
CENTRO
DIRECT PROPERTY FUND



HALF YEAR REPORT

Centro Direct Property Fund and Controlled Entities

ARSN 099 728 971

Responsible Entity
Centro MCS Manager Limited

ABN 099 728 971

Financial report
for the half-year ended 31 December 2009

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This financial report covers Centro Direct Property Fund ("Centro DPF", "the Fund" or "the Trust") and its controlled entities ("Centro DPF Group"). The financial report is presented in Australian currency.

Centro Direct Property Fund is a trust, incorporated and domiciled in Australia. The registered office and principal place of business is:

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

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

The financial report was authorised for issue by the Directors of the Responsible Entity on 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

**Centro Direct Property Fund
Corporate directory
31 December 2009**

Responsible Entity	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
Directors	Peter Day (Chairman, appointed 1 October 2009) Jim Hall Paul Cooper (Chairman until 30 September 2009, Director from 1 October 2009) 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)
Secretaries of the Responsible Entity	Elizabeth Hourigan Paul Flanigan
Auditor	Ernst & Young Ernst & Young Building 8 Exhibition Street Melbourne, VIC 3000
Security Registry	Link Market Services Limited Level 4, 333 Collins Street Melbourne, VIC 3000

Directors' report

The Directors of Centro MCS Manager Limited, the Responsible Entity of Centro Direct Property Fund, present their report on the half-year financial report of Centro Direct Property Fund ("Centro DPF", "the Fund" or "the Trust") and its controlled entities ("Centro DPF Group") 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 Centro DPF Group on 6 March 2002.

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 (Chairman, appointed 1 October 2009)

Jim Hall

Paul Cooper (Chairman until 30 September 2009, Director from 1 October 2009)

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 Centro DPF Group during the course of the half-year was investment in unlisted property trusts managed by the Centro Properties Group, investment in listed property securities, and investment in other unlisted property trusts.

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

Review of operations

Centro DPF Group recorded a net loss after tax of \$0.275 million for the half-year ended 31 December 2009 (2008: \$440.344 million loss). Improvement in net profit compared to the prior period is due to \$470.114 million lower investment devaluations, offset by lower income from investments of \$30.655 million. During the half-year Centro DPF recorded a distributable income of 1.79 cents (2008: 3.59 cents) per unit as disclosed in note 6.

As at the date of this report Centro DPF Consolidated remains suspended for applications and withdrawals.

Distributions - Centro Direct Property Fund

Centro DPF Group

Distributions paid or payable to unitholders for the half-year totalled \$30.905 million. Distributions paid or to be paid since 1 July 2009 are as follows:

Quarter	Cents per unit	Date paid
June 2009	0.95	11 August 2009
September 2009	<u>0.95</u>	11 November 2009
Total paid/payable to unitholders	<u>1.90</u>	

Subsequent to the end of the half-year, a distribution payment of 0.85 cents per unit was declared by the Responsible Entity (RE) for the quarter ended 31 December 2009. This distribution was paid on 10 February 2010. As a result of these distribution payments being declared by the RE after 31 December 2009, no provision is included in the 31 December 2009 financial report for these distributions.

Significant changes in the state of affairs

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

- The continued downward trends in property markets resulted in a 2.33% devaluation across the Fund's investment portfolio.

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 Ruffano. Mr Ruffano'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) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group'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.

Rounding of amounts

The Group is of the class specified in ASIC Class Order 98/100 and accordingly amounts in the Directors' report and the financial reports have been rounded off to the nearest thousand dollars unless otherwise stated.

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



J. Hall
Director

Melbourne
11 March 2010



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Auditor's Independence Declaration to the Directors of Centro MCS Manager Limited

In relation to our review of the half-year financial report of Centro Direct Property Fund for the period ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'D.J. Shewring'.

D.J Shewring
Partner
Melbourne
11 March 2010

Centro Direct Property Fund
Income statement
For the half-year ended 31 December 2009

		Centro DPF Group	
		31 December	31 December
		2009	2008
Notes	\$'000	\$'000	
	Income from investments	32,010	62,665
	Interest income	90	274
	Other income	<u>682</u>	<u>1,555</u>
	Total revenue and income	<u>32,782</u>	<u>64,494</u>
	Expenses		
	Fair value loss on financial assets at fair value through profit and loss	(29,834)	(499,948)
	Responsible entity's fees	(2,892)	(4,336)
	Other expenses	(240)	(315)
	Fair value loss on financial derivatives	(91)	<u>(239)</u>
	Total expenses	<u>(33,057)</u>	<u>(504,838)</u>
	Net (loss) before income tax expense	(275)	(440,344)
	Income tax expense	<u>-</u>	<u>-</u>
	Net (loss) for the half-year	<u>(275)</u>	<u>(440,344)</u>
	Net (loss) for the half-year is attributable to:		
	Unitholders of the Fund	<u>(275)</u>	<u>(440,344)</u>
		<u>(275)</u>	<u>(440,344)</u>

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

**Centro Direct Property Fund
Statement of comprehensive income
For the half-year ended 31 December 2009**

	Centro DPF Group	
	31 December 2009	31 December 2008
Notes	\$'000	\$'000
Net (loss) for the half-year	(275)	(440,344)
Total comprehensive income/(loss) for the half-year	<u>(275)</u>	<u>(440,344)</u>
Total comprehensive income/(loss) for the half-year is attributable to:		
Unitholders of the Fund	<u>(275)</u>	<u>(440,344)</u>
	<u>(275)</u>	<u>(440,344)</u>

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

**Centro Direct Property Fund
Balance sheet
As at 31 December 2009**

		Centro DPF Group	
		31 December	30 June
		2009	2009
Notes		\$'000	\$'000
ASSETS			
Current assets			
	Cash and cash equivalents	4,032	5,043
	Trade and other receivables	14,276	16,580
3	Derivative financial instruments	<u>92</u>	<u>183</u>
	Total current assets	<u>18,400</u>	<u>21,806</u>
Non-current assets			
4	Financial assets at fair value through profit and loss	<u>1,251,145</u>	<u>1,280,980</u>
	Total non-current assets	<u>1,251,145</u>	<u>1,280,980</u>
	Total assets	<u>1,269,545</u>	<u>1,302,786</u>
LIABILITIES			
Current liabilities			
	Trade and other payables	<u>2,282</u>	<u>3,830</u>
	Total current liabilities	<u>2,282</u>	<u>3,830</u>
Non-current liabilities			
	Net assets attributable to Centro PPF	<u>4,876</u>	<u>5,342</u>
	Total non-current liabilities	<u>4,876</u>	<u>5,342</u>
	Total liabilities	<u>7,158</u>	<u>9,172</u>
	Net assets	<u>1,262,387</u>	<u>1,293,614</u>
EQUITY			
5	Units issued	2,176,066	2,176,113
	Accumulated losses	<u>(913,679)</u>	<u>(882,499)</u>
	Capital and reserves attributable to the owners of the Fund	<u>1,262,387</u>	<u>1,293,614</u>
	Total equity	<u>1,262,387</u>	<u>1,293,614</u>

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

Centro Direct Property Fund
Condensed statement of changes in equity
For the half-year ended 31 December 2009

Centro DPF Group	Notes	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2008		<u>2,196,445</u>	<u>(111,610)</u>	<u>2,084,835</u>
Total comprehensive income/(loss) for the half-year		-	(440,344)	(440,344)
Transactions with owners in their capacity as owners:				
Distributions provided for or paid	6	-	(39,851)	(39,851)
Return of capital		<u>(20,332)</u>	<u>-</u>	<u>(20,332)</u>
		<u>(20,332)</u>	<u>(39,851)</u>	<u>(60,183)</u>
Balance at 31 December 2008		<u>2,176,113</u>	<u>(591,805)</u>	<u>1,584,308</u>
Centro DPF Group	Notes	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2009		<u>2,176,113</u>	<u>(882,499)</u>	<u>1,293,614</u>
Total comprehensive income/(loss) for the half-year		-	(275)	(275)
Transactions with owners in their capacity as owners:				
Hardship redemptions		(47)	-	(47)
Distributions provided for or paid	6	<u>-</u>	<u>(30,905)</u>	<u>(30,905)</u>
		<u>(47)</u>	<u>(30,905)</u>	<u>(30,952)</u>
Balance at 31 December 2009		<u>2,176,066</u>	<u>(913,679)</u>	<u>1,262,387</u>

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

Centro Direct Property Fund
Cash flow statement
For the half-year ended 31 December 2009

	Centro DPF Group	
	31 December	31 December
	2009	2008
Notes	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from operations	34,528	57,137
Cash payments from operations	(4,726)	(5,776)
Interest received	92	271
Net cash inflow from operating activities	29,894	51,632
Cash flows from investing activities		
Receipts from disposal of investments	-	10,415
Payments for units in listed and unlisted property trusts	-	(1,283)
Net cash inflow from investing activities	-	9,132
Distributions paid	(30,905)	(60,183)
Net cash outflow from financing activities	(30,905)	(60,183)
Net (decrease)/increase in cash and cash equivalents	(1,011)	581
Cash and cash equivalents at the beginning of the half-year	5,043	5,301
Cash and cash equivalents at the end of the half-year	4,032	5,882

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 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 Centro DPF Group during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial report has been prepared on a going concern basis.

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

The Centro DPF Group has not elected to early adopt any new standards or interpretations.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Centro DPF Consolidated has recognised an asset for a guarantee from Centro Property Trust ("CNP") supporting Centro DPF Consolidated's investment in Centro Retail Investment Trust. The value of the guarantee is material and is disclosed in note 4. The financial statements of CNP includes an uncertainty regarding going concern. Whilst the financial statements of CNP have been prepared on a going concern basis, the Group remains reliant on the support of its lenders through extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of certain covenant waivers for the continuation of its investment. Should CNP not continue as a going concern, a significant uncertainty exists in relation to the ability of Centro DPF Consolidated to realise the value of the financial guarantee as stated in the financial statements.

(b) Changes in accounting policy

From 1 July 2009 Centro DPF Group 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 Centro DPF Group.

- 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.

(i) Operating Segments

Centro DPF Group has applied the new segment reporting standard, AASB 8, from 1 July 2009.

The units in Centro DPF Group are currently not publicly traded and therefore Centro DPF Group does not currently fall within the scope of AASB 8. Consequently, segment reporting disclosures are not required.

(ii) Presentation of Financial Statements

The Group 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.

(iii) Financial Instruments Presentation

The Group 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.

1 Summary of significant accounting policies (continued)

The Group 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.

The adoption of the revised AASB 132 has not resulted in a change to the value of the units or on the obligations to redeem the units. Under its constitution, units in the fund can be redeemed based on the daily published closing price and are redeemed using liquid funds, however the fund remains closed for applications and withdrawals.

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

2 Significant accounting estimates and judgements

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

Investment Property Values

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.

The primary factor impacting unit values in Centro DPF Group's underlying investments is property valuations. A number of these funds are highly geared, which has magnified the negative impact to unit values from the property revaluations. 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. 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 availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However the volume of sales of property assets, particularly premium assets, is still lower than experienced historically. There is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged.

The fair value of investment property in Centro DPF Group's underlying syndicate and wholesale funds has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimate of fair value as at the balance sheet 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 half-year financial statements.

Centro Retail Investment Trust Financial Guarantee

Centro DPF Consolidated has recognised an asset for a guarantee from Centro Property Trust supporting Centro DPF Consolidated's investment in Centro Retail Investment Trust. The value of the guarantee is material and is disclosed in note 4. The financial statements of CNP includes an uncertainty regarding going concern. Whilst the financial statements of CNP have been prepared on a going concern basis, the Group remains reliant on the support of its lenders through extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of certain covenant waivers for the continuation of its investment. Should CNP not continue as a going concern, a significant uncertainty exists in relation to the ability of Centro DPF Consolidated to realise the value of the financial guarantee as stated in the financial statements.

Centro Direct Property Fund
Notes to the financial statements
For the half-year ended 31 December 2009
(continued)

3 Derivative financial instruments

	Centro DPF Group	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Current assets		
(i) Forward foreign exchange contracts	92	183
Total current derivative financial instrument assets	92	183

(i) Forward exchange contracts

Centro DPF Group has a derivative to which CPT Manager Limited as the Responsible Entity of Centro Property Trust is the counter party. This has been recorded at a fair value of \$0.092 million and is carried as an asset on Centro DPF Group's balance sheet. In the event that CPT Manager Limited as the Responsible Entity of Centro Property Trust becomes insolvent then Centro DPF Group will be exposed to changes in the foreign exchange rate and may be required to seek alternative arrangements.

4 Non-current assets - Financial assets at fair value through profit and loss

	Centro DPF Group	
	31 December	30 June
	2009	2009
	\$'000	\$'000
Centro Retail Investment Trust Financial Guarantee (a)	151,174	145,113
Centro Retail Investment Trust (excluding financial guarantee)	20,259	12,155
Listed securities		
Australian listed securities	9,755	5,669
Unlisted securities		
Australasian property trusts	1,069,957	1,118,043
Total financial assets	1,251,145	1,280,980

The reconciliation below details the movements for the half-year

Reconciliation of the movements in financial assets		
Opening balance	1,280,980	2,082,021
Disposals (sale and redemption)	-	(16,999)
Revaluation increment/(decrement) for the period	(29,835)	(784,042)
Closing balance	1,251,145	1,280,980

(a) CRIT Investment and associated Financial Guarantee

Centro DPF Group's investment in Centro Retail Investment Trust (CRIT) delivers an exposure primarily to the underlying Australian assets of the ASX listed Centro Retail Trust (CER). As at 31 December 2009, CRIT represented 13.50% (30 June 2009: 12.07%) of Centro DPF Group's total assets. Centro Property Trust has provided a guarantee to Centro DPF Group which provides for Centro DPF Group to sell the CRIT investment to Centro Property Trust at the value of the Net Asset Backing (NAB) of the CRIT investment upon the expiry of the initial investment term in 2014 or on the occurrence of a "liquidity" or "trigger" event. If Centro Property Trust does not acquire the CRIT investment from Centro DPF Group, then Centro Property Trust's guarantee underwrites any shortfall between the actual disposal value and NAB prevailing at the time.

Centro DPF's policy has been to value its investment in CRIT at CRIT's NTA. This represents the combined value of the investment in CRIT units which reflects the underlying unit price of CER and the fair value of the guarantee from Centro which covers the shortfall between the unit price and NAB.

4 Non-current assets - Financial assets at fair value through profit and loss (continued)

At 31 December 2009, the Responsible Entity has assessed the fair value of the Centro DPF Group financial guarantee as \$151.174m (30 June 2009: \$145.113m), which represents the difference between CER's unit price at 31 December 2009 and CER's Net Tangible Assets at 31 December 2009 which reflects DPF's portion of the CRIT lookthrough to the reported value of the underlying assets and liabilities of CER, rather than NAB.

5 Units issued

	Centro DPF		Centro DPF	
	31 December 2009 '000	30 June 2009 '000	31 December 2009 \$'000	30 June 2009 \$'000
(a) Units issued				
Units	<u>1,626,522</u>	<u>1,626,580</u>	<u>2,176,066</u>	<u>2,176,113</u>
	<u>1,626,522</u>	<u>1,626,580</u>	<u>2,176,066</u>	<u>2,176,113</u>

(b) Movements in units issued:

Date	Details	Number of units	\$'000
1 July 2008	Opening balance	1,626,580	2,196,445
	Return of capital	-	(20,332)
30 June 2009	Balance	<u>1,626,580</u>	<u>2,176,113</u>
1 July 2009	Opening balance	1,626,580	2,176,113
	Hardship Redemptions	(58)	(47)
31 December 2009	Balance	<u>1,626,522</u>	<u>2,176,066</u>

Units are of equal value and unitholders are entitled to share in the income of Centro DPF Group in proportion to their unitholding. Unitholders are also entitled to vote at meetings. Unitholders' liability is limited to equity invested.

Units participate in distributions and the proceeds on winding up of Centro DPF Group in proportion to the number of units held.

6 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.

Centro Direct Property Fund
Notes to the financial statements
For the half-year ended 31 December 2009
(continued)

6 Distributable income (continued)

	Centro DPF Group	
	31 December 2009	31 December 2008
	\$'000	\$'000
Net (loss) for the half-year	(275)	(440,344)
Adjusted for:		
Fair value loss on financial assets at fair value through profit and loss	29,835	499,948
Centro PPF's share of fair value adjustments	(465)	(1,474)
Fair value movement in financial instruments	91	<u>239</u>
Distributable income	29,186	58,369
 (Undistributed income)/repayment of unitholders funds	 <u>1,719</u>	 <u>(18,518)</u>
Distribution paid/payable	<u>30,905</u>	<u>39,851</u>

	Centro DPF Group	
	31 December 2009	31 December 2008
(a) Basic		
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	29,186	58,369
Weighted average number of units on issue for the half-year (being the weighted average number of units outstanding during the half-year) ('000)	1,626,547	1,626,580
Basic distributable income per unit (cents)	<u>1.79</u>	<u>3.59</u>

(b) Adjusted

	Centro DPF Group	
	31 December 2009	31 December 2008
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	29,186	58,369
Weighted average number of units on issue for the half-year (being the weighted average number of units outstanding during the half-year) ('000)	1,626,547	1,626,580
Adjusted distributable income per unit (cents)	<u>1.79</u>	<u>3.59</u>

7 Net tangible asset backing (NTA)

	Centro DPF Group	
	31 December 2009	30 June 2009
Net assets attributable to unitholders (\$'000)	1,262,387	1,293,614
(a) Basic		
Number of units		
Number of units outstanding at the end of the half-year used in the calculation of basic net tangible asset backing per unit ('000)	1,626,522	1,626,580
Basic NTA (\$)	0.78	0.80
(b) Adjusted		
Number of units		
Number of units outstanding at the end of the half-year used in the calculation of adjusted net tangible asset backing per unit ('000)	1,626,522	1,626,580
Adjusted NTA (\$)	0.78	0.80

8 Reserves

	Centro DPF Group	
	31 December 2009	30 June 2009
	\$'000	\$'000
(a) Reserves		
Opening retained earnings	(882,499)	(111,609)
Net (loss) for the half-year	(275)	(696,392)
Distributions	(30,905)	(74,498)
Closing retained earnings	(913,679)	(882,499)

9 Events occurring after the reporting period

(i) Appointments and resignations

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

10 Contingencies

The Victorian State Revenue Office (SRO) has commenced investigations into the establishment of Centro Australia Wholesale Fund (CAWF) and the subsequent acquisition of units by the DPF.

Management expect the SRO to raise an assessment on the 49.9% acquisition of CAWF by DPF in 2006, for \$23m (\$15m plus interest and penalties).

Management and its stamp duty advisors believe that there are good arguments to support its position that no Victorian stamp duty liability arises in respect of DPF's acquisition of units in CAWF. In addition to any direct assessment to DPF, the SRO is also expected to raise an assessment of \$46m on the establishment of CAWF (\$31m plus interest and penalties). As DPF owns 49.9% of CAWF, a further \$23m of duty may be effectively attributable to DPF. Management also considers that there are good arguments to support its position that no Victorian stamp duty arises in respect of the establishment of CAWF.

If the SRO does raise an assessment, in either case above, Management considers that the SRO will accept a stay on payment of any assessed duty until such time as all objections and appeals are finalised.

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

- (a) the financial statements and notes of Centro Direct Property Fund set out on pages 5 to 16 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 Centro Direct Property Fund'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 Centro Direct Property Fund 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.



J. Hall
Director

Melbourne
11 March 2010



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To the unitholders of Centro Direct Property Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centro Direct Property Fund (the 'Trust'), which comprises the balance sheet as at 31 December 2009, and the income statement, statement of comprehensive income, condensed statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Centro MCS Manager Limited, the Responsible Entity of the Trust are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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 Interim and other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity'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 Direct Property Fund and the entities it controlled during the half-year, 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 other 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 audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of Centro MCS Manager Limited a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



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 Direct Property Fund is not in accordance with the *Corporations Act 2001*, including:

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

Inherent Uncertainty Regarding Recoverability of Investment Value

Without qualification to the conclusion expressed above, attention is drawn to Note 1(a) in the half-year financial report which highlights that should Centro Properties Group not continue as a going concern, a significant uncertainty exists in relation to the recoverability of the value of the financial guarantee as stated in the financial statements.

A handwritten signature in black ink, appearing to read "Ernst & Young".

Ernst & Young

A handwritten signature in black ink, appearing to read "D.J. Shewring".

D.J Shewring
Partner
Melbourne
11 March 2010