net tangible asset backing per unit would have been \$0.74 (2008: \$1.72) for the consolidated entity if the distribution for the year ended 30 June 2009 had been recognised in the financial statements.

## Control gained or lost over entities during the year

N/A

## Details of Joint Venture entities

Refer attached financial statements (Note 12: Investments in joint venture entities).

## Other significant information

- During the year, the Trust in conjunction with its US joint venture partner, Regency Centers Corporation (Regency), signed an agreement to dissolve two of its joint venture entities, Macquarie CountryWide - Regency LLC (MCRI) and MCW/MDP -Regency LLC (MDP). This enabled both parties to take 100% ownership of certain joint venture assets as nominated in a rotational selection process. As at 30 June 2009, the assets of MDP have been fully distributed and the assets of MCRI have been partially distributed to the Trust and Regency respectively. Once complete, the Trust will have assumed full ownership and control of 34 properties and both entities will be formally wound up. In accordance with the joint venture agreements, an additional distribution and liquidation management fee of US\$13.1 million (\$18.6 million) has been agreed of which US\$7.3 million (\$10.4 million) has been paid to Regency in the form of an increased ownership interest.
- In addition, the Trust sold 16 Australian properties for \$239.0 million, realising a total loss on book values of \$15.0 million. The Trust also sold 20 US properties for US\$271.7 million (\$391.8 million), realising a total loss on book values of US\$11.1 million (\$15.0 million). The net proceeds on disposal were used to repay debt.
- During the year, the Trust revised its capital hedging policy from 90-100% of all foreign currency gross assets to 60-100% of all foreign currency gross assets. As a result, the Trust closed out US\$510.3 million (\$648.6 million) of cross currency swaps, realising a net gain of \$25.0 million. It also closed out NZ\$94.6 million (\$80.7 million) of forward foreign currency exchange contracts, realising a net gain of \$4.5 million and entered into forward foreign currency exchange contracts to offset a further US\$601.5 million (\$782.9 million) of cross currency swaps.

- The Trust has commercial mortgage backed securities totalling \$450.0 million maturing in December 2009 (refer to Note 17 of the financial statements). This debt maturity is contributing to an excess of current liabilities over current assets of \$384.8 million as at 30 June 2009. The Trust is actively pursuing a range of funding options to replace the commercial mortgage backed securities on maturity. In addition, the Trust has embarked on a number of capital management initiatives to enhance liquidity and reduce gearing, including the disposal of assets and the revision of its distribution policy.

### Accounting standards used by foreign entities

International Financial Reporting Standards (IFRS)

### Commentary on results

	Current period	Previous corresponding period
Basic earnings per unit	(101.81)¢	7.49¢
Core earnings per unit	12.38¢	12.77¢
Core earnings per unit have decreased by 0.40 cents (3.13%) from the prior year.		
<i>Returns to Unitholders:</i> Distributions	\$99.3 m	\$201.9 m
Cash distributions per unit decreased by 53.3% from 15.00 cents per unit in 2008 to 7.00 cents per unit in respect of the year ending 30 June 2009. The final distribution of \$43.9 million was not declared prior to 30 June 2009 (2008: \$97.7 million).		

Significant features of operating performance:

	Consolidated 2009 \$'m	Consolidated 2008 \$'m
<b>Income</b>		
Property rental income	206.5	182.1
Property expense	(61.9)	(52.8)
<b>Net property income</b>	<b>144.6</b>	<b>129.3</b>
Share of profits and valuation losses from investment in joint venture entities	(447.8)	(51.2)
Profit on sale of investment properties	-	0.9
Net gain from derivative financial instruments	-	162.3
Other income	2.5	3.9
<b>Total income net of property expenses</b>	<b>(300.7)</b>	<b>245.2</b>
<b>Expenses</b>		
Valuation losses on investment properties	(256.8)	(94.5)
Write down of investments	(670.6)	-
Net loss from derivative financial instruments	(253.8)	-
Loss on sale of investment properties	(29.3)	-
Management fees	(8.6)	(9.8)
Finance costs	(64.3)	(66.9)
Other expenses	(7.7)	(6.0)
<b>Total expenses</b>	<b>(1,291.1)</b>	<b>(82.7)</b>
<b>(Loss)/profit before tax expense</b>	<b>(1,591.8)</b>	<b>68.0</b>
Income tax benefit/(expense)	156.8	32.4
<b>Profit after tax</b>	<b>(1,435.0)</b>	<b>100.4</b>

Loss after tax for the year was \$1,435.0 million compared to a profit of \$100.4 million for the prior year. The decrease was mainly due to the write down of the Trust's investment in a joint venture entity classified as held for sale, the net loss on disposal of investment properties, a decline in property valuations and net unrealised losses on derivative financial instruments.

Segment results:  
Refer attached financial statements (Note 27: Segment reporting).

Performance Trends:  
Refer to Significant Features of Operating Performance Above.

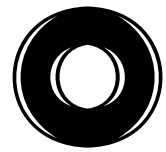
Other factors:  
Refer to other significant information (above).

**Audit**

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

<input checked="" type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have not yet been audited or reviewed.

**MACQUARIE COUNTRYWIDE TRUST ARSN 093 143 965**  
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009



MACQUARIE

# Financial Report

## for the year ended 30 June 2009

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### Important Notice

Macquarie CountryWide Management Limited ABN 46 069 709 468; AFSL 246996 ("MCML") is the responsible entity of Macquarie CountryWide Trust ARSN 093 143 965 ("MCW"). MCML is a wholly owned subsidiary of Macquarie Group Limited ABN 94 122 169 279 ("Macquarie Group").

None of the entities referred to in this document is an authorised deposit-taking institution for the purposes of the Banking Act (Commonwealth of Australia) 1959, and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL does not guarantee or otherwise provide assurance in respect of these entities.

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of MCML. Actual results may vary from any forecasts and any variation may be materially positive or negative.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MCML does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating MCW which, in accordance with MCW's constitution, are calculated by reference to the value of the assets and the performance of MCW. Entities within the Macquarie Group may also receive fees for managing the assets of, and providing resources to MCW. Macquarie Group and its related corporations, together with their officers and directors, may hold securities in MCW from time to time.

# Financial Report

## for the year ended 30 June 2009

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## for the year ended 30 June 2009

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# Directors' Report to Unitholders

## for the year ended 30 June 2009

The Directors of Macquarie CountryWide Management Limited (Manager), the responsible entity of Macquarie CountryWide Trust, present their report together with the consolidated financial statements of the Trust and its controlled entities (together, the Trust) for the year ended 30 June 2009.

### 1. Principal Activities

The principal activity of the Trust during the year was property investment. There were no significant changes in the nature of the Trust's activities during the year.

### 2. Directors

The following persons have held office as Directors of the Manager during the year and up to the date of this report:

Richard Sheppard

John Harkness

Maurice Koop

Alan Rattray-Wood

Simon Jones, appointed 22 December 2008 (alternate to 22 December 2008)

Kylie Rampa, resigned 22 December 2008

Mark Baillie, resigned 28 May 2009 (alternate)

### 3. Distributions

The distribution of income for the year ended 30 June 2009 was 7.00 cents per unit (2008: 15.00 cents per unit). An interim distribution of 4.00 cents per unit was paid on 20 February 2009. A final distribution for the year ended 30 June 2009 of 3.00 cents per unit will be paid on 21 August 2009. A provision has not been recognised in the financial statements at 30 June 2009 as the final distribution had not been declared at balance date.

### 4. Review of Operations

The performance of the Trust, as represented by the results of their operations for the year, was as follows:

	<b>Consolidated</b>	Consolidated
	<b>2009</b>	2008
	<b>\$'m</b>	\$'m
Net property income		
Wholly owned entities	<b>144.6</b>	129.3
US joint venture entities	<b>221.5</b>	210.0
Valuation losses on investment properties		
Wholly owned entities	<b>(256.8)</b>	(94.5)
US joint venture entities	<b>(549.3)</b>	(135.2)
(Loss)/profit after tax	<b>(1,435.0)</b>	100.4
Core earnings per unit (cents)	<b>12.38</b>	12.78

The underlying operational performance of the Trust for the year has been profitable and is in line with management's expectations. The reported loss for the year has been impacted by the write down of the Trust's investment in joint venture entities, the net loss on disposal of investment properties, a decline in property valuations and net unrealised losses on derivative financial instruments.

Property valuations have decreased primarily due to the softening of capitalisation rates used to value the properties. At 30 June 2009 the weighted average capitalisation rates were 7.9% for Australia (2008: 7.0%), 8.0% for New Zealand (2008: 7.0%), 8.0% for the United States (2008: 6.7%), and 8.2% for Europe (2008: 6.9%). The net unrealised losses on derivatives have been primarily due to a weakening of the Australian dollar compared to the US dollar and a fall in US and European variable interest rates.

# Directors' Report to Unitholders

## for the year ended 30 June 2009

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### 5. Significant Changes in the State of Affairs

During the year, the Trust in conjunction with its US joint venture partner, Regency Centers Corporation (Regency), signed an agreement to dissolve two of its joint venture entities, Macquarie CountryWide - Regency LLC (MCWR I) and MCW/MDP - Regency LLC (MDP). This enabled both parties to take 100% ownership of certain joint venture assets as nominated in a rotational selection process. As at 30 June 2009, the assets of MDP have been fully distributed and the assets of MCWR I have been partially distributed to the Trust and Regency respectively. On completion, the Trust will have assumed full ownership and control of 34 properties and both entities will be wound up. In accordance with the joint venture agreements, an additional distribution and liquidation management fee of US\$13.1 million (\$18.6 million) has been agreed, of which US\$7.3 million (\$10.4 million) has been settled via the distribution of additional properties to Regency.

In addition, the Trust sold 16 Australian properties for \$239.0 million, realising a total loss on book values of \$15.0 million. The Trust also sold 20 US properties for US\$269.8 million (\$388.9 million), realising a total loss on book values of US\$11.1 million (\$15.0 million). The net proceeds on disposal were used to repay debt.

During the year, the Trust revised its capital hedging policy from 90-100% of all foreign currency gross assets to 60-100% of all foreign currency gross assets. As a result, the Trust closed out US\$510.3 million (\$648.6 million) of cross currency swaps, realising a net gain of \$25.0 million. It also closed out NZ\$94.6 million (\$80.7 million) of forward foreign currency exchange contracts, realising a net gain of \$4.5 million and entered into forward foreign currency exchange contracts to offset a further US\$601.5 million (\$782.9 million) of cross currency swaps.

The Trust has commercial mortgage backed securities totalling \$450.0 million maturing in December 2009 (refer to Note 17). This debt maturity is contributing to an excess of current liabilities over current assets of \$384.8 million as at 30 June 2009. The Trust is actively pursuing a range of funding options to replace the commercial mortgage backed securities on maturity. In addition, the Trust has embarked on a number of capital management initiatives to enhance liquidity and reduce gearing, including the disposal of assets and the revision of its distribution policy.

### 6. Events Occurring after Balance Date

Subsequent to balance date a distribution of 3.00 cents per unit has been declared by the Board of Directors. The total distribution amount of \$43.9 million was paid on 21 August 2009 in respect of the half year ended 30 June 2009.

In July 2009, the Trust signed a conditional contract to sell its 75% interest in a US joint venture with Regency Centers Corporation, Macquarie CountryWide – Regency II LLC (MCWR II) for a gross sale price of US\$1.30 billion (\$1.61 billion). MCWR II owns 86 properties in the United States and the first phase of the disposal for the sale of a 45% interest in the joint venture completed in July 2009. The remaining 30% interest in the joint venture is under contract to be sold in a phased transaction over a period of up to 24 months. At balance date, the Trust has reclassified its interest in the joint venture as held for sale and measured it at its fair value less costs to sell, resulting in a write down of US\$384.0 million (\$476.0 million).

The Trust also sold two Australian properties for \$14.2 million and two US properties for US\$17.9 million (\$22.2 million). No gain or loss was realised on disposal of these properties.

In August 2009, the Trust entered into forward foreign currency exchange contracts to offset a further US\$50.0 million (\$59.7 million) of cross currency swaps.

The Directors of the Manager are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial years subsequent to 30 June 2009.

# Directors' Report to Unitholders

## for the year ended 30 June 2009

### 7. Likely Developments and Expected Results of Operations

The financial statements have been prepared on the basis of current known market conditions. The extent to which a potential further deterioration in either the capital or physical property markets may have on the results of the Trust are unknown. Such developments could influence property market valuations, the ability of borrowers, including the Trust, to raise or refinance debt and the cost of such debt, or the ability to raise equity.

As noted above, the Trust has contracted to sell its 75% interest in MCWR II. The disposal will reduce the earnings of the Trust progressively upon completion of the phased transaction.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Trust which would have a material impact on the future results of the Trust. Property valuation changes, movements in deferred tax, movements in the fair value of derivative financial instruments and movements in foreign exchange and interest rates may have a material impact on the Trust's results in future years, however these cannot be reliably measured at the date of this report.

### 8. Indemnification and Insurance of Officers and Auditor

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Manager or the auditor of the Trust. So long as the officers of the Manager act in accordance with the Trust Constitution and the *Corporations Act 2001*, 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.

### 9. Fees Paid to and Interests Held in the Trust by the Manager or its Associates

Base fees of \$8,555,000 (2008: \$9,802,000) were paid or are payable to the Manager or its associates for services provided during the year, in accordance with the Trust Constitution as disclosed in Note 26(e) to the financial statements.

In addition, a related party of the Manager has earned management fees of \$4,434,000 (2008: \$4,951,000) relating to the US properties. These are included in the management fees disclosed in Note 12(d).

The interests in the Trust held by the Manager or its associates as at 30 June 2009 and fees paid to its associates during the year are disclosed in Note 26 to the financial statements.

### 10. Interests in the Trust

The movement in units of the Trust during the year is set out below:

	<b>Consolidated 2009</b>	Consolidated 2008
Units on issue at the beginning of the year	<b>1,357,332,725</b>	1,316,327,092
Units issued during the year	<b>107,244,673</b>	41,005,633
Units on issue at the end of the year	<b>1,464,577,398</b>	1,357,332,725

### 11. Value of Assets

	<b>Consolidated 2009</b>	Consolidated 2008
	<b>\$'m</b>	\$'m
Value of Trust assets	<b>2,125.7</b>	3,676.0

The value of the Trust's assets is derived using the basis set out in Note 1 to the financial statements.

# Directors' Report to Unitholders

## for the year ended 30 June 2009

### 12. Environmental Regulations

The operations of the Trust are subject to environmental regulations under Commonwealth, State and Territory legislation in relation to property developments and the ownership of seven petrol stations.

Under the lease agreements for the petrol stations owned by the Trust, any environmental exposures are the responsibility of the tenant, and the Trust is indemnified against any losses resulting from environmental contamination.

In relation to the property developments, the Trust is obliged to ensure all works carried out under any development approval comply with that approval as well as any further relevant statutory requirements. The Trust ensures contracts entered into with builders for its developments stipulate that the builder must:

- (a) ensure that in carrying out the contractor's activities:
  - (i) it complies with all statutory requirements and other requirements of the contract for the protection of the environment;
  - (ii) it does not pollute, contaminate or otherwise damage the environment; and
  - (iii) its subcontractors comply with the requirements referred to in the contract;
- (b) make good any pollution, contamination or damage to the environment arising out of, or in any way in connection with, the contractor's activities, whether or not it has complied with all statutory requirements or other requirements of the contract for the protection of the environment; and
- (c) indemnify the Trust to the full extent permitted by law against:
  - (i) any liability to or a claim by a third party; and
  - (ii) all fines, penalties, costs, losses or damages suffered or incurred by the Trust, arising out of or in connection with the contractor's breach of the contract.

Approvals for property developments are required under various local State and Territory environmental laws.

To the best of the Directors' knowledge, the operations of the Trust have been undertaken in compliance with the applicable environmental regulations in each jurisdiction where the Trust operates.

### 13. Information on Current Directors

Director	Experience	Special responsibilities	Interest in units of the Trust
Richard Sheppard	Appointed 31 March 2007 Age: 60  Richard has been Deputy Managing Director of Macquarie Group Limited since 1996 and since 2007 has been Managing Director and Chief Executive Officer of Macquarie Bank Limited. Richard is a Director of the Australian Financial Markets Association, Cure Cancer Australia Foundation and the Bradman Foundation. He is also a member of the Australian Government's Financial Sector Advisory Council. Richard has a BEc (1st Class Hons) from the University of Sydney.  Current listed Directorships Macquarie DDR Management Limited (Chairman since 2003) Macquarie Office Management Limited (Director since 2009)  Former listed Directorships in last three years Macquarie ProLogis Management Limited (Director in 2007) Macquarie Private Capital Group (Director from 2005 to 2008)	Chairman	609,004

# Directors' Report to Unitholders

## for the year ended 30 June 2009

### 13. Information on Current Directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
John Harkness	<p>Appointed 18 August 2003 Age: 64</p> <p>John brings extensive financial skills to the board. A partner at KPMG for 24 years and National Executive Chairman for five years, John has held a number of Non-Executive Director roles since his retirement from KPMG in 2000. He is currently Chairman of ICA Property Development Funds and is Chairman of the Sydney Foundation for Medical Research. John is President of Northern Suburbs Rugby Football Club Limited and Chairman of Macquarie CountryWide Trust's audit committee. John is a fellow of both The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.</p> <p>Current listed Directorships Crane Group Limited (Director since 2000) Goodman Group (Director since 2005)</p> <p>Former listed Directorships in last three years Chairman – Lipa Pharmaceuticals Limited (Director from 2004 to 2007)</p>	Chairman of audit committee	-
Maurice Koop	<p>Appointed 12 August 2002 Age: 65</p> <p>Maurice's experience includes 25 years in consulting with particular focus on consumer goods, retailing and the financial services industry. Maurice is a senior advisor to The Boston Consulting Group. He served as a Non-Executive Director with retailer Just Jeans for 12 years. Maurice is a Director of The Australian Golf Club and is a member of Macquarie CountryWide Trust's audit committee. He has a BCom and a DipEd from Melbourne University and an MBA from the University of Toronto.</p> <p>Current listed Directorships Nil</p> <p>Former listed Directorships in last three years Nil</p>	Member of audit committee	190,059
Alan Rattray-Wood	<p>Appointed 6 March 1996 Age: 56</p> <p>Alan is an experienced industry participant with more than 30 years experience involving supermarket management, neighbourhood and regional sized shopping centre management, development and leasing. Alan has held management roles with Woolworths, Westfield Holdings, Lustig &amp; Moar and other private developers. Since 1990, he has operated his own retail development consultancy practice, focusing on all facets of shopping centre development and retail chain insolvency workouts. He is a member of Macquarie CountryWide Trust's audit committee.</p> <p>Current listed Directorships Nil</p> <p>Former listed Directorships in last three years Nil</p>	Member of audit committee	50,353

# Directors' Report to Unitholders

## for the year ended 30 June 2009

### 13. Information on Current Directors (continued)

Director	Experience	Special responsibilities	Interest in units of the Trust
Simon Jones	Appointed 22 December 2008 Age: 44	Member of audit committee	278,604
	<p>Simon is an executive director of Macquarie Capital Funds Limited. He is responsible for overseeing the management of over \$11 billion in property funds. Simon is chairman of Macquarie Direct Property Management Limited, manager of several unlisted property trusts and is a director of Macquarie Leisure Management Limited, manager of Macquarie Leisure Trust Group and Macquarie DDR Management Limited, manager of Macquarie DDR Trust. Simon is a certified practising accountant, has a Graduate Diploma from the Financial Services Institute of Australasia, a BCom from the University of New South Wales and is a fellow of the Royal Institution of Chartered Surveyors.</p> <p>Current listed Directorships Macquarie DDR Management Limited (Director since 2009) Macquarie Leisure Management Limited (Director since 2005)</p> <p>Former listed Directorships in last three years Macquarie Office Management Limited (Alternate Director from April 2001 to September 2006, Executive Director from September 2006 to February 2007, Executive Chairman from February 2007 to December 2008)</p>		

### 14. Meetings of Directors

Name	Full meetings of Directors		Meetings of audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Richard Sheppard	7	7	-	-
John Harkness	7	5*	3	3
Maurice Koop	7	7	3	2
Alan Rattray-Wood	7	7	3	3
Simon Jones	3	3	-	-
Kylie Rampa	4	4	-	-
Mark Baillie (alternate)	-	-	-	-

\* Meetings not attended were ad hoc Board meetings.

### 15. Company Secretary

Douglas Hunt was appointed to the position of Company Secretary on 29 June 2009, the same day that Kara Nicholls resigned as Company Secretary. Douglas was admitted as a lawyer in 1987 and is an Associate of the Institute of Chartered Accountants as well as a Fellow of Chartered Secretaries Australia. Douglas was Assistant Company Secretary of the Macquarie Bank Group from 1996 to 2000 and since that time has worked as in-house counsel to Macquarie's Real Estate business, transferring to Macquarie Capital in 2009.

### 16. Non-Audit Services

The Manager may decide to employ the auditor (PricewaterhouseCoopers) on assignments additional to the statutory audit duties where the auditor's expertise and experience with the Trust are important.

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are disclosed in Note 4 to the financial statements.

## Directors' Report to Unitholders for the year ended 30 June 2009

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### 16. Non-Audit Services (continued)

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is 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 non-audit services by the auditor, as set out in Note 4 to the financial statements, 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 that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board *APES 110 Code of Ethics for Professional Accountants*.


### 17. Auditor's Independence Declaration

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

### 18. Rounding of Amounts to the Nearest Hundred Thousand Dollars

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

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



Richard Sheppard  
Chairman

Sydney  
20 August 2009



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## Auditor's Independence Declaration

As lead auditor for the audit of Macquarie CountryWide Trust for the year ended 30 June 2009, 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 Macquarie Countrywide Trust and the entities it controlled during the year.



J A Dunning  
Partner  
PricewaterhouseCoopers

Sydney  
20 August 2009

# Financial Report

## for year ended 30 June 2009

### Income Statements

	Note	Consolidated		Parent	
		2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
<b>Income</b>					
Property rental income		206.5	182.1	121.7	122.6
Property expenses		(61.9)	(52.8)	(38.6)	(38.8)
Net property income		144.6	129.3	83.1	83.8
Share of profits and valuation losses of investment in joint venture entities	12(d)	(447.8)	(51.2)	-	-
Profit on sale of investment properties		-	0.9	-	1.1
Net gain from derivative financial instruments	2(c)	-	162.3	-	154.3
Other income	2(d)	2.5	3.9	34.7	56.1
Total income net of property expenses		(300.7)	245.2	117.8	295.3
<b>Expenses</b>					
Valuation losses on investment properties	2(a)	(256.8)	(94.5)	(138.9)	(46.3)
Write-down of investments	2(b)	(670.6)	-	(1,015.1)	-
Net loss from derivative financial instruments	2(c)	(253.8)	-	(218.0)	-
Loss on sale of investment properties		(29.3)	-	(15.0)	-
Management fees	26(e)	(8.6)	(9.8)	(5.0)	(6.0)
Finance costs	2(e)	(64.3)	(66.9)	(40.1)	(42.4)
Unrealised foreign exchange gain/(loss)		-	-	73.6	(53.4)
Other expenses	2(f)	(7.7)	(6.0)	(5.3)	(3.7)
Total expenses		(1,291.1)	(177.2)	(1,363.8)	(151.8)
<b>(Loss)/profit before tax</b>		<b>(1,591.8)</b>	68.0	<b>(1,246.0)</b>	143.5
Tax benefit/(expense)	3	156.8	32.4	(0.8)	(0.7)
<b>(Loss)/profit after tax</b>		<b>(1,435.0)</b>	100.4	<b>(1,246.8)</b>	142.8
Basic earnings per unit (cents)	6	(101.81)	7.49		
Diluted earnings per unit (cents)	6	(101.81)	7.49		
Total distributions in respect of the year ended 30 June	5	99.3	201.9	99.3	201.9
Distribution per unit in respect of the year ended 30 June (cents)	5	7.00	15.00	7.00	15.00

The above Income Statements should be read in conjunction with the accompanying notes.

# Financial Report

## for the year ended 30 June 2009

### Balance Sheets

	Note	Consolidated		Parent	
		2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
<b>Current assets</b>					
Cash and cash equivalents	8	82.0	30.2	64.7	17.3
Receivables	9	12.6	11.0	6.4	7.3
Derivative financial instruments	10	37.6	81.7	35.6	81.7
Investment properties classified as held for sale	11	35.4	-	13.8	-
Investment in joint venture entity classified as held for sale	12	131.7	-	-	-
Other assets	13	3.7	2.6	1.5	1.7
<b>Total current assets</b>		<b>303.0</b>	<b>125.5</b>	<b>122.0</b>	<b>108.0</b>
<b>Non-current assets</b>					
Investment properties	11	1,655.9	2,014.5	1,000.4	1,377.3
Investment in joint venture entities	12	158.3	1,322.5	-	-
Investment in controlled entities	14	-	-	68.8	988.3
Loans to controlled entities		-	-	427.6	533.3
Derivative financial instruments	10	2.9	213.5	2.9	204.4
Deferred tax assets	19	5.6	-	-	-
<b>Total non-current assets</b>		<b>1,822.7</b>	<b>3,550.5</b>	<b>1,499.7</b>	<b>3,103.3</b>
<b>Total assets</b>		<b>2,125.7</b>	<b>3,676.0</b>	<b>1,621.7</b>	<b>3,211.3</b>
<b>Current liabilities</b>					
Payables	15	24.7	27.5	10.8	13.8
Provisions	16	-	-	-	-
Interest bearing liabilities	17	615.3	-	448.0	-
Derivative financial instruments	10	45.8	0.5	22.8	0.4
Other liabilities	18	2.0	2.3	0.4	0.6
<b>Total current liabilities</b>		<b>687.8</b>	<b>30.3</b>	<b>482.0</b>	<b>14.8</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	17	276.8	1,067.9	-	646.1
Deferred tax liabilities	19	7.6	120.2	-	-
Derivative financial instruments	10	31.5	32.6	31.5	32.6
<b>Total non-current liabilities</b>		<b>315.9</b>	<b>1,220.7</b>	<b>31.5</b>	<b>678.7</b>
<b>Total liabilities</b>		<b>1,003.7</b>	<b>1,251.0</b>	<b>513.5</b>	<b>693.5</b>
<b>Net assets</b>		<b>1,122.0</b>	<b>2,425.0</b>	<b>1,108.2</b>	<b>2,517.8</b>
<b>Equity</b>					
Contributed equity	20	1,982.1	1,977.6	1,982.1	1,977.6
Reserves	21	86.2	55.9	(13.9)	320.6
(Unallocated losses)/undistributed income	22	(946.3)	391.5	(860.0)	219.6
<b>Total equity</b>		<b>1,122.0</b>	<b>2,425.0</b>	<b>1,108.2</b>	<b>2,517.8</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

# Financial Report

## for year ended 30 June 2009

### Statements of Changes in Equity

	Note	Consolidated		Parent	
		2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
<b>Total equity at the beginning of the year</b>		<b>2,425.0</b>	2,631.5	<b>2,517.8</b>	2,496.2
(Loss)/profit after tax		<b>(1,435.0)</b>	100.4	<b>(1,246.8)</b>	142.8
Net income recognised directly in equity					
Foreign currency translation differences	21	<b>240.7</b>	(173.6)	<b>(54.1)</b>	12.1
<b>Total recognised income and expense for the year</b>		<b>(1,194.3)</b>	(73.2)	<b>(1,300.9)</b>	154.9
Transactions with unitholders in their capacity as unitholders					
Contributions of equity, net of issue costs	20	<b>44.4</b>	72.6	<b>44.4</b>	72.6
Distributions provided for or paid	16	<b>(153.1)</b>	(205.9)	<b>(153.1)</b>	(205.9)
		<b>(108.7)</b>	(133.3)	<b>(108.7)</b>	(133.3)
<b>Total equity at the end of the year</b>		<b>1,122.0</b>	2,425.0	<b>1,108.2</b>	2,517.8

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

# Financial Report

## for the year ended 30 June 2009

### Cash Flow Statements

	Note	Consolidated		Parent	
		2009 \$'m Inflows/ (Outflows)	2008 \$'m Inflows/ (Outflows)	2009 \$'m Inflows/ (Outflows)	2008 \$'m Inflows/ (Outflows)
<b>Cash flows from operating activities</b>					
Property rental income received		232.7	213.6	135.2	143.8
Property expenses paid		(64.8)	(62.6)	(41.4)	(43.5)
Distributions received from investments in controlled entities		-	-	-	46.1
Distributions received from investments in joint venture entities		81.2	78.2	-	-
Other operating expenses paid		(30.7)	(20.9)	(18.9)	(11.2)
Finance costs paid		(67.6)	(63.7)	(42.1)	(40.7)
Interest and other income received		47.5	59.8	59.1	58.2
Taxes paid		(3.8)	(1.9)	(0.8)	(0.7)
<b>Net cash flows from operating activities</b>	24	<b>194.5</b>	<b>202.5</b>	<b>91.1</b>	<b>152.0</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment properties		384.1	25.2	235.0	10.6
Proceeds from sale of investment properties held in joint venture entities		8.3	101.9	-	-
Payments for investment in joint venture entities		(24.4)	(144.1)	-	-
Payments for investment properties and capital expenditure		(37.8)	(664.6)	(28.8)	(90.8)
Receipts from controlled entities		-	-	114.1	11.5
<b>Net cash flows from investing activities</b>		<b>330.2</b>	<b>(681.6)</b>	<b>320.3</b>	<b>(68.7)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		371.2	582.2	371.2	232.3
Repayment of borrowings		(732.4)	(238.4)	(626.6)	(229.3)
Distributions paid to unitholders		(108.8)	(133.3)	(108.8)	(133.3)
<b>Net cash flows from financing activities</b>		<b>(470.0)</b>	<b>210.5</b>	<b>(364.2)</b>	<b>(130.3)</b>
<b>Net increase/(decrease) in cash held</b>		<b>54.7</b>	<b>(268.6)</b>	<b>47.2</b>	<b>(47.0)</b>
Cash and cash equivalents at the beginning of the year		30.2	300.3	17.3	64.0
Effect of exchange rate changes on cash and cash equivalents		(2.9)	(1.5)	0.2	0.3
<b>Cash and cash equivalents at the end of the year</b>	8	<b>82.0</b>	<b>30.2</b>	<b>64.7</b>	<b>17.3</b>

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

# Financial Report

## for the year ended 30 June 2009

### Notes to the Financial Statements

#### 1. Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of these financial statements for the year ended 30 June 2009 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

##### a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards and the *Corporations Act 2001*. These financial statements cover both Macquarie CountryWide Trust as an individual entity (the Parent) and the consolidated entity consisting of the Parent and its controlled entities (together, the Trust).

Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

##### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments held at fair value.

##### *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in Notes 1(d), 1(e), 1(f) and 1(v) and assumptions relating to deferred tax assets and liabilities and disposal of the Trust's investment in joint venture entities held for sale, no key assumptions concerning the future, or other estimation of uncertainty at the balance date, have a significant risk of causing material adjustments to the financial statements in the next year.

##### *Excess of current liabilities over current assets*

The Trust has commercial mortgage backed securities totalling \$450.0 million maturing in December 2009 (refer to Note 17). This debt maturity is contributing to an excess of current liabilities over current assets of \$384.8 million as at 30 June 2009. The Trust is actively pursuing a range of funding options to replace the commercial mortgage backed securities on maturity. In addition, the Trust has embarked on a number of capital management initiatives to enhance liquidity and reduce gearing, including the disposal of assets and the revision of its distribution policy.

##### *Change in Accounting Policy*

During the current and prior years, the US REITs paid dividends to the Parent. These dividends are classified as a return of capital to the extent that the dividend amount exceeds the US REIT profits. This return of capital reduces the amount of income in the Parent and a transfer is made from contributed equity to undistributed income to offset this.

In prior periods, the transfer was reflected in the equity of the Parent only, resulting in this being carried at a lower amount than that of the Trust. In the current year, management have reviewed this policy and believe that this transfer should also be reflected in the equity of the Trust on the basis that this would align the equity of the Trust to that of the Parent and provide a more meaningful equity position. As a result, the Trust now reflects these transfers in both the equity of the Parent and the Trust and has restated applicable comparatives of the Trust in Notes 20 and 22 to reflect this change in policy.

The effect of this adjustment was to decrease the Trust's equity and increase the Trust's undistributed income at 30 June 2008 by \$189.4 million.

# Financial Report

## for the year ended 30 June 2009

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### 1. Summary of Significant Accounting Policies (continued)

#### b) Principles of consolidation

The consolidated financial statements of the Trust incorporate the assets and liabilities of the Trust's controlled entities as at 30 June 2009 and their results for the year then ended. The effects of all transactions between entities in the Trust have been eliminated in full.

Controlled entities are those entities over which the Trust has the power to govern the financial and operating policies.

Where control of an entity is obtained during a year, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a year, its results are included for that part of the year during which control existed.

#### c) Receivables

Receivables are initially recognised at the amounts due to the Trust. Rent and outgoing receivables are usually settled within 30 days of recognition and turnover rent receivables due to the Trust are usually settled within 90 days of the end of the tenants' lease years.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the year in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Trust will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

Amounts due to the Parent entity from controlled entities are classified as loans receivable where arm's length terms and a maturity date are included. Where such terms do not apply, the amount is classified as an investment in a controlled entity (refer to Note 1 (w)).

#### d) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the year in which they arise.

At each balance date, the fair values of the investment properties are assessed by the Manager with reference to independent valuation reports or through appropriate valuation techniques adopted by the Manager. Fair value is determined using a long term investment period. Specific circumstances of the owner are not taken into account.

The use of independent valuers is on a progressive basis over a three year period, or earlier, where the Manager believes there may be a material change in the carrying value of the property.

Where an independent valuation is not obtained factors taken into account, where appropriate, by the Directors in determining fair value may include:

- Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- Capitalisation rates used to value the asset, market rental levels and lease expiries;
- Changes in interest rates;
- Asset replacement values;
- Discounted cash flow models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

# Financial Report

## for the year ended 30 June 2009

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### 1. Summary of Significant Accounting Policies (continued)

#### d) Investment properties (continued)

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regards to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the year. While this represents the best estimates of fair value as at the balance date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

The carrying amount of investment properties recorded in the Balance Sheet take into consideration components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

#### e) Investment in joint venture entities

The Trust exercises joint control over its joint venture entities, but neither the Trust nor its joint venture partner has control in their own right, irrespective of their ownership interest.

Investments in joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. Under this method, the Trust's share of the profits or losses of each joint venture entity is recognised as income in the Income Statement, and its share of movements in reserves is recognised in the Balance Sheet. Distributions receivable from joint venture entities reduce the carrying value of the equity accounted investment.

At each balance date, the recoverable amount of the Trust's investment in joint venture entities is assessed to ensure that it is carried at the lower of equity accounted amount and recoverable amount. Where the equity accounted value exceeds recoverable amount, a write-down is recognised to reflect the value of the investment at its recoverable amount.

#### f) Assets classified as held for sale

Assets are classified as held for sale when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated.

A loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell, limited by the previous cumulative losses recognised. A gain or loss not previously recognised by the date of sale would be recognised at the date of sale.

Distributions from joint venture entities held for sale are recognised as income in the Income Statement when the right to receive payment is established.



# Financial Report

## for the year ended 30 June 2009

### 1. Summary of Significant Accounting Policies (continued)

#### g) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee costs such as a fitout contribution. Incentives are capitalised in the Balance Sheet as a component of investment properties and amortised over the term of the lease as a reduction of net rental income.

#### h) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. From time to time, the Trust may designate certain derivatives as either hedges of net investments in foreign operations (net investment hedges) or hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges).

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

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

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

##### *(ii) Net investment hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in the foreign currency translation reserve. This amount will be reclassified into the Income Statement on disposal of the foreign operations. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

##### *(iii) Cash flow hedges*

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

Amounts accumulated in equity are recycled in the Income Statement in the year when the hedged item impacts the Income Statement.

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

Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange and interest rate exposures of the Trust.

#### i) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. The amounts are unsecured and are usually paid within 30 or 60 days of recognition.

# Financial Report

## for the year ended 30 June 2009

### 1. Summary of Significant Accounting Policies (continued)

#### j) Distributions

Provision is made for the amount of any distribution payable by the Trust on or before the end of the year but not distributed at balance date. A provision has not been recognised in the financial statements at 30 June 2009 as the final distribution had not been declared at the balance date.

#### k) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowing using the effective interest rate method.

#### l) Borrowing costs

Borrowing costs associated with the acquisition or construction of a qualifying asset, including interest expense, are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. Borrowing costs not associated with qualifying assets are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Trust's outstanding Australasian borrowings during the year, in this case 6.47% per annum (2008: 8.25% per annum).

#### m) Income tax

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

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its income for the year, as determined under the Trust Constitution, is fully distributed to unitholders, by way of cash or reinvestment. The liability for capital gains tax that may arise if the Australian and New Zealand properties were sold is not accounted for in these financial statements.

Under current New Zealand income tax legislation, trusts are taxed as companies. However, as the Trust does not have taxable income in New Zealand, it is not liable for income tax. Under German and Polish tax legislation, controlled entities of the Trust are taxed as companies and a current tax liability is recognised for the expected tax payable on taxable income in those jurisdictions, using tax rates enacted or substantively enacted at balance date.

Macquarie CountryWide (US) Corporation and Macquarie CountryWide (US) No. 2 Corporation (US REITs), controlled entities of the Trust, have both elected to be taxed as Real Estate Investment Trusts (REITs) under US federal taxation law, and on this basis, will generally not be subject to US income taxes on that portion of the US REITs' taxable income or capital gains which are distributable to the US REITs' shareholders, provided that the US REITs comply with the requirements of the US Internal Revenue Code of 1986 and maintain their REIT status.

In respect of its US investments, the Trust may ultimately realise a capital gain or loss on disposal which if not distributed, may attract a US income tax liability. If the gain is distributed, a US withholding tax liability at a withholding tax rate of 35% may arise and may give rise to a foreign tax credit which would be available to unitholders. A current tax liability is recognised in the financial statements for realised gains on disposals of US investments, except where the proceeds of such disposals are reinvested in a qualifying asset or offset by available losses. A deferred tax asset or liability is recognised based on the temporary difference between the carrying amount of the US assets in the Balance Sheet and their associated tax cost bases.

# Financial Report

## for the year ended 30 June 2009

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### 1. Summary of Significant Accounting Policies (continued)

#### m) Income tax (continued)

Deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and unused tax losses. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

#### n) Equity transaction costs

Transaction costs arising on the issue of equity are recognised directly in equity as a reduction in the proceeds of units to which the costs relate.

#### o) Reserves

In accordance with the Trust Constitution, amounts may be transferred from reserves or contributed equity to fund distributions.

#### p) Goods and Services Tax (GST) and Value Added Tax (VAT)

Income, expenses, assets and liabilities are recognised net of the amount of GST recoverable from the Australian and New Zealand taxation offices and VAT recoverable from German and Polish tax offices. The non-recoverable GST/VAT is recognised as part of the income, expense, asset or liability. Receivables and payables are inclusive of GST/VAT. The net amount of GST/VAT recoverable from or payable to the ATO and overseas tax offices is included in receivables or payables in the Balance Sheet. Cash flows relating to GST/VAT are included in the Cash Flow Statement on a gross basis.

#### q) Revenue recognition

Property rental income represents income earned from the rental of Trust properties (inclusive of outgoings recovered from tenants) and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future years is recognised as a separate component of investment properties. Turnover rent is recognised on an accruals basis until the actual amounts become payable by the respective tenants.

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

Distributions received are recognised as revenue when the right to receive payment is established.

Gains or losses on the sale of investment properties and investment in joint venture entities are calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and are included in the Income Statement in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on exchange of unconditional contracts.

#### r) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred. These repairs and maintenance costs will consist of those that, under the relevant lease agreements, are non-recoverable from tenants.

# Financial Report

## for the year ended 30 June 2009

### 1. Summary of Significant Accounting Policies (continued)

#### s) Foreign currency translation

##### *(i) Functional and presentation currencies*

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

##### *(ii) Transactions and balances*

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

##### *(iii) Foreign operations*

Transactions of foreign controlled entities and equity accounted joint venture entities are measured using the currency of the primary economic environment in which those entities operate. Assets and liabilities of foreign controlled entities and equity accounted joint venture entities are translated at exchange rates ruling at balance date while income and expenses are translated at weighted average exchange rates for the year. Exchange differences arising on translation of the interests in foreign controlled entities and equity accounted joint venture entities are taken directly to the foreign currency translation reserve. On consolidation or by way of reserve transfer, exchange differences on loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations are reflected in the foreign currency translation reserve. At 30 June 2009, the spot rates used were A\$1.00 = US\$0.8068 (2008: A\$1.00 = US\$0.9582), A\$1.00 = NZ\$1.2496 (2008: A\$1.00 = NZ\$1.2586) and A\$1.00 = €0.5749 (2008: A\$1.00 = €0.6086). The average spot rates during the year ended 30 June 2009 were A\$1.00 = US\$0.7445 (2008: A\$1.00 = US\$0.9044), A\$1.00 = NZ\$1.2306 (2008: A\$1.00 = NZ\$1.1761) and A\$1.00 = €0.5430 (2008: A\$1.00 = €0.6098).

#### t) Segment information

Segment income, expenditure, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables (net of any related provisions) and investments. Any assets used jointly by segments are allocated based on reasonable estimates of usage.

#### u) Earnings per unit

Basic earnings per unit is determined by dividing the profit by the weighted average number of ordinary units on issue during the year.

Diluted earnings per unit is determined by dividing the profit by the weighted average number of ordinary units and dilutive potential ordinary units on issue during the year.

Core earnings per unit is determined by dividing the core earnings (as discussed in Note 7) by the weighted average number of ordinary units on issue during the year.

#### v) Fair value estimation

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

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

# Financial Report

## for the year ended 30 June 2009

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### 1. Summary of Significant Accounting Policies (continued)

#### v) Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

#### w) Investments in controlled entities

Investments in controlled entities are accounted for at cost. Such investments include both investments in shares issued by the controlled entity and other parent entity interests that in substance form part of the parent entity's investment in the controlled entity. These include investments in the form of interest-free loans which have no fixed contractual terms and which have been provided to the controlled entity as an additional source of long term capital.

Trade amounts receivable from controlled entities in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

The carrying amounts of investments in controlled entities valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying value of these investments exceeds their recoverable amount, the assets are written down to the lower amount. The write-down is expensed in the year in which it occurs.

#### x) New standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Trust for accounting years beginning on or after 1 July 2009 or later years but which the Trust has not yet adopted. These include:

##### *(i) AASB 8 Operating Segments (effective from 1 July 2009)*

This standard will require the entity to adopt the 'management approach' to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required. *AASB 2007-03 Amendments to Australian Accounting Standards arising from AASB 8* contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 8. The impact on the financial statements will be limited to disclosures;

##### *(ii) AASB 123 Borrowing Costs (effective from 1 July 2009)*

This revised standard eliminates the current option available to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised standard requires that they be capitalised as part of the cost of the asset. All other borrowing costs should be expensed as they are incurred. As the Trust currently capitalises borrowing costs relating to qualifying assets, this revised standard is expected to have minimal impact on the financial statements. *AASB 2007-06 Amendments to Australian Accounting Standards arising from AASB 123* contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 123. The impact on the financial statements will be limited to disclosures;

# Financial Report

## for the year ended 30 June 2009

### 1. Summary of Significant Accounting Policies (continued)

#### x) New standards, interpretations and amendments to published standards that are not yet adopted (continued)

##### *(iii) AASB 101 Presentation of Financial Statements and AASB 2007-08 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

This standard introduces the notion of a 'complete set of financial statements', and changes the presentation of financial statements so owner changes in equity are disclosed separately from non-owner changes in equity. All non-owner changes in equity ('comprehensive income') will be presented either in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income), instead of being presented in the statement of changes in equity. Additional disclosure will be made of the income tax relating to each component of other comprehensive income, and the titles of the financial statements will change although their use will not be mandatory ('balance sheet' becomes 'statement of financial position'; 'income statement' becomes part of the 'statement of comprehensive income', unless a separate income statement is provided; 'cash flow statement' becomes 'statement of cash flows');

##### *(iv) AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements (effective from 1 July 2009)*

These revised standards amend the accounting for certain aspects of business combinations and changes in ownership interests in subsidiaries. Changes include:

- Transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- Contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
- Changes in control are considered significant economic events, thereby requiring:
  - previous ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is gained (i.e. becomes a subsidiary); and
  - retained ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is lost (i.e. divestment of a subsidiary); and
- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity; and

##### *(v) AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009).*

This standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to align with IFRS terminology.

#### y) Comparative information

Where necessary, comparative information has been adjusted to conform with changes in presentation in the current year.

#### z) Rounding

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

# Financial Report

## for the year ended 30 June 2009

### 2. (Loss)/Profit for the Year

The (loss)/profit from continuing activities before income tax includes the following items of revenue and expenses:

#### a) Property valuation losses

	Note	Consolidated		Parent	
		2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
<b>Valuation losses on wholly owned investment properties</b>					
<b>Australia and New Zealand</b>					
Revaluation decrement on investment properties		(151.4)	(49.5)	(139.7)	(45.2)
Revaluation adjustments*		0.8	(1.1)	0.8	(1.1)
		<b>(150.6)</b>	<b>(50.6)</b>	<b>(138.9)</b>	<b>(46.3)</b>
<b>Europe</b>					
Revaluation decrement on investment properties		(85.1)	(43.9)	-	-
Revaluation adjustments*		(0.4)	-	-	-
		<b>(85.5)</b>	<b>(43.9)</b>	<b>-</b>	<b>-</b>
<b>United States</b>					
Revaluation decrement on investment properties		(21.2)	-	-	-
Revaluation adjustments*		0.5	-	-	-
		<b>(20.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>(256.8)</b>	<b>(94.5)</b>	<b>(138.9)</b>	<b>(46.3)</b>
<b>Valuation losses on investment properties in joint venture entities</b>					
<b>United States</b>					
Revaluation decrement on investment properties	12(d)	(545.3)	(129.2)	-	-
Revaluation adjustments*	12(d)	(4.0)	(6.0)	-	-
		<b>(549.3)</b>	<b>(135.2)</b>	<b>-</b>	<b>-</b>
		<b>(806.1)</b>	<b>(229.7)</b>	<b>(138.9)</b>	<b>(46.3)</b>

\* Adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of leasing fees.

#### b) Write-down of investments

Write-down in value of properties held for sale		(173.7)	-	(0.3)	-
Write-down of investment in joint venture entity classified as held for sale		(476.0)	-	-	-
Write-down of investment in joint venture entities		(20.9)	-	-	-
Write-down of investments in controlled entities		-	-	(879.5)	-
Write-down of loans to controlled entities		-	-	(135.3)	-
		<b>(670.6)</b>	<b>-</b>	<b>(1,015.1)</b>	<b>-</b>

#### c) Net (loss)/gain from derivative financial instruments

Gain on derivative financial instruments - realised		30.4	59.3	39.8	57.2
(Loss)/gain on derivative financial instruments - unrealised		(284.2)	103.0	(257.8)	97.1
		<b>(253.8)</b>	<b>162.3</b>	<b>(218.0)</b>	<b>154.3</b>

#### d) Other income

Distribution income		-	-	4.5	22.5
Interest and other income		2.5	3.9	30.2	33.6
		<b>2.5</b>	<b>3.9</b>	<b>34.7</b>	<b>56.1</b>

# Financial Report

## for the year ended 30 June 2009

### 2. (Loss)/Profit for the Year (continued)

#### e) Finance costs

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Finance costs paid or payable	66.0	71.9	41.8	47.4
Less: Capitalised finance costs	(1.7)	(5.0)	(1.7)	(5.0)
<b>Finance costs expensed</b>	<b>64.3</b>	<b>66.9</b>	<b>40.1</b>	<b>42.4</b>

#### f) Other expenses

Accounting fees	1.6	0.9	0.9	0.4
Audit committee and compliance fees - independent directors	0.1	0.1	0.1	0.1
Audit fees	0.7	0.7	0.4	0.4
Custodian fees	0.3	0.3	0.2	0.2
Consulting expenses	1.6	0.8	1.5	0.8
Insurance expenses	0.2	0.1	0.1	0.1
Legal fees	0.7	0.6	0.5	0.3
Postage and printing costs	0.2	0.2	0.2	0.2
Registry fees	0.2	0.3	0.2	0.3
State and indirect taxes	0.1	0.5	0.1	-
Stock exchange costs	0.1	0.2	0.1	0.2
Taxation fees	0.5	0.4	-	-
Travel expenses	0.5	0.5	0.3	0.4
Unitholder communications costs	0.2	0.1	0.2	0.1
Other	0.7	0.3	0.5	0.2
	<b>7.7</b>	<b>6.0</b>	<b>5.3</b>	<b>3.7</b>

Other expenses have been paid in accordance with the Trust Constitution.

### 3. Tax Benefit/(Expense)

Withholding tax expense	(3.2)	(3.4)	(0.8)	(0.7)
Deferred tax benefit	158.5	37.9	-	-
Current income tax benefit/(expense)	1.5	(2.1)	-	-
	<b>156.8</b>	<b>32.4</b>	<b>(0.8)</b>	<b>(0.7)</b>



# Financial Report

## for the year ended 30 June 2009

### 4. Remuneration of Auditor

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:				
Audit services	368	402	368	402
Taxation compliance services	34	31	34	31
	<b>402</b>	<b>433</b>	<b>402</b>	<b>433</b>
Amounts paid or payable to related practices of PricewaterhouseCoopers Australian firm for:				
Audit services	333	263	-	-
Taxation compliance services*	414	347	-	-
	<b>747</b>	<b>610</b>	<b>-</b>	<b>-</b>
	<b>1,149</b>	<b>1,043</b>	<b>402</b>	<b>433</b>

\* Includes fees relating to the Trust's New Zealand, US and European entities.

### 5. Distributions Paid and Proposed

Consolidated and parent	Distribution cents per unit	Total amount \$'m	Tax deferred %	CGT concession amount %	Taxable %
<b>Ordinary unitholders</b>					
<b>2009 distributions for the half year ended:</b>					
31 December 2008	4.00	55.4			
30 June 2009*	3.00	43.9			
	<b>7.00</b>	<b>99.3</b>	<b>14.73</b>	<b>17.31</b>	<b>67.96</b>
<b>Ordinary unitholders</b>					
<b>2008 distributions for the half year ended:</b>					
31 December 2007	7.80	104.2			
30 June 2008**	7.20	97.7			
	<b>15.00</b>	<b>201.9</b>	<b>42.52</b>	<b>1.10</b>	<b>56.38</b>

\* The distribution of 3.00 cents per unit for the half year ended 30 June 2009 was not declared prior to 30 June 2009. Refer Note 30.

\*\* The distribution of 7.20 cents per unit for the half year ended 30 June 2008 was not declared prior to 30 June 2008.

# Financial Report

## for the year ended 30 June 2009

### 6. Earnings per Unit

	<b>Consolidated</b>	Consolidated
	<b>2009</b>	2008
Basic earnings per unit (cents)	<b>(101.81)</b>	7.49
Diluted earnings per unit (cents)	<b>(101.81)</b>	7.49
Core earnings per unit (cents)	<b>12.38</b>	12.78
Earnings used in the calculation of basic and diluted earnings per unit (\$'m)	<b>(1,435.0)</b>	100.4
Earnings used in the calculation of core earnings per unit (refer to calculation in Note 7) (\$'m)	<b>174.5</b>	171.2
Weighted average number of units used in the calculation of basic, diluted and distributable earnings per unit (millions)	<b>1,409.5</b>	1,340.0

### 7. Core Earnings

The Manager does not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to unitholders. The table below outlines the Manager's adjustments to profit under Australian Accounting Standards to determine the amount the Manager believes should be available for distribution for the current year and provide guidance for distribution determination.

Core earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers and non-recurring capital transactions. Pursuant to the Trust Constitution, the adjustments and therefore the amount distributed to unitholders is at the discretion of the Manager. The Manager will use the core earnings calculated as a guide to assessing an appropriate distribution to declare.

The adjustments made to profit under Australian Accounting Standards for the sole purpose of determining core earnings may change from time to time depending on future changes to accounting standards and the Manager's assessment as to whether non-recurring or infrequent items (such as realised gains on the sale of properties) will be distributed to unitholders.

		<b>Consolidated</b>		<b>Parent</b>	
		<b>2009</b>	2008	<b>2009</b>	2008
	<b>Note</b>	<b>\$'m</b>	\$'m	<b>\$'m</b>	\$'m
(Loss)/profit after tax		<b>(1,435.0)</b>	100.4	<b>(1,246.8)</b>	142.8
Property valuation losses					
Wholly owned entities	2(a)	<b>256.8</b>	94.5	<b>138.9</b>	46.3
US joint venture entities	2(a)	<b>549.3</b>	135.2	-	-
Write-down of investments	2(b)	<b>670.6</b>	-	<b>1,015.1</b>	-
Loss/(gain) on derivative financial instruments - unrealised	2(c)	<b>284.2</b>	(103.0)	<b>257.8</b>	(97.1)
Share of joint venture entities (gain)/loss on derivative financial instruments - unrealised	12(d)	<b>(0.5)</b>	0.9	-	-
Deferred tax benefit	3	<b>(158.5)</b>	(37.9)	-	-
Amortisation of lease incentives	22(d)	<b>2.3</b>	2.2	<b>1.0</b>	1.5
Straightlining of fixed rent increases	22(d)	<b>(3.8)</b>	(2.3)	<b>(0.1)</b>	(1.0)
<b>Distributable earnings for the year</b>		<b>165.4</b>	190.0	<b>165.9</b>	92.5
Loss/(gain) on sale of investment properties		<b>30.0</b>	12.2	<b>15.0</b>	(1.1)
Debt break costs		<b>3.5</b>	2.8	<b>0.3</b>	0.7
Gain on early settlement of derivative financial instruments		<b>(15.7)</b>	(9.8)	<b>(16.9)</b>	(9.8)
Net income from equity cross currency swaps		<b>(8.7)</b>	(24.0)	<b>(8.7)</b>	(24.0)
<b>Core earnings for the year</b>		<b>174.5</b>	171.2	<b>155.6</b>	58.3

# Financial Report

## for the year ended 30 June 2009

### 8. Cash and Cash Equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Australian operating accounts	64.7	17.3	64.7	17.3
NZ operating accounts	0.7	1.8	-	-
US operating accounts	4.8	0.1	-	-
European operating accounts	11.8	9.7	-	-
Term deposits	-	1.3	-	-
	<b>82.0</b>	<b>30.2</b>	<b>64.7</b>	<b>17.3</b>

#### a) Operating accounts

The majority of the cash and cash equivalents is held in operating accounts earning market rates of interest.

#### b) Cash not available for use

Australian operating accounts include \$40.2m (2008: \$nil) relating to collateral obligations of the Trust's Commercial Mortgage Backed Securities.

### 9. Receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Rent receivable	3.8	2.5	0.8	0.7
Provision for doubtful debts	(1.1)	(0.7)	(0.3)	(0.3)
	<b>2.7</b>	<b>1.8</b>	<b>0.5</b>	<b>0.4</b>
Turnover rent receivable	5.1	5.5	4.8	5.2
VAT receivable	0.7	0.2	-	-
Sundry debtors	4.1	3.5	1.1	1.7
	<b>12.6</b>	<b>11.0</b>	<b>6.4</b>	<b>7.3</b>

The Trust's receivables are carried at amounts that approximate their fair value.

# Financial Report

## for the year ended 30 June 2009

### 10. Derivative Financial Instruments

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>				
<b>Current</b>				
Interest rate swaps	8.5	-	6.5	-
Cross currency swaps	23.4	63.0	23.4	63.0
Forward foreign exchange contracts	5.7	18.7	5.7	18.7
	<b>37.6</b>	<b>81.7</b>	<b>35.6</b>	<b>81.7</b>
<b>Non-current</b>				
Interest rate swaps	-	16.9	-	7.8
Cross currency swaps	1.8	182.5	1.8	182.5
Forward foreign exchange contracts	1.1	14.1	1.1	14.1
	<b>2.9</b>	<b>213.5</b>	<b>2.9</b>	<b>204.4</b>
<b>Liabilities</b>				
<b>Current</b>				
Interest rate swaps	23.0	0.1	-	-
Cross currency swaps	22.7	-	22.7	-
Forward foreign exchange contracts	0.1	0.4	0.1	0.4
	<b>45.8</b>	<b>0.5</b>	<b>22.8</b>	<b>0.4</b>
<b>Non-current</b>				
Interest rate swaps	30.6	12.9	30.6	12.9
Cross currency swaps	-	19.4	-	19.4
Forward foreign exchange contracts	0.9	0.3	0.9	0.3
	<b>31.5</b>	<b>32.6</b>	<b>31.5</b>	<b>32.6</b>

#### Interest rate swaps

The Trust has entered into interest rate swap agreements totalling \$608.2 million (2008: \$819.7 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount or, receive interest, at quarterly intervals, at a fixed rate on a notional principal amount and oblige it to pay interest at a floating rate on the same amount.

As at balance date, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated	
	2009	2008
	\$'m	\$'m
Swaps - Trust pays fixed rate		
1 year or less	263.7	52.2
1 - 2 years	-	123.3
2 - 3 years	-	-
3 - 4 years	342.5	285.9
4 - 5 years	62.0	304.4
More than 5 years	-	104.4
	<b>668.2</b>	<b>870.2</b>
Swaps - Trust pays floating rate		
1 year or less	(60.0)	-
1 - 2 years	-	(50.5)
	<b>(60.0)</b>	<b>(50.5)</b>
Net position - Trust pays fixed rate	<b>608.2</b>	<b>819.7</b>

At 30 June 2009, the fixed rate varies from 4.27% to 7.50% per annum (2008: 3.47% to 7.50% per annum).

# Financial Report

## for the year ended 30 June 2009

### 10. Derivative Financial Instruments (continued)

#### Cross currency swaps

The Trust has entered into A\$/US\$ cross currency swap agreements totalling A\$892.5 million/US\$701.5 million (2008: A\$1,541.2 million/US\$1,211.9 million) that entitle it to receive Australian dollar interest, at quarterly intervals, at a rate on a notional Australian dollar principal amount and oblige it to pay US dollar interest at a rate on the corresponding US dollar amount as per the swap contract. The swap agreements allow the Trust to raise long term borrowings at an Australian dollar rate and effectively swap them into a US dollar rate.

As at balance date, the notional principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	Consolidated	
	2009	2008
	\$'m	\$'m
1 year or less	801.8	50.4
1 - 2 years	16.9	652.2
2 - 3 years	19.1	316.0
3 - 4 years	54.7	168.7
4 - 5 years	-	204.3
More than 5 years	-	149.6
	<b>892.5</b>	1,541.2
Offsetting forward foreign exchange contracts	<b>(782.9)</b>	-
	<b>109.6</b>	1,541.2

At 30 June 2009, the Australian dollar interest rate prevailing on the cross currency swaps varies from 3.30% to 6.76% per annum (2008: 5.46% to 7.64% per annum) and the US dollar interest rate prevailing on the cross currency swaps varies from 0.63% to 5.04% per annum (2008: 3.47% to 5.16% per annum).

The cross currency swap contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement. A transfer is subsequently made to the foreign currency translation reserve for fair value movements caused by spot rate changes to offset movements in this reserve relating to the US investments of the Trust.

During the year, the Trust revised its capital hedging policy from 90-100% of all foreign currency gross assets to 60-100% of all foreign currency gross assets. As a result, the Trust closed out US\$510.3 million (\$648.6 million) of cross currency swaps, realising a net gain of \$25.0 million. It also closed out NZ\$94.6 million (\$80.7 million) of forward foreign currency exchange contracts, realising a net gain of \$4.5 million and entered into forward foreign currency exchange contracts to offset a further US\$601.5 million (\$782.9 million) of cross currency swaps.

#### Forward foreign exchange contracts

The Trust has entered into forward foreign exchange contracts to sell New Zealand dollars and receive Australian dollars at an average exchange rate of A\$1.00 = NZ\$1.1725 (2008: A\$1.00 = NZ\$1.1634). The last of these forward foreign exchange contracts matures in December 2011.

The Trust has also entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A\$1.00 = US\$0.7396 (2008: A\$1.00 = US\$0.7304). The last of these forward foreign exchange contracts matures in March 2012.

The Trust has also entered into forward foreign exchange contracts to sell Euro and receive Australian dollars at an average exchange rate of A\$1.00 = €0.5664 (2008: A\$1.00 = €0.5727). The last of these forward foreign exchange contracts matures in August 2014.

The forward foreign exchange contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement.

# Financial Report

## for the year ended 30 June 2009

### 11. Investment Properties

	Consolidated		Parent	
	2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
<b>Current</b>				
Australian properties - held for sale	13.8	-	13.8	-
US properties - held for sale	21.6	-	-	-
	<b>35.4</b>	-	<b>13.8</b>	-
<b>Non-current</b>				
Australian properties	1,000.4	1,377.3	1,000.4	1,377.3
New Zealand properties	75.1	79.9	-	-
European properties	510.4	557.3	-	-
US properties	70.0	-	-	-
	<b>1,655.9</b>	<b>2,014.5</b>	<b>1,000.4</b>	<b>1,377.3</b>

Investment properties include a straightlining asset of \$3.8 million (2008: \$3.7 million) and amortised lease incentives of \$3.4 million (2008: \$5.3 million).

Reconciliation of the carrying amount of investment properties at the beginning and end of the current and previous years is set out below:

Carrying amount at the beginning of the year	2,014.5	1,450.2	1,377.3	1,341.6
Additions	33.8	677.5	26.9	90.3
Distributions of assets from joint venture entities	658.8	-	-	-
Write-down in value of properties held for sale	(173.7)	-	(0.3)	-
Disposals	(602.5)	(24.0)	(250.0)	(9.4)
Revaluation decrement	(257.7)	(93.4)	(139.7)	(45.2)
Revaluation adjustments	0.9	(1.1)	0.8	(1.1)
Straightlining of rental income	0.2	1.0	0.1	1.0
Amortisation of lease incentives	(1.0)	(1.5)	(1.0)	(1.5)
Capitalised leasing fees	(0.1)	1.6	0.1	1.6
Foreign exchange rate differences on translation	18.1	4.2	-	-
Reclassification of investment property as held for sale	(35.4)	-	(13.8)	-
Carrying amount at the end of the year	<b>1,655.9</b>	<b>2,014.5</b>	<b>1,000.4</b>	<b>1,377.3</b>

As referred to in Note 1(d) independent valuations of properties are prepared on a progressive basis over a three year period, or earlier, where the Manager believes there may be a material change in the carrying value of the property. At each reporting date the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Trust determines a property's value within a range of reasonable fair value estimates.

The below table illustrates the key valuation assumptions used in the determination of the investment properties fair value.

	Weighted average (Including joint venture entities)	
	2009	2008
Capitalisation rate	8.0%	6.8%
Lease expiry	5.6 years	6.1 years
Occupancy	95.3%	97.1%

# Financial Report

## for the year ended 30 June 2009

### 11. Investment Properties (continued)

#### *Leasing arrangements*

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within 1 year	136.1	133.4	82.6	94.5
Later than 1 year but not later than 5 years	413.6	403.2	262.5	298.4
Later than 5 years	307.3	378.5	252.3	336.1
	<b>857.0</b>	915.1	<b>597.4</b>	729.0

### 12. Investment in Joint Venture Entities

The Trust has an investment in four joint venture entities with Regency Centers Corporation (Regency) and one investment in a joint venture entity with Regency and Desco Investment Corporation.

The Trust exercises joint control over the joint venture entities, but neither the Trust nor its joint venture partners have control in their own right, irrespective of their ownership interest. During the year, the investments have been accounted for in the consolidated financial statements using the equity method of accounting (refer to Note 1(e)).

Information relating to the joint venture entities is detailed below:

Joint venture entity	Country of Incorporation	Principal activity	Ownership interest	
			2009	2008
			%	%
Macquarie CountryWide – Regency LLC	United States	Property investment	75.00	75.00
MCW/MDP – Regency LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency II LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency III LLC	United States	Property investment	75.00	75.00
Macquarie CountryWide – Regency – Desco LLC	United States	Property investment	60.00	60.00

#### a) Significant contract terms and conditions

##### *Pre-emptive rights*

If the Manager is removed as responsible entity of the Trust, or there is a change in control of Regency, Macquarie CountryWide (US) Trust or Macquarie CountryWide (US) No. 2 Trust, or other defined events occur, then either Regency, Macquarie CountryWide (US) Trust or Macquarie CountryWide (US) No. 2 Trust may exercise their pre-emptive right to acquire the properties of the Trust at fair market value.

# Financial Report

## for the year ended 30 June 2009

### 12. Investment in Joint Venture Entities (continued)

#### a) Significant contract terms and conditions (continued)

##### *Additional distribution*

In respect of Macquarie CountryWide - Regency LLC (MCWR I) and MCW/MDP - Regency LLC (MDP), net proceeds from financings (i.e. borrowings) and capital transactions (i.e. sales of projects or casualty damage to or condemnation of a project) are distributed to the Trust and Regency (the Members) in proportion to their respective equity interests, being 75% and 25% respectively. In the event of a dissolution of MCWR I and MDP, 45% of the net proceeds from financings and capital transactions above a 13% per annum internal rate of return with respect to each Member's cumulative capital contributions are distributed to Regency and 55% are distributed to the Trust. This enhanced percentage is called the 'additional distribution'. In addition, Regency is entitled to a portfolio liquidation and management fee equal to 0.75% of the portfolio fair market value.

#### b) Carrying amount of investment in joint venture entities

	Note	Consolidated		
		Current assets held for sale		Non-current assets
		2009	2009	2008
		\$'m	\$'m	\$'m
Gross equity accounted value of investment in joint venture entities	12(e)	607.7	167.5	1,322.5
Write-down of investment in joint venture entities		(476.0)	(9.2)	-
Carrying amount of investment in joint venture entities		131.7	158.3	1,322.5

#### c) Gross equity accounted value of investment in joint venture entities

Balance at the beginning of the year		-	1,322.5	1,603.1
Additions during the year		-	82.5	144.1
Share of profit before property valuation losses	12(d)	-	101.5	84.0
Share of property valuation losses	12(d)	-	(549.3)	(135.2)
Cash distributions paid and payable during the year		-	(89.5)	(180.1)
Distributions in kind during the year		-	(438.4)	-
Foreign exchange rate differences on translation		-	345.9	(193.4)
Reclassification of investment in joint venture entity as held for sale	12(e)	607.7	(607.7)	-
Balance at the end of the year		607.7	167.5	1,322.5

As set out in Note 30, in July 2009 the Trust signed a conditional contract to sell its 75% interest in Macquarie CountryWide – Regency II LLC (MCWR II). As a result, at 30 June 2009, the Trust has reclassified its interest in MCWR II as held for sale and recognised a US\$384.0 million (\$476.0 million) write-down to its fair value less costs to sell.

In January 2009, the Trust in conjunction with Regency signed an agreement to dissolve the MCWR I and MDP entities. This enabled both parties to take 100% ownership of certain joint venture assets as nominated in a rotational selection process. As at 30 June 2009, the assets of MDP have been fully distributed and the assets of MCWR I have been partially distributed to the Trust and Regency respectively. On completion, the Trust will have assumed full ownership and control of 34 properties and both entities will be wound up. At 30 June 2009, the Trust has disposed of 20 of those properties. In accordance with the joint venture agreements, an additional distribution and liquidation management fee of US\$13.1 million (\$18.6 million) has been agreed, of which US\$7.3 million (\$10.4 million) has been settled via the distribution of additional properties to Regency at 30 June 2009.



# Financial Report

## for the year ended 30 June 2009

### 12. Investment in Joint Venture Entities (continued)

#### d) Share of results attributable to joint venture entities

	Consolidated	
	2009	2008
	\$'m	\$'m
<b>Income</b>		
Property rental income	316.9	290.1
Property expenses	(95.4)	(80.1)
Total income net of property expenses	221.5	210.0
<b>Expenses</b>		
Loss on sale of investment properties	(0.7)	(13.1)
Management fees	(11.1)	(11.8)
Finance costs	(104.3)	(96.2)
Net unrealised gain/(loss) on derivative financial instruments	0.5	(0.9)
Other expenses	(4.4)	(4.0)
Total expenses	(120.0)	(126.0)
<b>Profit before property valuation losses</b>	<b>101.5</b>	<b>84.0</b>
<b>Property valuation losses</b>		
Revaluation of investment properties	(545.3)	(129.2)
Revaluation adjustments*	(4.0)	(6.0)
<b>Share of property valuation losses</b>	<b>(549.3)</b>	<b>(135.2)</b>
<b>Share of profits and valuations losses of investment in joint venture entities</b>	<b>(447.8)</b>	<b>(51.2)</b>

\* Adjustments relating to straightlining of rental income, amortisation of lease incentives and capitalisation of lease fees.

#### e) Share of joint venture entities assets and liabilities

	Consolidated		
	Current assets held for sale	Non-current assets	
	2009	2009	2008
	\$'m	\$'m	\$'m
<b>Current assets</b>			
Cash and cash equivalents	19.5	5.7	22.4
Receivables	6.9	0.9	32.5
Other assets	9.7	6.1	14.8
	36.1	12.7	69.7
<b>Non-current assets</b>			
Investment properties	2,008.2	399.8	2,941.5
Total assets	2,044.3	412.5	3,011.2
<b>Current liabilities</b>			
Payables	26.0	8.8	30.9
Interest bearing liabilities*	142.9	17.2	54.5
Other liabilities	23.6	3.0	46.1
	192.5	29.0	131.5
<b>Non-current liabilities</b>			
Interest bearing liabilities*	1,244.1	216.0	1,557.2
Total liabilities	1,436.6	245.0	1,688.7
<b>Net assets</b>	<b>607.7</b>	<b>167.5</b>	<b>1,322.5</b>

\* The US joint venture borrowings are denominated in US dollars and are secured by mortgages over the respective investment properties.

The joint venture entities have committed to expenditure activities. The Trust's share of the committed expenditure is US\$1.3 million (\$1.6 million) (2008: US\$8.4 million; \$8.8 million), payable within one year. These commitments have not been reflected in the financial statements of the Trust.

# Financial Report

## for the year ended 30 June 2009

### 13. Other Assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Current				
Prepayments and deposits	3.7	2.6	1.5	1.7

### 14. Investment in Controlled Entities

Entity	Country of formation/ incorporation	Class of securities	Legal ownership interest		Parent carrying amount	
			2009	2008	2009	2008
			%	%	\$	\$
Nambour Unit Trust	Australia	Ordinary	100	100	1	1
Macquarie CountryWide (NZ) Trust	Australia	Ordinary	100	100	100	100
Macquarie CountryWide (US) Trust	Australia	Ordinary	100	100	59,518,002	148,324,742
Macquarie CountryWide (US) No. 2 Trust	Australia	Ordinary	100	100	9,323,396	839,256,075
Macquarie CountryWide Finance Pty Ltd.	Australia	Ordinary	100	100	1	1
Macquarie CountryWide (US) Corporation	United States	Ordinary	99.99	99.99	-	-
Macquarie CountryWide (US) No. 2 Corporation	United States	Ordinary	99.99	99.99	-	-
MCW/MDP LLC	United States	Ordinary	100	100	-	-
Macquarie CountryWide (US) No. 2 LLC	United States	Ordinary	100	100	-	-
Macquarie CountryWide Europe No. 1 Sarl	Luxembourg	Ordinary	100	100	-	85,344
Macquarie CountryWide Europe No. 2 Sarl	Luxembourg	Ordinary	100	100	-	648,069
Macquarie CountryWide Jena Burgau Sarl	Luxembourg	Ordinary	100	100	-	-
Macquarie CountryWide Alt-Chemnitz Sarl	Luxembourg	Ordinary	100	100	-	-
Macquarie CountryWide Poland Sarl	Luxembourg	Ordinary	100	100	-	-
MCW Jena Burgau Grundbesitz GmbH & Co. KG	Germany	Limited partner	100	100	-	-
MCW Alt-Chemnitz Grundbesitz GmbH & Co. KG	Germany	Limited partner	100	100	-	-
Dabrowka Investments Sp.z o.o.	Poland	Ordinary	100	100	-	-
Turzyn Investments Sp.z o.o.	Poland	Ordinary	100	100	-	-
Krakow Investments Sp.z o.o.	Poland	Ordinary	100	100	-	-
Borek-Arena Investments Sp.z o.o.	Poland	Ordinary	100	100	-	-
					68,841,500	988,314,332

### 15. Payables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Sundry creditors	11.5	12.2	3.9	5.2
Management fee	1.6	2.1	1.0	1.4
Custodian fees	0.1	0.1	0.1	0.1
Interest payable on interest bearing liabilities	2.9	6.5	1.7	3.1
GST payable	0.6	1.0	-	1.0
Accrued expenses	7.3	3.3	4.1	3.0
Withholding and current tax payable	0.7	2.3	-	-
	24.7	27.5	10.8	13.8

# Financial Report

## for the year ended 30 June 2009

### 16. Provisions

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Distribution to ordinary unitholders				
Opening balance	-	-	-	-
Distribution declared	153.1	205.9	153.1	205.9
Paid during the year	(108.7)	(133.3)	(108.7)	(133.3)
Distributions reinvested	(44.4)	(72.6)	(44.4)	(72.6)
Closing balance	-	-	-	-

The distribution of 3.00 cents per unit for the half year ended 30 June 2009, totalling \$43.9 million, was not declared prior to 30 June 2009. Refer to Note 30.

### 17. Interest Bearing Liabilities

<b>Current</b>				
Bank loan - term debt	167.6	-	-	-
Commercial mortgage backed securities (CMBS)	450.0	-	-	-
Loans payable to related entities	-	-	450.0	-
Less: Unamortised transaction costs	(2.3)	-	(2.0)	-
	615.3	-	448.0	-
<b>Non-current</b>				
Commercial mortgage backed securities (CMBS)	-	450.0	-	-
Bank loan - term debt	277.4	621.1	-	197.5
Loans payable to related entities	-	-	-	450.0
Less: Unamortised transaction costs	(0.6)	(3.2)	-	(1.4)
	276.8	1,067.9	-	646.1

	Consolidated	
	2009	2008
	\$'m	\$'m
<b>Credit facilities</b>		
At 30 June 2009 and 2008, the Trust had access to:		
CMBS debt	450.0	450.0
Bank loan facility	695.0	698.6
Bank overdraft facility	1.0	1.0
	1,146.0	1,149.6
Amount of facilities used:		
Drawdown to date - CMBS debt	450.0	450.0
Drawdown to date - bank loan	445.0	621.1
Drawdown to date - bank overdraft facility	-	-
	895.0	1,071.1
<b>Amount of facilities unused</b>	<b>251.0</b>	<b>78.5</b>

The Trust's borrowings are carried at amounts that approximate their fair value.

# Financial Report

## for the year ended 30 June 2009

### 17. Interest Bearing Liabilities (continued)

#### Commercial mortgage backed securities

The Trust issued CMBS totalling \$450.0 million on 7 December 2006. The CMBS are secured over 45 Australian properties of the Trust and will mature in December 2009. The carrying value of properties pledged as security amounts to \$743.3 million (2008: \$865.4 million).

#### Bank loans

The Australian multi-option bank loan facility is secured by registered mortgages over all of the Trust's Australian properties, except those specifically pooled as security for the Trust's CMBS debt, and its ownership interest in the New Zealand properties. The carrying amount of the properties pledged as security amounts to \$346.0 million (2008: \$591.8 million). The facility matures in February 2012.

The Australian multi-option bank loan facility is repayable immediately if the Trust defaults on payments of interest or principal, its total bank secured loan amount exceeds 65% of the carrying value of its total security pool assets, its security pool financial charges ratio falls below 1.75:1 or its tangible net worth falls below \$1.0 billion.

Investment properties in Europe are partially funded by the term debt amounting to €239.8 million (\$417.1 million) (2008: €257.8 million, \$423.6 million) which are secured by registered mortgages over acquired properties. The carrying amount of the properties pledged as security amounts to €293.5 million (\$510.4 million) (2008: €339.2 million, \$557.3 million). The term debt matures in June and July 2010.

European bank loans funding the Trust's investment in Poland are repayable immediately if the Trust defaults on payments of interest or principal, allows total property debt to exceed 80% of the carrying value of the properties or allows its projected financial charges ratio to fall below 1.1:1.

European bank loans funding the Trust's investment in Germany are repayable immediately if the Trust defaults on payments of interest or principal, allows total property debt to exceed 85% of the carrying value of the properties or allows its historic or projected financial charges ratios to fall below 1.2:1.

Interest rates on the bank loans are variable and are reset periodically, usually after a period of 90 days. As at 30 June 2009, the interest rates on the bank loans vary from 2.14% to 5.05% per annum (2008: 2.73% to 7.93% per annum).

### 18. Other Liabilities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Current				
Rental deposits	2.0	2.3	0.4	0.6

### 19. Deferred Tax Assets and Liabilities

Assets				
Deferred tax assets	5.6	-	-	-
	5.6	-	-	-
Liabilities				
US capital gains deferred tax liabilities	-	114.4	-	-
Other deferred tax liabilities	7.6	5.8	-	-
	7.6	120.2	-	-

# Financial Report

## for the year ended 30 June 2009

### 20. Contributed Equity

			Consolidated		Parent	
			2009	2008	2009	2008
			\$'m	\$'m	\$'m	\$'m
<i>No. of units</i>	<i>Details</i>	<i>Date of income entitlement</i>				
1,316,327,092	Units on issue	30 June 2007		1,928.6		1,928.6
18,999,250	DRP issue*	1 July 2007		37.7		37.7
22,006,383	DRP issue*	1 January 2008		34.9		34.9
	Transfer for return of capital from US REITs**			(23.6)		(23.6)
1,357,332,725	Units on issue	30 June 2008	<b>1,977.6</b>	1,977.6	<b>1,977.6</b>	1,977.6
28,748,822	DRP issue*	1 July 2008	<b>26.5</b>		<b>26.5</b>	
78,495,851	DRP issue*	1 January 2009	<b>17.9</b>		<b>17.9</b>	
	Transfer for return of capital from US REITs**		<b>(39.9)</b>		<b>(39.9)</b>	
1,464,577,398	Units on issue	30 June 2009	<b>1,982.1</b>	1,977.6	<b>1,982.1</b>	1,977.6

\* The current year DRP units were issued on 27 August 2008 and 20 February 2009 but were entitled to income from 1 July 2008 and 1 January 2009 respectively.

\*\* During the current and prior years, the US REITs paid dividends to the Parent. These dividends are classified as a return of capital to the extent that the dividend amount exceeds the US REIT profits. This return of capital reduces the amount of income in the Parent and reduces the cost base of the Parent's investment in the US REITs. A transfer is made to reserves to offset this return of capital from the US REITs. Refer to change in accounting policy at Note 1(a).

As stipulated in the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Trust.

Each unit confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a unitholder under the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

### Distribution Reinvestment Plan

The Trust has established a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. The DRP was in operation for the half years ended 31 December 2008 and 30 June 2009. Currently, units are issued under the DRP at a 1% discount to the market price.

### 21. Reserves

Foreign currency translation reserve					
Opening balance		<b>55.9</b>	43.0	<b>320.6</b>	175.4
Translation of foreign operations and foreign denominated borrowings		<b>240.7</b>	(173.6)	<b>(54.1)</b>	12.1
Transfer to undistributed income	22(a)	-	-	<b>73.6</b>	(53.4)
Transfer from undistributed income*	22(c)	<b>(210.4)</b>	186.5	<b>(354.0)</b>	186.5
Closing balance		<b>86.2</b>	55.9	<b>(13.9)</b>	320.6

\* This transfer represents the Australian dollar equivalent of the spot rate movement in the US dollar notional amounts of the cross currency swaps and NZ dollar forward foreign exchange contracts held by the Trust. The foreign exchange movement in these derivatives partly offsets the exchange rate movements in the Trust's US dollar and NZ dollar investments and US dollar borrowings.

### Nature and purpose of foreign currency translation reserve

Foreign exchange differences arising on translation of the investments in foreign controlled entities and foreign joint venture entities are taken directly to the foreign currency translation reserve, as described in Note 1(s).

# Financial Report

## for the year ended 30 June 2009

### 22. (Unallocated Losses)/Undistributed Income

#### Summary of (unallocated losses)/undistributed income

	Note	Consolidated		Parent	
		2009 \$'m	2008 \$'m	2009 \$'m	2008 \$'m
Distributable earnings	22(a)	308.6	326.9	79.7	63.4
Investment property revaluations	22(b)	(589.1)	319.4	101.2	277.3
Unrealised derivative revaluations	22(c)	(183.8)	(110.5)	(22.5)	(118.7)
Other unrealised items	22(d)	(482.0)	(144.3)	(1,018.4)	(2.4)
<b>Total (unallocated losses)/undistributed income</b>		<b>(946.3)</b>	391.5	<b>(860.0)</b>	219.6

#### (a) Undistributed income - distributable earnings

Opening balance		326.9	316.5	63.4	98.7
Distributable earnings for the year	7	165.4	190.0	165.9	92.5
Transfer from contributed equity:					
- Return of capital from US REITs	20	39.9	23.6	39.9	23.6
Transfers from foreign currency translation reserve	21	-	-	(73.6)	53.4
Transfer from undistributed income - investment property revaluations*	22(b)	102.4	8.2	37.2	1.1
Transfer from undistributed income - other unrealised items*	22(d)	(172.9)	(5.5)	-	-
<b>Available for distribution</b>		<b>461.7</b>	532.8	<b>232.8</b>	269.3
Distributions paid and payable	16	(153.1)	(205.9)	(153.1)	(205.9)
<b>Closing balance</b>		<b>308.6</b>	326.9	<b>79.7</b>	63.4

#### (b) (Unallocated losses)/undistributed income - investment property revaluations

Opening balance		319.4	557.3	277.3	324.7
Revaluation decrement on properties	2(a)	(256.8)	(94.5)	(138.9)	(46.3)
Revaluation decrement on investment properties in joint venture entities	2(a)	(549.3)	(135.2)	-	-
Transfer to undistributed income - distributable earnings*	22(a)	(102.4)	(8.2)	(37.2)	(1.1)
<b>Closing balance</b>		<b>(589.1)</b>	319.4	<b>101.2</b>	277.3

#### (c) Unallocated losses - unrealised derivative revaluations

Opening balance		(110.5)	(26.1)	(118.7)	(29.3)
(Loss)/gain on derivative financial instruments - unrealised	2(c)	(284.2)	103.0	(257.8)	97.1
Share of joint venture entities gain/(loss) on derivative financial instruments - unrealised	12(d)	0.5	(0.9)	-	-
Transfer to foreign currency translation reserve	21	210.4	(186.5)	354.0	(186.5)
<b>Closing balance</b>		<b>(183.8)</b>	(110.5)	<b>(22.5)</b>	(118.7)

#### (d) (Unallocated losses)/undistributed income - other unrealised items

Opening balance		(144.3)	(187.8)	(2.4)	(1.9)
Deferred tax benefit	3	158.5	37.9	-	-
Write-down of investments	2(b)	(670.6)	-	(1,015.1)	-
Transfer to undistributed income - distributable earnings*	22(a)	172.9	5.5	-	-
Amortisation of lease incentives	7	(2.3)	(2.2)	(1.0)	(1.5)
Straightlining of fixed rent increases	7	3.8	2.3	0.1	1.0
<b>Closing balance</b>		<b>(482.0)</b>	(144.3)	<b>(1,018.4)</b>	(2.4)
<b>Total (unallocated losses)/undistributed income</b>		<b>(946.3)</b>	391.5	<b>(860.0)</b>	219.6

\* The transfer reallocates the property valuation gains/(losses), write-downs and deferred tax expenses recognised in prior years relating to investment properties disposed, as they have been realised.

# Financial Report

## for the year ended 30 June 2009

### 23. Net Tangible Assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
Total assets	2,125.7	3,676.0	1,621.7	3,211.3
Less: Total liabilities	(1,003.7)	(1,251.0)	(513.5)	(693.5)
Net tangible assets attributable to the Trust	1,122.0	2,425.0	1,108.2	2,517.8
Total number of units on issue	1,464,577,398	1,357,332,725	1,464,577,398	1,357,332,725
Net tangible asset backing per unit	\$0.77	\$1.79	\$0.76	\$1.85
Net tangible asset backing per unit after distribution	\$0.74	\$1.72	\$0.73	\$1.79
Net tangible asset backing per unit after distribution, excluding deferred tax balances	\$0.74	\$1.80	\$0.73	\$1.79

### 24. Cash Flow Information

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
<b>Reconciliation of (loss)/profit after tax to net cash flows from operating activities</b>				
(Loss)/profit after tax	(1,435.0)	100.4	(1,246.8)	142.8
<i>Non-cash items</i>				
Unrealised foreign exchange loss	-	-	(73.6)	53.4
Amortisation of lease incentives	1.0	2.2	1.0	1.5
Straightlining of fixed rent increases	(0.2)	(2.3)	(0.1)	(1.0)
Property valuation losses				
Wholly owned entities	256.8	94.5	138.9	46.3
US joint venture entities	549.3	135.2	-	-
Write-down of investments	670.6	-	1,015.1	-
Loss/(profit) on sale of investment properties	29.3	(0.9)	15.0	(1.1)
Revaluation of derivative financial instruments	284.2	(103.0)	257.8	(97.1)
Deferred tax benefit	(158.5)	(43.4)	-	-
<i>Change in assets and liabilities</i>				
(Increase)/decrease in assets				
Receivables	17.0	25.7	(53.7)	(18.0)
Prepayments	(1.0)	(1.7)	0.3	(0.8)
Distribution income receivable	-	-	39.9	23.6
Net income receivable from investment in joint venture entities	(20.4)	(5.8)	-	-
(Decrease)/increase in liabilities				
Payables	1.4	1.6	(2.7)	2.4
Net cash flows from operating activities	194.5	202.5	91.1	152.0

# Financial Report

## for the year ended 30 June 2009

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### 25. Capital and Financial Risk Management

#### (a) Capital risk management

The Trust manages capital through the mix of available capital sources whilst complying with statutory and constitutional capital and distribution requirements, maintain gearing, interest cover ratios and other covenants within approved limits and continue to operate as a going concern.

The Trust assesses its capital management approach as a key part of its overall strategy and this is continuously reviewed by management and the Board.

The Trust is able to alter its capital mix by issuing new units, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a unit buy-back program or selling assets to reduce borrowings.

The Trust has a target gearing of 30% to 40% of debt to total assets.

Protection of the Trust's equity in foreign denominated assets is achieved through borrowing in the local currency to provide a natural hedge, which may be supplemented by the use of forward foreign exchange contracts and cross currency swaps to provide additional hedge protection. The Trust has a target equity hedge of 60% to 100% of the gross asset value by foreign currency.

The Trust also protects its assets by taking out insurance with creditworthy insurers.

#### (b) Financial risk management

The Trust's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and derivative financial instruments.

The Trust's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), liquidity risk and credit risk.

The Trust manages its exposure to these financial risks in accordance with the Trust's Financial Risk Management (FRM) policy as approved by the Board. The policy sets out the Trust's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Trust uses various measures to monitor exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis and counterparty credit assessment, and the use of future rolling cash flow forecasts.

The Trust uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and cross currency swaps to manage its financial risk as permitted under the FRM policy. Such instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

##### *(i) Market risk*

##### **Foreign exchange risk**

Foreign exchange risk is the risk that changes in foreign exchange rates will change the Australian dollar value of the Trust's foreign denominated net assets or earnings. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Trust's functional currency.



# Financial Report

## for the year ended 30 June 2009

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### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) *Market risk (continued)*

##### **Foreign exchange risk (continued)**

The Trust is exposed to foreign exchange risk through investing in overseas investment properties and deriving income from those properties. The Trust manages this exposure on a 'look through' basis including exposures generated by both controlled properties and those held through net investment in joint venture entities.

The majority of derivatives utilised to manage this exposure are held by the parent entity and as such the information provided below is only meaningful for the consolidated entity, however parent entity disclosure has also been provided in accordance with AASB 7 *Financial Instruments: Disclosures*.

##### *Foreign income*

Through investing in overseas assets, the Trust earns foreign denominated income. Net property income derived is naturally offset by local denominated expenses including interest and tax. This is further reduced by natural and derivative interest expenses incurred on cross currency swaps.

The Trust uses forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined exchange rates in the future.

##### *Foreign investments*

The Trust aims to minimise the impact of fluctuations in foreign currency exchange rates on its net investments overseas by borrowing in the local overseas currencies to fund such investments, by entering into debt cross currency swaps that exchange Australian dollar denominated debt for the local currency debt and by entering into equity cross currency swaps that create a synthetic local currency liability used to offset any residual foreign currency exposure. The Trust's policy is to hedge 60% to 100% of its gross overseas investments in this way. Compliance with this policy is reviewed regularly by management and is reported to the Board.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Foreign exchange risk (continued)

The following tables set out the Trust's overseas investments, by currency exposure (in Australian dollar equivalents) and how, through the use of debt, forward foreign exchange contracts and cross currency swaps, this exposure is reduced.

<b>Consolidated</b>	Australian dollar exposure		US dollar exposure		Euro exposure		NZ dollar exposure		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>										
Cash and cash equivalents	64.1	16.8	5.3	0.5	12.0	11.1	0.6	1.8	82.0	30.2
Receivables	6.4	7.3	2.2	-	3.1	3.4	0.9	0.3	12.6	11.0
Derivative financial instruments*	15.3	42.4	-	-	-	-	-	-	15.3	42.4
Investment properties	1,014.2	1,377.3	91.6	-	510.4	557.3	75.1	79.9	1,691.3	2,014.5
Investment in joint venture entities	-	-	290.0	1,322.5	-	-	-	-	290.0	1,322.5
Deferred tax assets	1.7	-	-	-	3.9	-	-	-	5.6	-
Other assets	1.5	1.7	1.3	-	0.9	0.9	-	-	3.7	2.6
	<b>1,103.2</b>	<b>1,445.5</b>	<b>390.4</b>	<b>1,323.0</b>	<b>530.3</b>	<b>572.7</b>	<b>76.6</b>	<b>82.0</b>	<b>2,100.5</b>	<b>3,423.2</b>
<b>Liabilities</b>										
Payables	10.1	12.8	7.4	1.2	7.2	13.5	-	-	24.7	27.5
Derivative financial instruments*	54.6	13.7	-	-	-	-	-	-	54.6	13.7
Interest bearing liabilities	447.9	452.3	27.9	59.6	416.3	556.0	-	-	892.1	1,067.9
Deferred tax liabilities	-	0.7	-	114.4	7.6	5.1	-	-	7.6	120.2
Other liabilities	0.4	0.6	-	-	1.6	1.7	-	-	2.0	2.3
	<b>513.0</b>	<b>480.1</b>	<b>35.3</b>	<b>175.2</b>	<b>432.7</b>	<b>576.3</b>	<b>-</b>	<b>-</b>	<b>981.0</b>	<b>1,231.6</b>
<b>Net assets/(liabilities)</b>	<b>590.2</b>	<b>965.4</b>	<b>355.1</b>	<b>1,147.8</b>	<b>97.6</b>	<b>(3.6)</b>	<b>76.6</b>	<b>82.0</b>	<b>1,119.5</b>	<b>2,191.6</b>
<b>Derivative financial instruments</b>										
Cross currency swaps - debt**	102.9	451.9	(125.6)	(369.4)	-	-	-	-	(22.7)	82.5
Cross currency swaps - equity**	27.2	1,039.0	(2.0)	(895.4)	-	-	-	-	25.2	143.6
Forward foreign exchange contracts - equity**	-	94.3	-	-	-	-	-	(87.0)	-	7.3
	<b>130.1</b>	<b>1,585.2</b>	<b>(127.6)</b>	<b>(1,264.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(87.0)</b>	<b>2.5</b>	<b>233.4</b>
<b>Net exposure - Australian dollar equivalent</b>	<b>720.3</b>	<b>2,550.6</b>	<b>227.5</b>	<b>(117.0)</b>	<b>97.6</b>	<b>(3.6)</b>	<b>76.6</b>	<b>(5.0)</b>	<b>1,122.0</b>	<b>2,425.0</b>

\* Fair value of forward foreign exchange contracts and interest rate swaps used to hedge the Trust's foreign net income.

\*\* Foreign currency exposure amounts represent the notional principal amounts payable under derivative contracts used to hedge the Trust's foreign capital. Australian dollar exposure amounts represent the remaining component of fair value of these derivatives, which is not affected by foreign exchange rate movements.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Foreign exchange risk (continued)

<i>Parent</i>	Australian dollar		US dollar		Euro		NZ dollar		Total	
	exposure		exposure		exposure		exposure		2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Assets</b>										
Cash and cash equivalents	63.9	16.8	0.6	0.4	0.2	0.1	-	-	64.7	17.3
Receivables	6.4	7.3	-	-	-	-	-	-	6.4	7.3
Derivative financial instruments*	6.5	1.6	6.1	25.4	-	6.3	0.7	-	13.3	33.3
Investment properties	1,014.2	1,377.3	-	-	-	-	-	-	1,014.2	1,377.3
Investment in controlled entities	-	-	68.8	987.6	-	0.7	-	-	68.8	988.3
Loans to controlled entities	-	-	287.5	304.9	81.7	175.8	58.4	52.6	427.6	533.3
Other assets	1.5	1.7	-	-	-	-	-	-	1.5	1.7
	1,092.5	1,404.7	363.0	1,318.3	81.9	182.9	59.1	52.6	1,596.5	2,958.5
<b>Liabilities</b>										
Payables	10.8	13.8	-	-	-	-	-	-	10.8	13.8
Derivative financial instruments*	-	2.2	25.1	11.0	6.5	0.4	-	-	31.6	13.6
Interest bearing liabilities	448.0	452.3	-	59.6	-	134.2	-	-	448.0	646.1
Other liabilities	0.4	0.6	-	-	-	-	-	-	0.4	0.6
	459.2	468.9	25.1	70.6	6.5	134.6	-	-	490.8	674.1
<b>Net assets</b>	<b>633.3</b>	<b>935.8</b>	<b>337.9</b>	<b>1,247.7</b>	<b>75.4</b>	<b>48.3</b>	<b>59.1</b>	<b>52.6</b>	<b>1,105.7</b>	<b>2,284.4</b>
<b>Derivative financial instruments</b>										
Cross currency swaps - debt**	102.9	451.9	(125.6)	(369.4)	-	-	-	-	(22.7)	82.5
Cross currency swaps - equity**	27.2	1,039.0	(2.0)	(895.4)	-	-	-	-	25.2	143.6
Forward foreign exchange contracts - equity**	-	94.3	-	-	-	-	-	(87.0)	-	7.3
	130.1	1,585.2	(127.6)	(1,264.8)	-	-	-	(87.0)	2.5	233.4
<b>Net exposure - Australian dollar equivalent</b>	<b>763.4</b>	<b>2,521.0</b>	<b>210.3</b>	<b>(17.1)</b>	<b>75.4</b>	<b>48.3</b>	<b>59.1</b>	<b>(34.4)</b>	<b>1,108.2</b>	<b>2,517.8</b>

\* Fair value of forward foreign exchange contracts and interest rate swaps used to hedge the Trust's foreign net income.

\*\* Foreign currency exposure amounts represent the notional principal amounts payable under derivative contracts used to hedge the Trust's foreign capital. Australian dollar exposure amounts represent the remaining component of fair value of these derivatives, which is not affected by foreign exchange rate movements.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Foreign exchange risk (continued)

##### Sensitivity analysis

An exchange rate movement in the Australian dollar against foreign currencies at 30 June 2009 would have increased/(decreased) profit, core earnings and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2008.

	Consolidated			Parent		
	Consolidated Profit \$'m	Core earnings \$'m	Consolidated Equity \$'m	Parent Profit \$'m	Core earnings \$'m	Parent Equity \$'m
<b>30 June 2009</b>						
US dollars						
+ 15.0%	31.6	-	(14.7)	(5.9)	(20.9)	(5.9)
- 15.0%	(42.8)	-	12.1	8.0	28.3	8.0
Euros						
+ 15.0%	1.9	-	(10.8)	(8.7)	(10.7)	(8.7)
- 15.0%	(2.6)	-	7.3	11.8	14.5	11.8
NZ dollars						
+ 15.0%	-	-	(10.0)	(7.6)	(7.6)	(7.6)
- 15.0%	-	-	16.9	10.3	10.3	10.3
<b>30 June 2008</b>						
US dollars						
+ 10.0%	127.2	-	23.0	7.6	(4.2)	13.1
- 10.0%	(155.5)	-	(28.1)	(9.3)	5.1	(16.0)
Euros						
+ 10.0%	0.5	-	0.9	(15.1)	(16.0)	(2.9)
- 10.0%	(0.7)	-	(1.1)	18.4	19.6	3.5
NZ dollars						
+ 10.0%	8.6	-	1.1	3.8	3.1	3.8
- 10.0%	(10.5)	-	(1.4)	(4.6)	(3.8)	(4.6)

A movement in foreign currency exchange rates applied to the net exposures in the table above would result in a change to the net assets of the Trust. In assessing the impact of changes in foreign currency exchange rates a 15% (2008: 10%) movement has been applied. This sensitivity has been used as it reflects management's estimate of the reasonably possible movements in foreign exchange rates, given recent trends, and has resulted in:

- the A\$/US\$ exchange rate increasing/decreasing by 12.1 cents (2008: 9.6 cents);
- the A\$/€ exchange rate increasing/decreasing by 8.6 cents (2008: 6.1 cents); and
- the A\$/NZ\$ exchange rate increasing/decreasing 18.7 cents (2008: 12.6 cents).

Foreign currency exposure in the Trust arises from the translation of overseas assets and liabilities held by the Trust's foreign entities from the local currency to Australian dollars. Under the Trust's accounting policy (Note 1(s)), exchange differences arising on such translations are recognised as part of equity (foreign currency translation reserve). As a result, the revaluation of these assets and liabilities which would result from a movement in foreign exchange rates would have no impact on the Trust's Income Statement.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Foreign exchange risk (continued)

##### Sensitivity analysis (continued)

However, the Trust's Income Statement would be affected by changes in the fair value of derivative financial instruments hedging this exposure and the impact of this is presented in the previous table.

As all unrealised foreign exchange gains/losses and changes in the fair value of derivative financial instruments are excluded when determining core earnings, a movement in foreign exchange rates does not impact core earnings.

The impact on equity includes the combined effect of foreign exchange gains/losses on overseas assets and liabilities recognised in the foreign currency translation reserve and changes in the fair value of derivatives hedging this exposure.

##### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Trust.

The Trust is exposed to interest rate risk predominantly through floating rate borrowings. The Trust manages this exposure on a 'look through' basis including exposures generated by the borrowings of controlled entities and joint venture entities. The Trust applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps to exchange floating interest rates to fixed interest rates as well as entering into fixed rate debt, to manage its exposure between these bands. Compliance with the FRM policy is reviewed regularly by management and is reported to the Board.

The Trust has exposures to interest rate risk on its monetary assets and liabilities, which are mitigated by the use of interest rate swaps, as shown in the tables below.

<b>Consolidated</b>	<i>Australian dollars</i>		<i>US dollars*</i>		<i>Euros*</i>		<i>NZ dollars*</i>		<i>Total</i>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
<b>Fixed rate</b>										
Interest bearing liabilities **	-	-	(27.9)	-	-	-	-	-	(27.9)	-
Interest bearing liabilities - joint venture entities***	-	-	(1,576.3)	(1,504.4)	-	-	-	-	(1,576.3)	(1,504.4)
Cross currency swaps - equity (fixed)****	442.5	1,091.2	(430.9)	(895.4)	-	-	-	-	11.6	195.8
Net fixed rate exposure	442.5	1,091.2	(2,035.1)	(2,399.8)	-	-	-	-	(1,592.6)	(1,308.6)
<b>Floating rate</b>										
Cash	64.1	16.8	5.3	0.5	12.0	11.1	0.6	1.8	82.0	30.2
Cash - joint venture entities***	-	-	25.2	22.4	-	-	-	-	25.2	22.4
Interest bearing liabilities**	(450.0)	(453.6)	-	(59.6)	(417.1)	(557.9)	-	-	(867.1)	(1,071.1)
Interest bearing liabilities - joint venture entities***	-	-	(43.9)	(107.3)	-	-	-	-	(43.9)	(107.3)
Cross currency swaps - debt (floating)****	450.0	450.0	(438.7)	(369.4)	-	-	-	-	11.3	80.6
	64.1	13.2	(452.1)	(513.4)	(405.1)	(546.8)	0.6	1.8	(792.5)	(1,045.2)
<i>Derivative financial instruments</i>										
Interest rate swaps - floating to fixed****	337.5	337.5	247.9	313.1	420.3	557.1	-	-	1,005.7	1,207.7
Interest rate swaps - fixed to floating****	(337.5)	(337.5)	(60.0)	(50.5)	-	-	-	-	(397.5)	(388.0)
	-	-	187.9	262.6	420.3	557.1	-	-	608.2	819.7
Net floating rate exposure	64.1	13.2	(264.2)	(250.8)	15.2	10.3	0.6	1.8	(184.3)	(225.5)

\* Australian dollar equivalents of foreign denominated balances.

\*\* Unamortised borrowing costs are excluded as they are not impacted by interest rate risk.

\*\*\* The Trust's share of financial assets and liabilities included within its net investment in joint venture entities.

\*\*\*\* These amounts represent the notional principal payable under the derivative contracts.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Interest rate risk (continued)

The Trust's fixed rate liabilities and net exposure to floating interest rates is included in the table above. The Trust has \$792.4 million (2008: \$1,045.2 million) in floating rate interest bearing liabilities arising predominantly in US dollars and Euros. This is reduced to \$184.2 million (2008: \$225.5 million) by interest rate swaps.

At balance date, the Trust has fixed 92.3% (2008: 90.5%) of its net floating interest rate exposure.

<i>Parent</i>	Australian dollars		US dollars*		Euros*		NZ dollars*		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Fixed rate</b>										
Cross currency swaps - equity (fixed)**	442.5	1,091.2	(431.0)	(895.4)	-	-	-	-	11.5	195.8
Net fixed rate exposure	442.5	1,091.2	(431.0)	(895.4)	-	-	-	-	11.5	195.8
<b>Floating rate</b>										
Cash	63.9	16.8	0.6	0.4	0.2	0.1	-	-	64.7	17.3
Loans to controlled entities	-	-	287.5	304.9	81.7	175.8	58.4	52.6	427.6	533.3
Interest bearing liabilities***	(450.0)	(453.8)	-	(59.6)	-	(134.1)	-	-	(450.0)	(647.5)
Cross currency swaps - debt (floating)**	450.0	450.0	(438.7)	(369.4)	-	-	-	-	11.3	80.6
	63.9	13.0	(150.6)	(123.7)	81.9	41.8	58.4	52.6	53.6	(16.3)
<i>Derivative financial instruments</i>										
Interest rate swaps - floating to fixed**	-	-	247.9	260.9	156.5	123.2	-	-	404.4	384.1
Interest rate swaps - fixed to floating**	(337.5)	(337.5)	-	-	-	-	-	-	(337.5)	(337.5)
	(337.5)	(337.5)	247.9	260.9	156.5	123.2	-	-	66.9	46.6
Net floating rate exposure	(273.6)	(324.5)	97.3	137.2	238.4	165.0	58.4	52.6	120.5	30.3

\* Australian dollar equivalents of foreign denominated balances.

\*\* These amounts represent the notional principal payable under the derivative contracts.

\*\*\* Unamortised borrowing costs are excluded as they are not impacted by interest rate risk.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (i) Market risk (continued)

##### Interest rate risk (continued)

##### Sensitivity analysis

The table below reflects the potential net increase/(decrease) in the profit, core earnings and equity, resulting from changes in interest rates applicable at 30 June 2009, with all other variables remaining constant. The analysis is performed on the same basis for 30 June 2008.

	Consolidated			Parent		
	Consolidated Profit \$'m	Core earnings \$'m	Consolidated Equity \$'m	Parent Profit \$'m	Core earnings \$'m	Parent Equity \$'m
<b>30 June 2009</b>						
Australian dollars						
+ 1.50%	(14.2)	1.0	(14.2)	(15.4)	(4.1)	(15.4)
- 1.50%	14.2	(1.0)	14.2	15.4	4.1	15.4
US dollars						
+ 1.50%	8.0	(4.0)	8.0	13.2	1.5	13.2
- 1.50%	(8.0)	4.0	(8.0)	(13.2)	(1.5)	(13.2)
Euros						
+ 1.50%	7.0	0.2	7.0	10.0	5.6	10.0
- 1.50%	(7.0)	(0.2)	(7.0)	(10.0)	(5.6)	(10.0)
NZ dollars						
+ 1.50%	-	-	-	0.9	0.9	0.9
- 1.50%	-	-	-	(0.9)	(0.9)	(0.9)
<b>30 June 2008</b>						
Australian dollars						
+ 0.50%	(17.0)	0.1	(17.0)	(18.9)	(1.6)	(18.9)
- 0.50%	17.0	(0.1)	17.0	18.9	1.6	18.9
US dollars						
+ 0.50%	13.1	(1.3)	13.1	13.9	(0.8)	13.9
- 0.50%	(13.1)	1.3	(13.1)	(13.9)	0.8	(13.9)
Euros						
+ 0.50%	6.2	0.1	6.2	4.4	(0.1)	4.4
- 0.50%	(6.2)	(0.1)	(6.2)	(4.4)	0.1	(4.4)
NZ dollars						
+ 0.50%	-	-	-	0.3	0.3	0.3
- 0.50%	-	-	-	(0.3)	(0.3)	(0.3)

A movement in interest rates applied to the net exposures in the table above would result in a change to the net assets of the Trust. This sensitivity has been used as it reflects management's estimate of the reasonably possible movements in interest rates within the next 12 months, given recent trends.

The effect of changes in interest rates on the Trust's net profit and equity shown in the table above is mainly impacted by a change in interest payable on the Trust's floating rate interest bearing liabilities, offset by changes in the fair value of derivative financial instruments hedging this exposure.

In determining core earnings, the unrealised change in the fair value of derivative financial instruments is excluded.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (ii) Liquidity risk

Liquidity risk arises if the Trust has insufficient liquid assets to meet its obligations as they become due and payable. It is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Trust were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Trust.

The following table provides the contractual maturity of the Trust's fixed and floating rate financial liabilities and derivatives as at 30 June 2009. The amounts presented represents the future contractual undiscounted principal and interest cash inflows/(outflows) based on interest rates and foreign exchange rates prevailing at balance date and therefore do not equate to the value shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

	Book value \$'m	Less than 1 year \$'m	1 to 2 years \$'m	2 to 3 years \$'m	3 to 4 years \$'m	4 to 5 years \$'m	Over 5 years \$'m	Total \$'m
<b>Consolidated</b>								
<b>30 June 2009</b>								
<b>Financial liabilities</b>								
Payables	(24.7)	(24.7)	-	-	-	-	-	(24.7)
Interest bearing liabilities	(892.1)	(634.9)	(278.8)	-	-	-	-	(913.7)
Derivative financial instruments								
Contractual amounts payable	(77.3)	(242.3)	(57.7)	(63.6)	(24.8)	(5.0)	(0.6)	(394.0)
Contractual amounts receivable	40.5	225.6	47.6	52.9	8.8	2.8	0.6	338.3
Other liabilities	(2.0)	(2.0)	-	-	-	-	-	(2.0)
<b>Total financial liabilities</b>	<b>(955.6)</b>	<b>(678.3)</b>	<b>(288.9)</b>	<b>(10.7)</b>	<b>(16.0)</b>	<b>(2.2)</b>	<b>-</b>	<b>(996.1)</b>
<i>Joint venture entities</i>								
Interest bearing liabilities	(1,620.2)	(246.2)	(640.4)	(370.6)	(184.8)	(25.8)	(429.0)	(1,896.8)
<b>Total financial liabilities including all joint venture entities</b>	<b>(2,575.8)</b>	<b>(924.5)</b>	<b>(929.3)</b>	<b>(381.3)</b>	<b>(200.8)</b>	<b>(28.0)</b>	<b>(429.0)</b>	<b>(2,892.9)</b>
<b>30 June 2008</b>								
<b>Financial liabilities</b>								
Payables	(27.5)	(27.5)	-	-	-	-	-	(27.5)
Interest bearing liabilities	(1,067.9)	(69.9)	(652.8)	(480.5)	-	-	-	(1,203.2)
Derivative financial instruments								
Contractual amounts payable	(33.1)	(552.1)	(794.9)	(350.7)	(219.9)	(200.5)	(133.0)	(2,251.1)
Contractual amounts receivable	295.2	688.9	992.2	430.5	268.6	241.3	162.2	2,783.7
Other liabilities	(2.3)	(2.3)	-	-	-	-	-	(2.3)
<b>Total financial liabilities</b>	<b>(835.6)</b>	<b>37.1</b>	<b>(455.5)</b>	<b>(400.7)</b>	<b>48.7</b>	<b>40.8</b>	<b>29.2</b>	<b>(700.4)</b>
<i>Joint venture entities</i>								
Interest bearing liabilities	(1,611.7)	(138.4)	(304.0)	(588.9)	(352.7)	(228.0)	(302.2)	(1,914.2)
<b>Total financial liabilities including all joint venture entities</b>	<b>(2,447.3)</b>	<b>(101.3)</b>	<b>(759.5)</b>	<b>(989.6)</b>	<b>(304.0)</b>	<b>(187.2)</b>	<b>(273.0)</b>	<b>(2,614.6)</b>



# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (ii) Liquidity risk (continued)

Parent	Book value \$'m	Less than 1 year \$'m	1 to 2 years \$'m	2 to 3 years \$'m	3 to 4 years \$'m	4 to 5 years \$'m	Over 5 years \$'m	Total \$'m
<b>30 June 2009</b>								
<b>Financial liabilities</b>								
Payables	(10.8)	(10.8)	-	-	-	-	-	(10.8)
Interest bearing liabilities	(448.0)	(457.8)	-	-	-	-	-	(457.8)
Derivative financial instruments								
Contractual amounts payable	(54.3)	(212.1)	(57.7)	(63.6)	(24.8)	(5.0)	(0.6)	(363.8)
Contractual amounts receivable	38.5	212.0	47.6	52.9	8.8	2.8	0.6	324.7
Other liabilities	(0.4)	(0.4)	-	-	-	-	-	(0.4)
<b>Total financial liabilities</b>	<b>(475.0)</b>	<b>(469.1)</b>	<b>(10.1)</b>	<b>(10.7)</b>	<b>(16.0)</b>	<b>(2.2)</b>	<b>-</b>	<b>(508.1)</b>
<b>30 June 2008</b>								
<b>Financial liabilities</b>								
Payables	(13.8)	(13.8)	-	-	-	-	-	(13.8)
Interest bearing liabilities	(646.1)	(45.9)	(477.5)	(203.8)	-	-	-	(727.2)
Derivative financial instruments								
Contractual amounts payable	(33.0)	(506.1)	(763.2)	(350.7)	(219.9)	(200.5)	(133.0)	(2,173.4)
Contractual amounts receivable	286.1	638.3	957.2	430.5	268.6	241.3	162.2	2,698.1
Other liabilities	(0.6)	(0.6)	-	-	-	-	-	(0.6)
<b>Total financial liabilities</b>	<b>(407.4)</b>	<b>71.9</b>	<b>(283.5)</b>	<b>(124.0)</b>	<b>48.7</b>	<b>40.8</b>	<b>29.2</b>	<b>(216.9)</b>

The amount of credit facilities unused by the Trust at 30 June 2009 is \$251.0 million (2008: \$78.5 million). Refer Note 17.

##### (iii) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contract and cause the Trust to make a financial loss. The Trust has exposure to credit risk on all of its financial assets included in the Trust's Balance Sheet.

The Trust manages its risk on tenant receivables by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on any tenant arrears.

In respect of risk on financial instruments and derivatives, there is only a credit risk where the contracting entity is liable to pay the Trust in the event of a close out. The Trust has policies that limit the amount of credit exposure to any financial institution where practical and commercially appropriate. Derivative counterparties and cash transactions are limited to investment grade counterparties in accordance with the Trust's FRM policy. The Trust monitors the public credit rating of its counterparties.

The Trust has policies to review the aggregate exposures of receivables and tenancies across its portfolio. The Trust has no significant concentrations of credit risk on its receivables. At 30 June 2009, the largest individual lease represents 1.5% (2008: 1.4%) of the total portfolio income including income generated by US joint venture entities. The Trust holds collateral in the form of security deposits or bank guarantees over some receivables where appropriate.

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (iii) Credit risk (continued)

The table below details the concentration of credit exposure of the Trust's assets to significant geographical locations:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'m	\$'m	\$'m	\$'m
<b>Australia</b>				
Cash and cash equivalents	64.7	17.3	64.7	17.3
Receivables	6.4	7.3	6.4	7.3
Derivative financial instruments	38.5	289.8	38.5	286.1
	<b>109.6</b>	<b>314.4</b>	<b>109.6</b>	<b>310.7</b>
<b>United States</b>				
Cash and cash equivalents	4.8	0.1	-	-
Receivables	2.2	-	-	-
Derivative financial instruments	2.0	0.7	-	-
	<b>9.0</b>	<b>0.8</b>	<b>-</b>	<b>-</b>
<b>Europe</b>				
Cash and cash equivalents	11.8	11.0	-	-
Receivables	3.1	3.4	-	-
Derivative financial instruments	-	4.7	-	-
	<b>14.9</b>	<b>19.1</b>	<b>-</b>	<b>-</b>
<b>New Zealand</b>				
Cash and cash equivalents	0.7	1.8	-	-
Receivables	0.9	0.3	-	-
	<b>1.6</b>	<b>2.1</b>	<b>-</b>	<b>-</b>
Total financial assets	<b>135.1</b>	<b>336.4</b>	<b>109.6</b>	<b>310.7</b>
<i>Joint venture entities</i>				
Cash and cash equivalents	25.2	22.4	-	-
Receivables	7.8	32.5	-	-
Total financial assets including joint venture entities	<b>168.1</b>	<b>391.3</b>	<b>109.6</b>	<b>310.7</b>

# Financial Report

## for the year ended 30 June 2009

### 25. Capital and Financial Risk Management (continued)

#### (b) Financial risk management (continued)

##### (iii) Credit risk (continued)

The interest bearing assets held by the parent are loans to other entities in the Trust. All cash, derivative financial instruments and interest bearing assets are neither past due nor impaired. The table below shows the ageing analysis of those rent receivables of the Trust and its joint venture entities which are past due or impaired:

	Past due but not impaired				Impaired \$'m	Total \$'m
	Less than 30 days \$'m	31 to 60 days \$'m	61 to 90 days \$'m	More than 90 days \$'m		
<b>Consolidated</b>						
<b>2009</b>						
Receivables - Australia	0.3	0.1	-	0.1	0.3	0.8
Receivables - New Zealand	-	-	-	-	-	-
Receivables - Europe	0.9	0.4	0.3	0.1	0.3	2.0
Receivables - US	-	0.2	0.2	0.1	0.5	1.0
	<b>1.2</b>	<b>0.7</b>	<b>0.5</b>	<b>0.3</b>	<b>1.1</b>	<b>3.8</b>
Receivables - joint venture entities	2.3	1.0	1.7	2.8	3.2	11.0
	<b>3.5</b>	<b>1.7</b>	<b>2.2</b>	<b>3.1</b>	<b>4.3</b>	<b>14.8</b>
<b>2008</b>						
Receivables - Australia	0.4	-	-	-	0.3	0.7
Receivables - New Zealand	-	-	-	-	0.1	0.1
Receivables - Europe	1.2	0.2	-	-	0.3	1.7
	<b>1.6</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>2.5</b>
Receivables - joint venture entities	1.6	0.9	1.3	2.3	1.5	7.6
	<b>3.2</b>	<b>1.1</b>	<b>1.3</b>	<b>2.3</b>	<b>2.2</b>	<b>10.1</b>
<b>Parent</b>						
<b>2009</b>						
Receivables - Australia	0.3	0.1	-	0.1	0.3	0.8
	<b>0.3</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>0.3</b>	<b>0.8</b>
<b>2008</b>						
Receivables - Australia	0.4	-	-	-	0.3	0.7
	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>0.7</b>

Based on a review of receivables by management, a provision of \$4.3 million (2008: \$2.2 million) has been provided against rent receivables with a gross balance of \$14.8 million (2008: \$10.1 million).

The Trust holds collateral against the impaired receivables in the form of bank guarantees and security deposits, however, these are not material. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

### 26. Related Party Information

#### (a) Manager

The Manager of the Trust is Macquarie CountryWide Management Limited, a wholly owned subsidiary of Macquarie Group Limited ("MGL"). The registered office of the Manager is Mezzanine Level, No.1 Martin Place, Sydney NSW 2000.

# Financial Report

## for the year ended 30 June 2009

### 26. Related Party Information (continued)

#### (b) Directors

The following persons were Directors of the Manager during the year:

Richard Sheppard

John Harkness

Maurice Koop

Alan Rattray-Wood

Simon Jones, appointed 22 December 2008 (alternate to 22 December 2008)

Kylie Rampa, resigned 22 December 2008

Mark Baillie, resigned 28 May 2009 (alternate)

No payments were made by the Trust or by the Manager on behalf of the Trust to the Non-Executive Directors during the year.

Board audit committee fees and compliance fees totalling \$133,000 (2008: \$133,000) were paid or payable by the Trust to the Independent Directors, John Harkness, Maurice Koop and Alan Rattray-Wood for the year.

These amounts are reviewed from time to time in consultation with external experts to ensure that remuneration reflects the service expected to be performed.

#### (c) Parent entity

The ultimate parent entity of the consolidated entity is Macquarie CountryWide Trust.

#### (d) Controlled entities

The Trust's interests in controlled entities are disclosed in Note 14.

#### (e) Management fees

Under the terms of the Trust Constitution, the Manager is entitled to receive the following remuneration from the Trust, comprising a base fee and a performance fee:

##### ***Base fee***

The base fee is calculated as:

(i) 0.45% per annum of the value of the total assets of the Trust up to \$700 million; plus

(ii) 0.40% per annum of the value of the total assets of the Trust over \$700 million.

Total assets are adjusted in the fee calculation to add back total liabilities held by joint venture entities to the investments in joint venture entities.

The base fee is calculated six monthly and is paid quarterly in arrears with the first quarterly payment being a part payment on account for the half year.

The base fee payable to the Manager is reduced to the extent that management fees are paid or payable to service providers, including Macquarie Real Estate Inc, Macquarie-Regency Management LLC and Macquarie Real Estate Europe Limited, related parties of the Manager.

##### ***Performance fee***

In addition to the base management fees, the Manager is entitled to a performance fee satisfied by the issue of units in the Trust to the Manager, dependent upon the relative performance of the Trust to the Retail Property Trust Accumulation Index (Index). This Index, calculated from a peer group of property securities that have a principal focus on the retail sector, measures the income and capital growth of the unit prices of the representative trusts.

# Financial Report

## for the year ended 30 June 2009

### 26. Related Party Information (continued)

#### (e) Management fees (continued)

##### *Performance fee (continued)*

If the Trust's performance during the half year is higher than the percentage increase in the Index, then the Manager is entitled to new units in the Trust with a total value equal to:

- (i) 5% of the total Increased Unitholder Value from outperformance; plus
- (ii) 15% of the Increased Unitholder Value above 2% nominal outperformance per annum (1% per half year).

The Increased Unitholder Value is measured as the market capitalisation of the Trust at the commencement of the relevant year, multiplied by the nominal percentage outperformance of the Trust relative to the Index for that year.

The performance fee is calculated and payable, if entitled, each half year at December and June. The performance fee is payable, if entitled, subject to an annual cap, whereby total management fees paid in any one year must not exceed 80 basis points of the value of the gross assets of the Trust (except where the Trust has outperformed its sector peers continuously over a three year period). Any unpaid fees will continue to be paid up to 80 basis points of the value of the assets in any future year.

##### *Management fees calculation*

The total management fees paid to the Manager for the year is detailed as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Base fee	8,555	9,802	4,991	5,957
Performance fee	-	-	-	-
	<b>8,555</b>	<b>9,802</b>	<b>4,991</b>	<b>5,957</b>

In addition, a related party of the Manager has earned management fees of \$4,434,000 (2008: \$4,951,000) relating to the US properties. These are included in the management fees disclosed in Note 12(d).

No performance fee was earned by the Manager during the year. In the calculation of the performance fee, outperformance will be assessed on a cumulative basis and accordingly, underperformance for the period from 1 January 2004 to 30 June 2009 will need to be recovered before the Manager is entitled to any future performance fees. For the period from 1 January 2004 to 30 June 2009, the Index increased in value by 5.44% compared to the Trust's cumulative performance which decreased by 41.85% (difference of 47.29%).

#### (f) Transactions with the Manager and its related parties

The Manager and its related parties held 196,786,913 units as at 30 June 2009 (2008: 187,269,982).

Macquarie Asset Services Limited received fees totalling \$10,871,585 (2008: \$11,364,550) during the year relating to acquisition and due diligence, property development management, property management and property leasing consultancy services.

Macquarie Group Limited was reimbursed \$860,000 (2008: \$350,000) during the year for the cost of providing accounting services to the Trust, and \$132 during the prior year for the cost of providing information technology services to the Trust.

Macquarie Investment Management Limited received a fee of \$6,506 (2008: \$5,470) during the year relating to the provision of call centre services.

Macquarie Equity Capital Markets Limited (MECM) received a fee of nil (2008: \$18,044) during the year for underwriting and managing the equity placement in April 2007.

Macquarie Global Property Advisers Limited (MGPA) received a fee of nil (2008: \$4,829,483) during the year for acquisition and due diligence services provided on the European portfolio acquisitions.

# Financial Report

## for the year ended 30 June 2009

### 26. Related Party Information (continued)

#### (f) Transactions with the Manager and its related parties (continued)

The Trust received distributions from its controlled entities during the current and prior year.

The Trust's Industrial Special Risks and Public and Products Liability insurances are renewed annually as at 31 March. These insurances are placed as part of the wider Macquarie Group insurance renewals in accordance with Macquarie's Insurable Risk Management Policy to achieve scale discounts.

The Industrial Special Risks and primary Public and Products Liability policies were placed with the Macquarie Insurance Facility (MIF). On placing these insurances with MIF the Macquarie Group captive received a cede commission. No residual insurance liability remains with MIF and all insurance liabilities are passed to the reinsurance market.

The above fees and transactions were all based on market rates and on normal commercial terms and conditions and have been approved by the Independent Directors.

#### (g) Key management personnel and remuneration

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Manager meets the definition of KMP as it has this authority in relation to the activities of the Trust. These powers have not been delegated by the Manager to any other person. Accordingly, the Chief Executive Officer (CEO) of the Trust is not considered to be KMP as he does not have sufficient individual authority and responsibility for planning, directing and controlling the activities of the Trust.

Details of management fees charged to the Trust by the Manager and its related parties are included in Note 26(e) above.

#### (h) Directors' interests in Trust units

The number of units held directly, indirectly or beneficially by the Directors of the Manager or the Directors' related parties is:

	Units held 2009	Units held 2008
Richard Sheppard	609,004	609,004
John Harkness	-	-
Maurice Koop	190,059	150,000
Alan Rattray-Wood	50,353	50,353
Simon Jones	278,604	141,654
Kylie Rampa	n/a	26,000
Mark Baillie (alternate)	n/a	100,000

The aggregate number of units of the Trust acquired or disposed of by the Directors of the Manager or their Director related parties was:

	Units 2009	Units 2008
<b>Acquisitions</b>		
Richard Sheppard	-	100,000
Maurice Koop	40,059	150,000
Alan Rattray-Wood	-	16,437
Simon Jones	136,950	-
<b>Units held on resignation</b>		
Kylie Rampa	26,000	-
Mark Baillie (alternate)	100,000	-

No options in the Trust are held by Directors of the Manager.

# Financial Report

## for the year ended 30 June 2009

### 27. Segment Reporting

#### Business segments

The Trust is a listed property trust which invests in the retail property market.

#### Geographical segments

The Trust has investments in retail properties located in Australia, New Zealand, the United States and Europe.

	Australia	New Zealand	United States	Europe	Consolidated Total	Australia	New Zealand	United States	Europe	Consolidated Total
	2009	2009	2009	2009	2009	2008	2008	2008	2008	2008
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Share of profits and valuation losses from investment in joint venture entities	-	-	(447.8)	-	(447.8)	-	-	(51.2)	-	(51.2)
Total income net of property expenses	85.1	6.4	(436.9)	44.7	(300.7)	252.6	6.0	(46.5)	33.1	245.2
Tax benefit/(expense)	2.1	-	152.2	2.5	156.8	41.6	-	(2.7)	(6.5)	32.4
(Loss)/profit after tax	(346.0)	(5.7)	(994.9)	(88.4)	(1,435.0)	160.9	1.1	(29.2)	(32.4)	100.4
Total assets	1,127.0	76.7	391.9	530.1	2,125.7	1,693.4	82.0	1,323.4	577.2	3,676.0
Total liabilities	519.2	-	35.4	449.1	1,003.7	693.5	-	115.6	441.9	1,251.0
Additions to investment properties and investment in joint venture entities	26.9	6.3	82.5	0.6	116.3	90.3	2.3	144.1	584.9	821.6

# Financial Report

## for the year ended 30 June 2009

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### 28. Commitments

The Trust has entered contracts for the construction and development of properties in Australia and New Zealand within the next 12 months. The commitments of the Trust total \$8.3 million (2008: \$26.0 million). These commitments have not been reflected in the financial statements of the Trust.

Unless otherwise disclosed in the financial statements, there have been no material changes to the Trust's commitments since the last financial statements.

### 29. Contingent Liabilities and Assets

At balance date, the Trust has no contingent assets or liabilities which are material either individually or as a class.

### 30. Events Occurring after Balance Date

Subsequent to balance date a distribution of 3.00 cents per unit has been declared by the Board of Directors. The total distribution amount of \$43.9 million was paid on 21 August 2009 in respect of the half year ended 30 June 2009.

In July 2009, the Trust signed a conditional contract to sell its 75% interest in MCWR II for a gross sale price of US\$1.30 billion (\$1.61 billion). MCWR II owns 86 properties in the United States and the first phase of the disposal for the sale of a 45% interest in the joint venture completed in July 2009. The remaining 30% interest in the joint venture is under contract to be sold in a phased transaction over a period of up to 24 months. At balance date, the Trust reclassified its interest in the joint venture as held for sale and measured it at its fair value less costs to sell, resulting in a write down of US\$384.0 (\$476.0 million).

The Trust also sold two Australian properties for \$14.2 million at book values and two US properties for US\$17.9 million (\$22.2 million) at book values.

In August 2009, the Trust entered into forward foreign currency exchange contracts to offset a further US\$50.0 million (\$59.7 million) of cross currency swaps.

The Directors of the Manager are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial years subsequent to 30 June 2009.



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## Directors' Declaration to Unitholders for the year ended 30 June 2009

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### Directors' Declaration to Unitholders

In the opinion of the Directors of Macquarie CountryWide Management Limited:

- (a) the financial statements and notes set out on pages 8 to 55 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Richard Sheppard

Sydney

20 August 2009

**Independent auditor's report to the members of  
Macquarie CountryWide Trust**

**Report on the financial report**

We have audited the accompanying financial report of Macquarie CountryWide Trust (the Trust), which comprises the balance sheet as at 30 June 2009, 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 Macquarie CountryWide Trust and the Macquarie CountryWide Trust Group (the consolidated entity). The consolidated entity comprises the Trust 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 Macquarie CountryWide Management Limited (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 control 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(a), 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 consolidated financial statements and notes, comply with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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.

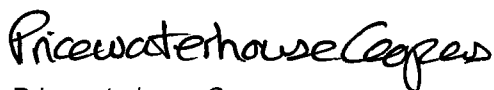
## *Independence*

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 Macquarie CountryWide 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 2009 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 consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).



PricewaterhouseCoopers



J A Dunning  
Partner

Sydney  
20 August 2009