CENTRO

DIRECT PROPERTY FUND

INVESTOR UPDATE MAY 2010

FUND STATUS

The DPF remains suspended and is not expected to re-open within the next six to 12 months.

We continue to pursue restructuring and liquidity solutions. Liquidity within the Fund's investments remains very low, and we see few opportunities in the near future to realise any significant portion of the Fund's investment portfolio due to the nature of its investments into illiquid property securities funds.

There may be an opportunity to generate some liquidity from the Fund's investments in Centro MCS 8, 11 and 12 (see Syndicate Rollovers on Page 3 for detail).

Unit Price: $0.7922*

Distribution: 0.80 cents^

* Price as at 30 April 2010
^ Mar 2010 quarter

FUND MANAGER'S COMMENTARY "..."

We reported in our previous *Investor Update* on the appointment of advisers to the Centro Group to undertake an initial assessment of a restructure of Centro.

The advisers have continued to work closely with Centro management over the past few months. A number of strategies are being explored examining both the headstock entity as well as the various listed and unlisted managed funds. This detailed work is progressing and tracking to an expected completion in mid 2010.

The ongoing key objective of the DPF is to significantly enhance the liquidity of the fund and thereby offer investors the opportunity to access some or all of their capital. Whether the restructure will meet this objective cannot be determined at this stage, but will become more apparent over the coming months. Further updates will be provided in upcoming *Investor Updates*.

It is important to again emphasise that the current work being done is part of an assessment phase and a transaction of any type is not imminent.

MARCH QUARTER DISTRIBUTION

The DPF has announced a March quarter distribution of 0.80 cents per unit to be paid to investors on 11 May 2010. This is in line with guidance given in our February 2010 *Investor Update* and compares to 0.85 cents per unit paid for the December quarter.

The stronger Australian dollar has adversely impacted income from the DPF's investment in the Direct Property Fund International (DPFI). This, together with declines in some of the other DPFI investments, resulted in the DPFI paying a distribution for the March quarter of 0.26 cents per unit compared to 0.30 cents per unit for the December 2009 quarter.

We expect the DPF to pay quarterly distributions of between 0.80 cents and 0.90 cents per unit over the next few quarters. The amount may vary depending on the underlying investments and their capacity to pay distributions in line with current forecasts.

AUSTRALIAN CONSUMER SHOPPING PATTERNS …RECENT TRENDS*

Australian consumer shopping patterns have changed as a result of the global financial crisis and the economic uncertainty which prevailed in 2009 and into 2010.

Research undertaken by Directional Insights, a specialist market and consumer research company, has shown that consumers have become more frugal and savvy in their shopping habits. Whilst we have been cutting back on our spending, we by no means are abandoning our lifestyle. Comparison shopping, cautiousness and avoiding impulse buying has become the new mindset of many shoppers.

Directional Insights' research found that most people changed some aspect of their spending or shopping behaviour in 2009. But this does not necessarily mean doom and gloom for retail!! We all still shop, with 3.9 billion shopper visits a year across 18 million square metres of retail floorspace in Australia. Christmas shopping was not exempt from this changed consumer behaviour. Approximately two-thirds of us bought our Christmas gifts from discount department stores, underlining the overall frugal sentiment of 2009.

With 32.5% of the DPF portfolio comprising sub-regional shopping centres, the portfolio is well placed to benefit from this behaviour. Sub-regional shopping centres are anchored by at least one discount department store, being Target, Kmart or Big W, and typically at least one supermarket.

Supermarkets have been driving sales performance at our centres and we are benefiting from the continuing rivalry between Woolworths and Coles. With consumers tending to dine and entertain at home more often rather than eating out, supermarkets are reaping increasing rewards.

Looking forward, it is expected that the global recovery will be cautious and therefore the return to past patterns of consumer spending will also be slow.

A focus on the value-oriented consumer and on discount formats will remain throughout the recovery. The composition of the DPF portfolio, with its necessity-based centres anchored by supermarkets and discount department stores, positions it well to benefit during this phase of the recovery cycle.

*Source: Directional Insights Retail Wrap: The Year that Was and The Year that Will Be (www.directional.com.au)

SYNDICATE ROLLOVERS

In our previous *Investor Update*, we advised that three syndicates were approaching their rollover date, with investors having to make a decision as whether to exit or remain invested at rollover. These syndicate rollovers present a potential liquidity option to the DPF.

The following information updates the rollover status of the three syndicates:

Centro MCS 11

Centro Surfers Paradise on the Gold Coast is the sole property of this Syndicate. Centro MCS 11 had until 3 March 2010 to find buyers for all investors who elected to exit. The Syndicate responsible entity (RE) was not able to achieve this objective, and the property was recently put on the market.

The RE is now obligated to sell the property within a reasonable time frame. Following a sale of the asset, the RE must take the necessary steps to wind up the Syndicate and distribute the proceeds to investors, after repayment of debt and other costs. The Syndicate RE has advised that this process would take at least six months.

The most recent net asset backing price for this Syndicate (December 2009) was $2.42 per unit. This was based on an underlying value of the property of $202 million. Should the Syndicate achieve a sale at this price, this should result in the DPF receiving around $7.6 million, being the current value of its investment.

Centro MCS 12

This Syndicate owns three properties – Centro Oakleigh (Melbourne), Centro Glenorchy (Hobart) and Centro St Agnes (Adelaide). Centro MCS 12 had until 14 April 2010 to find buyers for all investors who elected to exit. At the time of print, the Syndicate RE has not advised on the outcome of this process. The RE may seek investor approval to extend the term of the Syndicate or seek to restructure the Syndicate in the event that it is unable to find buyers for the units.

Centro MCS 8

This Syndicate owns a number of assets – Centro Northgate (Geraldton, Western Australia), Centro Croydon (Melbourne), Centro Albany (Brisbane) and four hotels in Queensland. Centro MCS 8 has until 31 May 2010 to find buyers for all investors who elect to exit. To date, the Syndicate RE has not advised us of the outcome of this process. The RE may seek investor approval to extend the term of the Syndicate or seek to restructure the Syndicate if it is unable to find buyers for the units. It should be noted that the Syndicate has recently sold Centro Croydon and the four hotels. This may facilitate the restructure and provide capital for those investors who wish to exit.

While the circumstances described above may lead to additional liquidity for the DPF, it should be noted that this is dependent on the Syndicate RE being able to find buyers for all investors who have elected to exit, which remains a challenging task.

INVESTMENT PORTFOLIO UPDATE

Over the March 2010 quarter, the value of the Fund's total assets increased by 1.1% from $1.28 billion to $1.30 billion. The increase was mainly attributable to Centro Retail Investment Trust (CRIT) which increased from $157.3 million to $171.4 million, following the release of the December half yearly results for Centro Retail Trust and the finalisation of the underlying net asset values.

Current Investments (March 2010)

Investment	$ Million	% Portfolio
Centro Australia Wholesale Fund (CAWF)	602.5	46.4%
Centro Retail Investment Trust – Domestic Pools	171.4	13.2%
Centro DPF International (DPFI)	96.7	7.5%
Centro MCS 28	47.8	3.7%
Centro MCS 21	37.4	2.9%
Centro MCS 33	34.1	2.6%
Centro MCS 3	28.9	2.2%
Centro MCS 25	25.6	2.0%
Centro MCS 37	21.6	1.7%
Non-Centro Direct Property Funds	18.0	1.4%
Other Centro MCS Property Funds	184.0	14.1%
Total Unlisted Property Investments	**1,268.0**	**97.7%**
Centro Retail Trust (Listed)	7.5	0.6%
Centro Properties Group (Listed)	1.2	0.1%
Outsourced LPT Portfolio	1.3	0.1%
Cash & Other Assets	19.9	1.5%
TOTAL ASSETS	**1,297.9**	**100%**

Centro Australia Wholesale Fund (CAWF) remains our largest investment and accounts for 46% of total assets, slightly down from 47% at December 2009. Aggregate exposure to the Centro MCS domestic syndicates is now 29.2% of total assets, compared to 29.5% at December 2009.

FUND PERFORMANCE

The unit price of the Fund increased by 1.1% over the March 2010 quarter. As illustrated in the following table, the DPF generated a return of negative 15.0% for the twelve months to 31 March 2010 (comprising a capital return of negative 18.7% partially offset by a distribution return of 3.7%).

The main reason for the increase in the unit price over the quarter was the increase in the value of the CRIT investment described above.

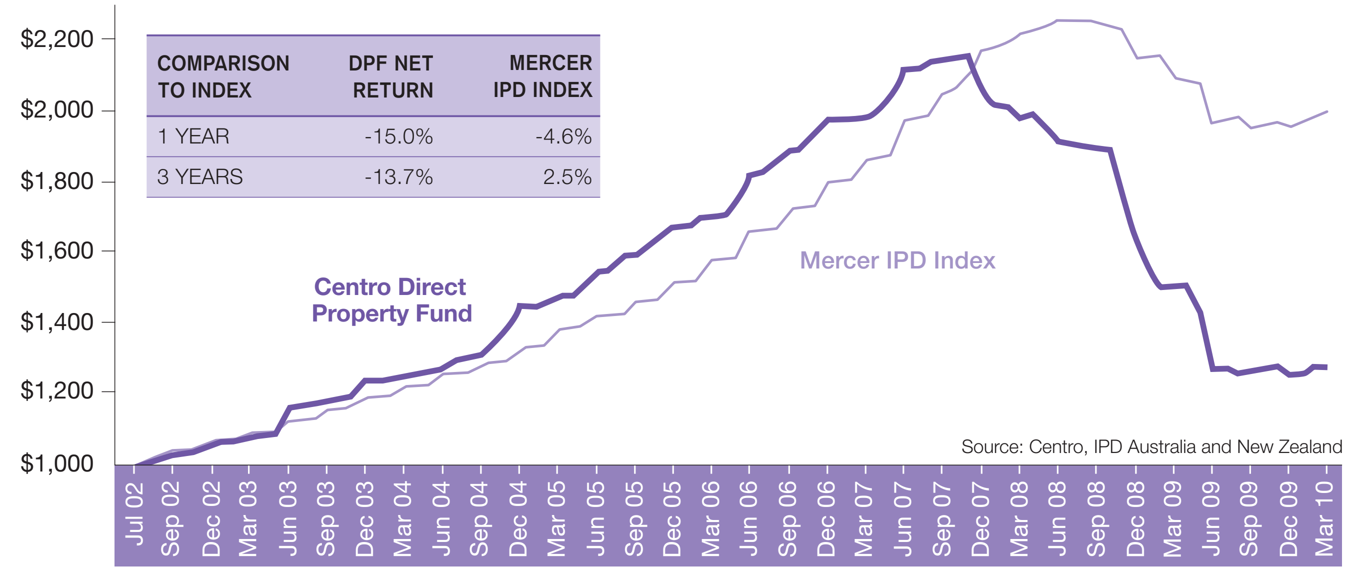
Fund Performance Table

Period Ended	Dist.[1]	Returns (1 Year Rolling) Distribution	Growth	Total	Unit Price[2]	Tax Adv.
30 Jun 2004	8.23	8.0%	2.0%	10.0%	$1.0867	73%
30 Jun 2005	8.54	8.4%	12.8%	21.2%	$1.2256	70%
30 Jun 2006	8.78	7.7%	10.5%	18.2%	$1.3553	58%
30 Jun 2007	9.23	7.2%	9.4%	16.6%	$1.4821	100%
30 Jun 2008	4.64	2.9%	-12.5%	-9.6%	$1.2968	89%
30 Jun 2009	6.23*	3.8%	-37.6%	-33.8%	$0.8096	80%
30 Sep 09 Qtr	0.95	3.6%	-37.0%	-33.4%	$0.7969	N/A
31 Dec 09 Qtr	0.85	3.3%	-26.9%	-23.6%	$0.7781	N/A
31 Mar 10 Qtr	**0.80**	**3.7%**	**-18.7%**	**-15.0%**	**$0.7869**	**N/A**

1 Distribution (cents per unit) 2 Ex Distribution * Includes 1.25 cent capital distribution

Total Funds Returns
(Since Inception July 2002 – March 2010)

COMPARISON TO INDEX	DPF NET RETURN	MERCER IPD INDEX
1 YEAR	-15.0%	-4.6%
3 YEARS	-13.7%	2.5%



The chart above illustrates the deterioration in the performance of the DPF since December 2007, and also over the six months leading up to June 2009, before stabilising in the last nine months. The Mercer IPD benchmark has declined by 4.6% over the last twelve months.

Unitholder Transfers

Although the DPF remains suspended, investors can transfer their units to another registered name. For example, an investor may have their current investment in the name of a superannuation fund and wish to transfer ownership to their own name. If you would like to make such a transfer, please complete a standard off-market transfer form and have it executed by both the buyer and the seller of the units. The transfer form can then be sent directly to the registry, Link Market Services, or lodged with Centro Investor Services. Standard forms are available online at centro.com.au/dpf.

FUND AT A GLANCE

(all figures as at March 2010)

Fund Size	$1.298 billion
Total Annual Return to March	-15.0%
Management Expense Ratio (MER)	0.62%
Benchmark	Mercer / IPD Australian Pooled Property Funds Index
Distribution Payments	Quarterly, usually within 45 days after the end of the calendar quarter
Distribution Reinvestment	Suspended

Look-through Portfolio Information

Look-through refers to the information in relation to the underlying property investments held by the Fund.

Gearing (the DPF does not have any borrowings of its own)	60%
Number of properties	709
Weighted average portfolio occupancy	94.1%
Weighted average lease term (by income)	4.73 years

COMMUNICATION SCHEDULE

Communication	Date
March quarter distribution paid	11 May
June quarter distribution announcement	Late July 2010
Next quarterly *Investor Update*	August 2010
June quarter distribution paid	Around 11 August 2010
Annual tax statements	Late August
Annual audited financial statements	September

WEBSITE

The Funds have their own website (centro.com.au/dpf) which provides up-to-date Fund information including the daily unit price, annual reports, Fund updates, and other important information.

DISPUTE RESOLUTION

If you have a complaint about the administration or management of your investment, please contact the Responsible Entity on 1800 802 400 during business hours. If your complaint is not resolved to your satisfaction within ten business days you can refer the matter in writing to:

The Complaints Officer
Centro MCS Manager Limited
Corporate Offices, Centro The Glen
3rd Floor, 235 Springvale Road
Glen Waverley Victoria 3150

CONTACT US

Advisers

Freecall Aust	1800 103 080
Freecall NZ	0800 449 605
Telephone	+61 3 8847 1806
Facsimile	+61 3 8847 1871
Email	adviser@centro.com.au
Website	centro.com.au

Investors

Freecall Aust	1800 802 400
Freecall NZ	0800 449 605
Telephone	+61 3 8847 1802
Facsimile	+61 3 8847 1868
Email	investor@centro.com.au