



**CENTRO MCS DIRECT PROPERTY**

**HALF-YEAR REPORT**

## **Centro MCS 2**

ARSN 105 494 291

**Responsible Entity**  
**Centro MCS Manager Limited**  
ABN 69 051 908 984

**Financial report**  
**for the half-year ended 31 December 2009**

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This financial report covers Centro MCS 2 ("CMCS 2", "the Trust" or "the Syndicate"). The financial report is presented in Australian currency.

Centro MCS 2 is a trust, incorporated and domiciled in Australia. The registered office and principal place of business is:

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

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 11 March 2010. The Responsible Entity has the power to amend and reissue the financial report.

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

<b>Responsible Entity</b>	Centro MCS Manager Limited A.B.N. 69 051 908 984  3rd Floor, Centro The Glen 235 Springvale Road Glen Waverley, VIC 3150 Telephone: (03) 8847 0000
<b>Directors</b>	Peter Day (Appointed 1 October 2009) Paul Cooper Jim Hall Michael Humphris (Appointed 1 October 2009) Fraser MacKenzie (Appointed 1 October 2009) William Bowness (Appointed 6 October 2009) Graham Goldie (Retired 1 October 2009) Sam Kavourakis (Retired 1 October 2009) Peter Wilkinson (Retired 1 October 2009)
<b>Secretaries of the Responsible Entity</b>	Elizabeth Hourigan  Paul Flanigan
<b>Auditor</b>	Moore Stephens Level 14, 607 Bourke Street Melbourne, VIC 3000
<b>Security Registry</b>	Link Market Services Limited Level 4, 333 Collins Street Melbourne, VIC 3000

## Directors' report

The Directors of Centro MCS Manager Limited, the Responsible Entity, present their report on Centro MCS 2 ("CMCS 2", "the Trust" or "the Syndicate") for the half-year ended 31 December 2009.

### Responsible Entity

Pursuant to the Managed Investments Act, which came into effect on 1 July 1998, Centro MCS Manager Limited was appointed and registered as the Responsible Entity of CMCS 2 on 25 July 2003.

### Directors

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

Peter Day (Appointed 1 October 2009)  
Paul Cooper  
Jim Hall  
Michael Humphris (Appointed 1 October 2009)  
Fraser MacKenzie (Appointed 1 October 2009)  
William Bowness (Appointed 6 October 2009)  
Graham Goldie (Retired 1 October 2009)  
Sam Kavourakis (Retired 1 October 2009)  
Peter Wilkinson (Retired 1 October 2009)

Secretary: Elizabeth Hourigan

Alternative secretary: Paul Flanigan

Chief Executive Officer: Glenn Rufrano (Resigned 28 February 2010)

Robert Tsenin was appointed Group Chief Executive Officer (Group CEO) designate from 5 February 2010, and formally commenced his duties as Group CEO on 1 March 2010 after Glenn Rufrano's contract ended on 28 February 2010.

Peter Day was appointed Chairman on 1 October 2009 and continues in office at the date of this report.

### Principal activities

The principal activity of CMCS 2 was investment in property, however, in order to wind up the syndicate all its investment properties were sold in the prior year.

### Review of operations

CMCS 2 recorded a net profit after tax of \$0.088 million for the half-year ended 31 December 2009 (2008: \$0.788 million). Nil distributions were paid/payable to unitholders (2008: Nil). The movement in the half-year net profit after tax compared to the corresponding period is largely attributable to the minimal transactions recorded during the current wind up period. During the half-year CMCS 2 recorded a distributable income of 0.61 cents (2008: 3.18 cents) per unit as disclosed in note 4.

### Distributions attributable to unitholders

#### CMCS 2

There was no distributions paid or payable to unitholders for the half-year 31 December 2009.

### Significant changes in the state of affairs

CMCS 2 is in the process of being wound up. At the conclusion of this wind up process, all remaining cash will be distributed to unitholders.

This is the final financial statement prepared for CMCS 2. CMCS 2 has provided a final distribution of \$0.867 million.

### Matters subsequent to the end of the financial half-year

On 5 January 2010 Centro Properties Limited, the ultimate parent of the Responsible Entity, Centro MCS Manager Limited, announced that it had appointed Robert Tsenin as Group Chief Executive Officer and Managing Director (Group CEO). Mr Tsenin formally commenced his duties as Group CEO, in Centro's head office in Melbourne, on 1 March 2010 after being appointed Group Chief Executive Officer Designate from 5 February 2010 to ensure an orderly handover from Mr Rufrano. Mr Rufrano's contract ended on 28 February 2010.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2009 and the date hereof that has significantly affected, or may significantly affect:

- (a) CMCS 2's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) CMCS 2's state of affairs in future financial years.

**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 4.

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



Michael Humphris  
Director

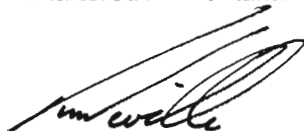
Melbourne  
11 March 2010

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF CENTRO MCS 2**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2009 there have been:

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

  
MOORE STEPHENS  
Chartered Accountants

  
Kevin W Neville  
Partner

Melbourne, 11 March 2010

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**Centro MCS 2**  
**Income statement**  
**For the half-year ended 31 December 2009**

		<b>CMCS 2</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2009</b>	<b>2008</b>
	Notes	\$	\$
<b>Revenue</b>			
Property rental revenue	2	-	1,543,052
Property outgoings recovered	2	-	5,498
Interest revenue		<u>11,712</u>	<u>332,081</u>
<b>Total revenue</b>		<b>11,712</b>	<b>1,880,631</b>
<b>Income</b>			
Other income		<u>77,071</u>	<u>(137,770)</u>
<b>Total income</b>		<b>77,071</b>	<b>(137,770)</b>
<b>Total revenue and income</b>		<b>88,783</b>	<b>1,742,861</b>
<b>Expenses</b>			
Direct property expenses	2	-	(223,656)
Amortisation of lease incentives	2	-	(16,051)
Responsible Entity management fees		-	(92,270)
Other Responsible Entity fees		-	(281,368)
Borrowing costs		(120)	(356,924)
Net movement on mark to market of derivatives		-	46,047
Loss on sale of investments		<u>-</u>	<u>(29,851)</u>
<b>Total expenses</b>		<b>(120)</b>	<b>(954,073)</b>
<b>Net profit before income tax expense</b>		<b>88,663</b>	<b>788,788</b>
Income tax benefit/(expense)		<u>-</u>	<u>-</u>
<b>Net profit for the half-year</b>		<b>88,663</b>	<b>788,788</b>
Net profit for the half-year is attributable to:			
Unitholders of Centro MCS 2		<u>88,663</u>	<u>788,788</u>
		<b>88,663</b>	<b>788,788</b>

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

**Centro MCS 2**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2009**

	<b>CMCS 2</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Net profit for the half-year</b>	<b>88,663</b>	<b>788,788</b>
<b>Other comprehensive income</b>		
Changes in the fair value of cash flow hedges	-	(493,428)
<b>Other comprehensive income for the half-year</b>	<b>-</b>	<b>(493,428)</b>
<b>Total comprehensive income for the half-year</b>	<b>88,663</b>	<b>295,360</b>
Total comprehensive income for the half-year is attributable to:		
Unitholders of Centro MCS 2	<b>88,663</b>	<b>295,360</b>
	<b>88,663</b>	<b>295,360</b>

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

**Centro MCS 2**  
**Balance sheet**  
**As at 31 December 2009**

	<b>CMCS 2</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2009</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	869,011	908,473
Trade and other receivables	<u>14,953</u>	<u>11,525</u>
Total current assets	<u>883,964</u>	<u>919,998</u>
<b>Total assets</b>	<u>883,964</u>	<u>919,998</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	16,650	140,153
Interest bearing liabilities	-	1,194
Provisions	<u>867,314</u>	<u>-</u>
Total current liabilities	<u>883,964</u>	<u>141,347</u>
<b>Total liabilities</b>	<u>883,964</u>	<u>141,347</u>
<b>Net assets</b>	<u>-</u>	<u>778,651</u>
<b>EQUITY</b>		
Contributed equity	-	778,651
Retained profits/(accumulated losses)	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>-</u>	<u>778,651</u>

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

**Centro MCS 2**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2009**

<b>CMCS 2</b>	Notes	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2008</b>		14,120,950	493,428	15,055,077	29,669,455
Total comprehensive income for the half-year		-	(493,428)	788,788	295,360
<b>Transactions with owners in their capacity as owners:</b>					
Distributions provided for or paid	4	<u>(12,856,135)</u>	-	<u>(15,843,865)</u>	<u>(28,700,000)</u>
<b>Balance at 31 December 2008</b>		<u>1,264,815</u>	-	-	<u>1,264,815</u>
<b>CMCS 2</b>		<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2009</b>		778,651	-	-	778,651
Total comprehensive income for the half-year		88,663	-	-	88,663
<b>Transactions with owners in their capacity as owners:</b>					
Distributions provided for or paid	4	<u>(867,314)</u>	-	-	<u>(867,314)</u>
<b>Balance at 31 December 2009</b>		<u>-</u>	-	-	<u>-</u>

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

**Centro MCS 2**  
**Cash flow statement**  
**For the half-year ended 31 December 2009**

	<b>CMCS 2</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	5,645	1,781,284
Payments to suppliers (inclusive of goods and services tax)	(56,819)	(2,188,645)
Interest received	11,712	331,688
Interest paid	-	(391,079)
Performance fee paid to Responsible Entity	-	(1,776,965)
Termination fee paid to Responsible Entity	-	(953,700)
<b>Net cash outflow from operating activities</b>	<b>(39,462)</b>	<b>(3,197,417)</b>
<b>Cash flows from investing activities</b>		
Payments for investment property	-	(13,266)
Proceeds from sale of assets	-	47,276,019
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>47,262,753</b>
<b>Cash flows from financing activities</b>		
Distributions paid	-	(580,000)
Special distributions to unitholders	-	(28,700,000)
Proceeds from interest bearing liabilities	-	511,999
Repayments of interest bearing liabilities	-	(15,342,284)
<b>Net cash outflow from financing activities</b>	<b>-</b>	<b>(44,110,285)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(39,462)</b>	<b>(44,949)</b>
Cash and cash equivalents at the beginning of the half-year	<b>908,473</b>	<b>1,207,139</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>869,011</b>	<b>1,162,190</b>

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

## 1 Summary of significant accounting policies

### (a) Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by the Syndicate during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

During the financial year ended 30 June 2009, CMCS 2 successfully sold both its investment properties, namely Charles Street Plaza and Adelaide Central Carpark. CMCS 2 continues to adopt the liquidation basis of accounting, which was initially adopted as at 30 June 2008. The liquidation basis of accounting requires CMCS 2 to estimate and accrue for all liabilities in respect of expenses to be incurred during the wind down period. Additionally, assets are stated at their estimated net realisable value and liabilities are stated at their anticipated settlement amounts. The estimated net realisable value of assets represents management's best estimate of the recoverable value of the assets, net of selling expenses, without consideration of the effect that the settlement of any litigation may have on the value of the assets.

The Directors of the Responsible Entity are of the opinion that the Syndicate will be able to meet all of its obligations, on the basis of positive cashflow forecasts.

This is the final financial statement prepared for CMCS 2.

Except as described below, the accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the annual financial report for the year ended 30 June 2009.

When the presentation or classification of items in the financial report is amended the comparative amounts are also reclassified unless it is impractical.

CMCS 2 has not elected to early adopt any new standards or interpretations.

The Trust has not elected to early adopt any new standards or interpretations.

### (b) Changes in accounting policy

From 1 July 2009 CMCS 2 has adopted the following Standards and Interpretations, mandatory for annual reporting periods beginning on or after 1 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Syndicate.

- AASB 8 *Operating Segments*
- Revised AASB 101 *Presentation of Financial Statements*
- Revised AASB 132 *Financial instruments: Presentation*

The amending standards which introduce the changes to these standards have also been adopted from 1 July 2009 and 1 July 2008 as necessary.

#### (i) *Operating Segments*

CMCS 2 has applied the new segment reporting standard, AASB 8, from 1 July 2009.

CMCS 2 does not fall within the scope of AASB 8 therefore segment reporting disclosures are not required.

#### (ii) *Presentation of Financial Statements*

CMCS2 has applied the revised AASB 101 from 1 July 2009.

The revised standard requires the presentation of a statement of comprehensive income and requires changes to the statement of changes in equity, but does not affect any of the amounts recognised in the financial statements.

The revised AASB 101 also introduces the requirement to disclose a third balance sheet as at the beginning of the comparative period when an entity applies an accounting policy retrospectively.

#### (iii) *Financial instruments: Presentation*

## 1 Summary of significant accounting policies (continued)

CMCS 2 has applied the revised AASB 132 from 1 July 2009, being the first annual reporting period since its mandatory application.

The revised standard requires the presentation of net assets attributable to unitholders as equity and not as a liability as was previously required, where certain criteria are met.

CMCS 2 has obligations arising on liquidation and constitutional arrangements that meet the requirements of the AASB 132 amendment and the discretion judged to be available to the Responsible Entity regarding payment of distributions meet the necessary criteria and therefore unitholders funds have been presented as equity.

Comparative information has been re-presented in conformity with the transitional requirements of the revised AASB 132.

## 2 Net property income

	CMCS 2	
	31 December 2009 \$	31 December 2008 \$
Property rental revenue	-	1,543,052
Property outgoings recovered	-	<u>5,498</u>
Property revenue	-	1,548,550
Less		
Direct property expenses	-	(223,656)
Amortisation of lease incentives	-	<u>(16,051)</u>
Property expenses	-	<u>(239,707)</u>
Net property income	-	<u>1,308,843</u>

## 3 Distributions

	CMCS 2	
	31 December 2009 \$	31 December 2008 \$
Total gross distributions	<u>867,314</u>	<u>28,700,000</u>

## 4 Distributable income

### Calculation of distributable income

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

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

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

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

**4 Distributable income (continued)**

	<b>CMCS 2</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Net profit for the half-year</b>	<b>88,663</b>	788,788
Adjusted for:		
Amortisation of lease incentives	-	-
Fair value adjustment on investment property	-	-
Net movement of mark to market derivatives	-	(46,047)
Other Responsible Entity fees	-	(281,368)
Distributable income	<u>88,663</u>	<u>461,373</u>
Reduction of unitholders funds	<u>778,651</u>	<u>28,238,627</u>
Distribution paid/payable	<u>867,314</u>	<u>28,700,000</u>

	<b>CMCS 2</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>(a) Basic</b>		
Distributable income attributable to unitholders used in calculating basic distributable income per unit	<u>88,663</u>	<u>461,373</u>
Weighted average number of units on issue for the half-year (being the weighted average number of units outstanding during the half-year)	<u>14,500,000</u>	<u>14,500,000</u>
<b>Basic distributable income per unit (cents)</b>	<u>0.61</u>	<u>3.18</u>

	<b>CMCS 2</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>(b) Adjusted</b>		
Distributable income attributable to unitholders used in calculating adjusted distributable income per unit	<u>88,663</u>	<u>461,373</u>
Weighted average number of units used as the denominator in calculating adjusted distributable income per unit	<u>14,500,000</u>	<u>14,500,000</u>
<b>Adjusted distributable income per unit (cents)</b>	<u>0.61</u>	<u>3.18</u>

## 5 Net tangible asset backing (NTA)

	CMCS 2	
	31 December 2009	30 June 2009
<b>Net assets attributable to unitholders (\$'000)</b>	-	778,651
<b>(a) Basic</b>		
<b>Number of units</b>		
Number of units outstanding at the end of the half-year used in the calculation of basic net tangible asset backing per unit ('000)	14,500,000	14,500,000
<b>Basic NTA (\$)</b>	-	0.05
<b>(b) Adjusted</b>		
<b>Number of units</b>		
Number of units outstanding at the end of the half-year used in the calculation of adjusted net tangible asset backing per unit ('000)	14,500,000	14,500,000
<b>Adjusted NTA (\$)</b>	-	0.05

## 6 Events occurring after the reporting period

On 5 January 2010 Centro Properties Limited, the ultimate parent of the Responsible Entity, Centro MCS Manager Limited, announced that it had appointed Robert Tsenin as Group Chief Executive Officer and Managing Director (Group CEO). Mr Tsenin formally commenced his duties as Group CEO, in Centro's head office in Melbourne, on 1 March 2010 after being appointed Group Chief Executive Officer Designate from 5 February 2010 to ensure an orderly handover from Mr Rufrano. Mr Rufrano's contract ended on 28 February 2010.

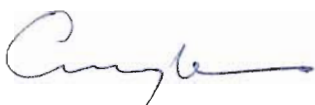
Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2009 and the date hereof that has significantly affected, or may significantly affect:

- (a) CMCS 2's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) CMCS 2's state of affairs in future financial years.

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

- (a) the financial statements and notes of Centro MCS 2 ("CMCS 2") set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, its Constitution and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of CMCS 2's financial position as at 31 December 2009 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) In the Directors' opinion there are reasonable grounds to believe that CMCS 2 will be able to pay its debts as and when they become due and payable.

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



Michael Humphris  
Director

Melbourne  
11 March 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF CENTRO MCS 2****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Centro MCS 2 (the trust), which comprises the statement of financial position as at 31 December 2009, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Responsible Entity of the trust are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the trust's financial position as at 31 December 2009 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Centro MCS 2, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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

Moore Stephens ABN 39 533 589 331  
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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Centro MCS 2 is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the trust's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (ii) complying with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Adoption of Liquidation Basis of Accounting*

Without modification to the conclusion expressed above, we draw attention to Note 1 in the financial report. As disclosed in Note 1, the directors of the Responsible Entity of Centro MCS 2 have adopted the liquidation basis of accounting, which was initially adopted as at 30 June 2008. The liquidation basis of accounting requires Centro MCS 2 to state assets at their estimated realisable value and liabilities at their anticipated settlement amounts. Additionally, the estimates for all liabilities related to expenses to be incurred during the wind down period are to be accrued.

  
MOORE STEPHENS  
Chartered Accountants

  
Kevin W Neville  
Partner

Melbourne, 11 March 2010