



CENTRO MCS DIRECT PROPERTY

HALF-YEAR REPORT

Centro MCS 9 and Centro MCS 9 Unit Trust

ARSN 084 461 530 and ARSN 084 461 709

Responsible Entity

Centro MCS Manager Limited

ABN 69 051 908 984

Financial report

for the half-year ended 31 December 2009

Contents

	Page
Corporate directory	1
Directors' report	2
Auditor's Independence Declaration	4
Interim financial report	
Income statements	5
Statements of comprehensive income	6
Balance sheets	7
Statements of changes in equity	8
Cash flow statements	9
Notes to the financial statements	10
Directors' declaration	19
Independent auditor's review report to the members	20

This financial report covers Centro MCS 9 ("CMCS 9", "the Trust", or "the Syndicate") and Centro MCS 9 Unit Trust ("CMCS 9 UT" or "the Unit Trust"). The financial report is presented in Australian currency.

CMCS 9 and CMCS 9 UT are trusts, 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 9 and CMCS 9 UT'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 corporate reporting is timely, complete and available globally at minimum cost to CMCS 9 and CMCS 9 UT. All press releases, financial reports and other information are available on our website: www.centro.com.au

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 (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)
Secretaries of the Responsible Entity	Elizabeth Hourigan Paul Flanigan
Auditor	Moore Stephens Level 14, 607 Bourke 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, present their report on Centro MCS 9 ("CMCS 9", "the Trust", or "the Syndicate") and Centro MCS 9 Unit Trust ("CMCS 9 UT" or "the Unit Trust") 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 9 and CMCS 9 UT 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 9 during the course of the half-year was investment in property.

The principal activity of CMCS 9 UT during the course of the half-year was the investment in an unlisted unit trust, being CMCS 9.

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

Review of operations

CMCS 9 recorded a net profit after tax of \$9.808 million for the half-year ended 31 December 2009 (2008: \$38.326 million loss). As forecasted, there were no distributions paid/payable to unitholders (2008: 2.50%). The movement in the half-year net profit after tax compared to the corresponding period is largely attributed to investment property value improvements in the current period and loss on sale of property in the prior period. During the half-year CMCS 9 recorded a distributable income of 1.74 cents (2008: NIL) per unit as disclosed in note 9.

CMCS 9 UT recorded a net profit after tax of \$2.720 million for the half-year ended 31 December 2009 (2008: \$10.628 million loss). As forecasted, there were no distributions paid/payable to unitholders (2008: 2.50%). The movement in the half-year net profit after tax compared to the corresponding period is largely attributed to improvements in the underlying investment value which is equity accounted. During the half-year CMCS 9 UT recorded a distributable income of 1.74 cents (2008: NIL) per unit as disclosed in note 9.

Distributions - Centro MCS 9 and Centro MCS 9 Unit Trust

CMCS 9

CMCS 9 breached its Interest Cover Ratio (ICR) as at 31 December 2008 and this breach subsists as at 31 December 2009. The financier has not waived this breach, and all earnings that would have been allocated to distributions continue to be used for capital expenditure or are being retained by CMCS 9. The Responsible Entity is still working with the financier to remedy the breach and so that it can recommence distributions.

CMCS 9 UT

CMCS 9 UT breached its Interest Cover Ratio (ICR) as at 31 December 2008 and this breach subsists as at 31 December 2009. The financier has not waived this breach, and all earnings that would have been allocated to distributions continue to be used for capital expenditure or are being retained by CMCS 9 UT. The Responsible Entity is still working with the financier to remedy the breach and so that it can recommence distributions.

Significant changes in the state of affairs

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

- As at reporting date, CMCS 9 has breached its interest cover ratio (ICR) which resulted in the debt being classified as current. The Responsible Entity is in ongoing discussions with the external financier regarding this ICR breach and believes it will be able to rectify the breach;
- Derivative hedge instruments continue to be treated as ineffective and all movements during the period have been taken directly to the income statement; and
- All payments to the Responsible Entity, including RE Fees and Custodian fees, have been deferred.

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 9 and CMCS 9 UT's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) CMCS 9 and CMCS 9 UT'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

CMCS 9 and CMCS 9 UT are 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.



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 9 AND CENTRO MCS 9
UNIT TRUST**

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

Centro MCS 9 and Centro MCS 9 Unit Trust
Income statements
For the half-year ended 31 December 2009

		CMCS 9		CMCS 9 UT	
	Notes	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Revenue					
Property rental revenue	2	10,868	15,982	-	-
Property outgoings recovered	2	1,442	1,599	-	-
Interest revenue		<u>102</u>	<u>92</u>	<u>-</u>	<u>-</u>
Total revenue		<u>12,412</u>	<u>17,673</u>	<u>-</u>	<u>-</u>
Income					
Fair value adjustment to investment property		3,747	(34,411)	-	-
Net movement on mark to market of derivatives		5,797	(4,875)	-	-
Share of net profits/(losses) from investments accounted for using the equity method		<u>-</u>	<u>-</u>	<u>2,720</u>	<u>(10,628)</u>
Total income		<u>9,544</u>	<u>(39,286)</u>	<u>2,720</u>	<u>(10,628)</u>
Total revenue and income		<u>21,956</u>	<u>(21,613)</u>	<u>2,720</u>	<u>(10,628)</u>
Expenses					
Direct property expenses	2	(4,937)	(6,098)	-	-
Amortisation of lease incentives	2	(437)	(412)	-	-
Responsible Entity management fees		(570)	(742)	-	-
Other Responsible Entity fees		(355)	11,375	-	-
Borrowing costs		(5,683)	(6,509)	-	-
Other expenses		(166)	(330)	-	-
Loss on sale of investment property		<u>-</u>	<u>(13,997)</u>	<u>-</u>	<u>-</u>
Total expenses		<u>(12,148)</u>	<u>(16,713)</u>	<u>-</u>	<u>-</u>
Net profit/(loss) before income tax expense		9,808	(38,326)	2,720	(10,628)
Income tax benefit/(expense)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit/(loss) for the half-year	9	<u>9,808</u>	<u>(38,326)</u>	<u>2,720</u>	<u>(10,628)</u>
Net profit/(loss) for the half-year is attributable to:					
Unitholders of Centro MCS 9 and Centro MCS 9 Unit Trust		<u>9,808</u>	<u>(38,326)</u>	<u>2,720</u>	<u>(10,628)</u>
		<u>9,808</u>	<u>(38,326)</u>	<u>2,720</u>	<u>(10,628)</u>

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

Centro MCS 9 and Centro MCS 9 Unit Trust
Statements of comprehensive income
For the half-year ended 31 December 2009

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Net profit/(loss) for the half-year	9,808	(38,326)	2,720	(10,628)
Other comprehensive income				
Changes in the fair value of cash flow hedges	<u>(3,378)</u>	(14,795)	<u>(936)</u>	(4,103)
Other comprehensive income for the half-year	<u>(3,378)</u>	(14,795)	<u>(936)</u>	(4,103)
Total comprehensive income for the half-year	<u>6,430</u>	<u>(53,121)</u>	<u>1,784</u>	<u>(14,731)</u>
Total comprehensive income for the half-year is attributable to:				
Unitholders of Centro MCS 9 and Centro MCS 9 Unit Trust	<u>6,430</u>	(53,121)	<u>1,784</u>	(14,731)
	<u>6,430</u>	<u>(53,121)</u>	<u>1,784</u>	<u>(14,731)</u>

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

Centro MCS 9 and Centro MCS 9 Unit Trust
Balance sheets
As at 31 December 2009

	Notes	CMCS 9		CMCS 9 UT	
		31 December	30 June	31 December	30 June
		2009	2009	2009	2009
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		9,894	6,020	-	-
Trade and other receivables		1,679	1,556	-	-
Other current assets		1,164	1,187	-	-
Total current assets		12,737	8,763	-	-
Non-current assets					
Investment property	5	199,500	195,700	-	-
Investments accounted for using the equity method	6	-	-	19,175	17,391
Other non-current assets		227	343	-	-
Total non-current assets		199,727	196,043	19,175	17,391
Total assets		212,464	204,806	19,175	17,391
LIABILITIES					
Current liabilities					
Trade and other payables		8,980	7,078	-	-
Interest bearing liabilities	7	128,240	126,849	-	-
Derivative financial instruments	3	837	3,004	-	-
Total current liabilities		138,057	136,931	-	-
Non-current liabilities					
Provisions		-	-	509	509
Derivative financial instruments	3	4,907	5,160	-	-
Other financial liabilities	8	355	-	-	-
Total non-current liabilities		5,262	5,160	509	509
Total liabilities		143,319	142,091	509	509
Net assets		69,145	62,715	18,666	16,882
EQUITY					
Contributed equity		67,203	67,203	18,636	18,636
Reserves		556	3,934	156	1,092
Retained profits/(accumulated losses)		1,386	(8,422)	(126)	(2,846)
Total equity		69,145	62,715	18,666	16,882

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

Centro MCS 9 and Centro MCS 9 Unit Trust
Statements of changes in equity
For the half-year ended 31 December 2009

CMCS 9	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2008	67,203	7,677	38,366	113,246
Total comprehensive income for the half-year	<u>-</u>	<u>(14,795)</u>	<u>(38,326)</u>	<u>(53,121)</u>
Balance at 31 December 2008	<u>67,203</u>	<u>(7,118)</u>	<u>40</u>	<u>60,125</u>
CMCS 9	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009	67,203	3,934	(8,422)	62,715
Total comprehensive income for the half-year	<u>-</u>	<u>(3,378)</u>	<u>9,808</u>	<u>6,430</u>
Balance at 31 December 2009	<u>67,203</u>	<u>556</u>	<u>1,386</u>	<u>69,145</u>
CMCS 9 UT	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2008	18,636	2,130	10,638	31,404
Total comprehensive income for the half-year	<u>-</u>	<u>(4,103)</u>	<u>(10,628)</u>	<u>(14,731)</u>
Balance at 31 December 2008	<u>18,636</u>	<u>(1,973)</u>	<u>10</u>	<u>16,673</u>
CMCS 9 UT	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009	18,636	1,092	(2,846)	16,882
Total comprehensive income for the half-year	<u>-</u>	<u>(936)</u>	<u>2,720</u>	<u>1,784</u>
Balance at 31 December 2009	<u>18,636</u>	<u>156</u>	<u>(126)</u>	<u>18,666</u>

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

Centro MCS 9 and Centro MCS 9 Unit Trust
Cash flow statements
For the half-year ended 31 December 2009

	CMCS 9		CMCS 9 UT	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax)	14,498	18,453	-	-
Payments to suppliers (inclusive of goods and services tax)	(4,890)	(8,777)	-	-
Interest received	102	92	-	-
Interest paid	(5,257)	(6,597)	-	-
Net cash inflow from operating activities	<u>4,453</u>	<u>3,171</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Payments for investment property	(603)	(1,204)	-	-
Proceeds from sale of investment property	24	45,245	-	-
Net cash (outflow)/inflow from investing activities	<u>(579)</u>	<u>44,041</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities				
Distributions paid	-	(1,639)	-	-
Repayments of interest bearing liabilities	-	(45,236)	-	-
Net cash outflow from financing activities	<u>-</u>	<u>(46,875)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	3,874	337	-	-
Cash and cash equivalents at the beginning of the half-year	<u>6,020</u>	<u>3,406</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the half-year	<u>9,894</u>	<u>3,743</u>	<u>-</u>	<u>-</u>

The above cash flow statements 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 CMCS 9 and CMCS 9 UT during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

A significant uncertainty exists in relation to CMCS 9's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business, at the amounts stated in the financial statements. CMCS 9 has bank loans owing to external lenders of \$111.764 million which are due to mature on 15 December 2011. However, due to the breach of its interest coverage ratio (ICR) covenant as at 31 December 2009, the bank may call on the loans immediately. In order to fund its continuing operations, CMCS 9 will be required to rectify this breach. If it is not able to rectify this breach, it may not be able to continue to fund its operations and may be required to raise additional capital or realise some of its assets, to meet its borrowing obligations. Despite the current situation, the Responsible Entity is of the opinion that CMCS 9 will be able to rectify this breach and be able to continue as a going concern for the 12 months from the date of signing the Director's declaration.

As at 31 December 2009, the current liabilities of CMCS 9 exceed its current assets.

The net current liability position is mitigated by the Responsible Entity and Centro Properties Group undertaking not to call on its receivables within 12 months of the signing of this report, to the extent that to do so would cause the syndicate to become insolvent, without first providing reasonable notice. However, this does not apply to the extent that any trigger event under an existing loan would allow for earlier repayment or the Responsible Entity has been replaced during the period.

After taking into account all available information, the Directors have concluded that CMCS 9 is a going concern based on a number of factors including:

- The underlying performance of the syndicate's investment portfolio;
- Management's expectations that the syndicate will be able to meet its financial obligations or obtain appropriate alternative finance; and
- Consideration of the syndicate's exposure to covenants.

Due to the Director's determination of CMCS 9 being a going concern, the financial report of CMCS 9 UT has been prepared on a going concern basis.

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 9 and CMCS 9 UT have not elected to early adopt any new standards or interpretations.

(b) Changes in accounting policy

From 1 July 2009 CMCS 9 and CMCS 9 UT have 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 CMCS 9 and CMCS 9 UT.

- 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.

1 Summary of significant accounting policies (continued)

(i) Operating Segments

CMCS 9 and CMCS 9 UT have applied the new segment reporting standard, AASB 8, from 1 July 2009.

CMCS 9 and CMCS 9 UT do not fall within the scope of AASB 8 therefore segment reporting disclosures are not required.

(ii) Presentation of Financial Statements

CMCS 9 and CMCS 9 UT have 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

CMCS 9 and CMCS 9 UT have 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 a liability as was previously required, where certain criteria are met.

CMCS 9 and CMCS 9 UT have 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 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Property rental revenue	10,868	15,982	-	-
Property outgoings recovered	1,442	1,599	-	-
Property revenue	12,310	17,581	-	-
Less				
Direct property expenses	(4,937)	(6,098)	-	-
Amortisation of lease incentives	(437)	(412)	-	-
Property expenses	(5,374)	(6,510)	-	-
Net property income	6,936	11,071	-	-

3 Derivative financial instruments

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Current liabilities				
Interest rate swap contracts	837	3,004	-	-
Total current derivative financial instrument liabilities	837	3,004	-	-
Non-current liabilities				
Interest rate swap contracts	4,907	5,160	-	-
Total non-current derivative financial instrument liabilities	4,907	5,160	-	-

4 Current assets - Investment properties held for sale

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Property Investments	-	-	-	-

The reconciliation below details the movements for the half-year

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Opening balance at 1 July	-	121,912	-	-
Capitalised expenditure	-	348	-	-
Straight-lining of rent	-	723	-	-
Amortisation of lease incentives	-	(185)	-	-
Disposal of properties held for sale	-	(58,401)	-	-
Fair value adjustment to investment properties	-	(10,397)	-	-
Transfer to investment property	-	(54,000)	-	-
	-	-	-	-

5 Non-current assets - Investment property

	Valuation basis	CMCS 9		CMCS 9 UT	
		31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Property investments					
Centro Dianella	(l)	57,750	54,000	-	-
Centro Hollywood	(l)	82,750	82,700	-	-
Gympie Village Shopping Centre	(l)	59,000	59,000	-	-
		<u>199,500</u>	<u>195,700</u>	<u>-</u>	<u>-</u>

The reconciliation below details the movements for the half-year

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
At fair value				
Opening balance at 1 July	195,700	170,600	-	-
Capitalised expenditure	638	457	-	-
Straight-lining of rent adjustment	(190)	635	-	-
Amortisation of lease incentives	(395)	(178)	-	-
Fair value adjustment to investment property	3,747	(24,014)	-	-
Transfer from investment property held for sale	-	54,000	-	-
Closing balance at 31 December	<u>199,500</u>	<u>201,500</u>	<u>-</u>	<u>-</u>

(l) Independent valuation undertaken by registered valuers as at 31 December 2009

(a) Valuation basis

Independent valuation

The basis of the valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties, in an arm's length transaction. The 31 December 2009 valuation was based on current prices in an active market for similar properties in the same location and condition, and subject to similar leases.

Uncertainty around property valuations

The global market for many types of real estate was severely affected by the volatility in global financial markets over the last 18 months. The lower levels of liquidity and volatility in the banking sector translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

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 not a forced seller prepared to sell at any price. 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. This means that 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 accounted has been updated to reflect market conditions at the end of the reporting period. While this represents best estimates as at the balance sheet date the current market uncertainty means that if investment property is sold in the future the price achieved may be higher or lower than the most recent valuation.

A movement in the adopted property values of 5% across the entire property portfolio would impact net assets by approximately \$9.975 million and impact net assets attributable to unitholders of CMCS 9 by 14.46 cents per unit.

6 Non-current assets - Investments accounted for using the equity method

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Investments accounted for using the equity method	-	-	<u>19,175</u>	<u>17,391</u>
	<u>-</u>	<u>-</u>	<u>19,175</u>	<u>17,391</u>

The reconciliation below details the movements for the half-year

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Opening balance at 1 July	-	-	17,391	31,404
Share of profit/(loss) from investments accounted for using the equity method	-	-	2,720	(10,628)
Share of reserves from investments accounted for using the equity method	-	-	<u>(936)</u>	<u>(4,103)</u>
Closing balance at 31 December	<u>-</u>	<u>-</u>	<u>19,175</u>	<u>16,673</u>

Investment in CMCS 9 UT

Investments in associates are accounted for in the financial statements using the equity method of accounting.

CMCS 9 UT owns 27.73% of the units in CMCS 9, which the principal assets are Centro Dianella, Centro Gympie and Centro Hollywood.

7 Interest bearing liabilities

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Current				
Secured				
Bank loans	111,764	111,764	-	-
Unsecured				
Related party loans	<u>16,476</u>	<u>15,085</u>	-	-
Total current Interest bearing liabilities	<u>128,240</u>	<u>126,849</u>	<u>-</u>	<u>-</u>

(a) Bank loans

The bank loans are provided under an Australian dollar facility. They have variable interest rates and are payable within the next 2 years. The current facilities will mature on 15 December 2011.

As at 31 December 2009, CMCS 9 was in breach of its interest coverage ratio (ICR) covenant. As a result the bank loans are classified as current interest bearing liabilities.

The interest bearing bank bills of CMCS 9 are secured by mortgages over its investment properties. The assets pledged as security are: Centro Dianella, Centro Gympie and Centro Hollywood.

CMCS 9 and Centro MCS 9 UT and their unitholders have entered into a deed of subordination and provided an irrevocable direction to the Responsible Entity to pay out of distributions, interest and any capital repayments amounts required to satisfy the obligations to an external party as financier of CMCS 9 and Centro MCS 9 UT.

7 Interest bearing liabilities (continued)

(b) Related party loans

Centro Properties Group provided short-term cash flow of \$16.476 million to CMCS 9 in order to meet its obligations. This short-term loan was entered at arms length and incurs variable market interest rate.

(c) Financing arrangements

	CMCS 9		CMCS 9 UT	
	31 December	30 June	31 December	30 June
	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000
Total facilities				
Loan facilities - Centro Properties Group	16,476	15,085	-	-
Loan facilities - External party	114,211	114,211	-	-
	<u>130,687</u>	<u>129,296</u>	<u>-</u>	<u>-</u>
Used at balance date				
Loan facilities - Centro Properties Group	16,476	15,085	-	-
Loan facilities - External party	111,764	111,764	-	-
	<u>128,240</u>	<u>126,849</u>	<u>-</u>	<u>-</u>
Unused at balance date				
Loan facilities - Centro Properties Group	-	-	-	-
Loan facilities - External party	2,447	2,447	-	-
	<u>2,447</u>	<u>2,447</u>	<u>-</u>	<u>-</u>

8 Non-current liabilities - Other financial liabilities

	CMCS 9		CMCS 9 UT	
	31 December	30 June	31 December	30 June
	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000
Performance fees	355	-	-	-
	<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>

The reconciliation below details the movements for the half-year

	CMCS 9		CMCS 9 UT	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Performance fees movement				
Opening balance at 1 July	-	-	-	-
Amount reclassified from current liability	-	13,275	-	-
Increase/(decrease) in financial liability	355	(11,375)	-	-
Closing balance at 31 December	<u>355</u>	<u>1,900</u>	<u>-</u>	<u>-</u>

8 Non-current liabilities - Other financial liabilities (continued)

(a) Performance fees

The Responsible Entity will be entitled to a performance fee if following the sale of the properties, on exercise of the exit mechanism or on rollover, the amount available to be paid to Investors (which is represented by the unit value), is greater than the amount of equity subscribed.

Performance fee contracts are recognised as a financial liability when the Syndicate becomes party to the provisions of the constitutions and the management deeds. The liability is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate mentioned in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* based on the intrinsic value of the performance fee that is the fee that would be payable based on the conditions prevailing at the reporting date.

A liability has been recognised in relation to these performance fees.

9 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.

	CMCS 9		CMCS 9 UT	
	31 December 2009 \$'000	31 December 2008 \$'000	31 December 2009 \$'000	31 December 2008 \$'000
Net profit/(loss) for the half-year	9,808	(38,326)	2,720	(10,628)
Adjusted for:				
Straight-lining of rent	190	(1,358)	-	-
Amortisation of lease incentives	395	363	-	-
Fair value adjustment on investment property	(3,747)	34,411	-	-
Fair value adjustment within equity accounted investments	-	-	(877)	9,267
Net movement on mark to market of derivatives	(5,797)	4,875	(1,608)	1,351
Other Responsible Entity fees	355	(11,375)	98	(3,154)
Distributable income	<u>1,204</u>	<u>(11,410)</u>	<u>333</u>	<u>(3,164)</u>
Undistributed profits	(1,204)	-	(333)	-
Reduction of equity	-	11,410	-	3,164
Distribution paid/payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

9 Distributable income (continued)

	CMCS 9		CMCS 9 UT	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
(a) Basic				
Distributable income attributable to unitholders used in calculating basic distributable income per unit (\$'000)	<u>1,204</u>	-	<u>333</u>	-
Weighted average number of units on issue for the half-year (being the weighted average number of units outstanding during the half-year) ('000)	<u>69,000</u>	69,000	<u>19,134</u>	19,134
Basic distributable income per unit (cents)	<u>1.74</u>	-	<u>1.74</u>	-
(b) Adjusted				
Distributable income attributable to unitholders used in calculating adjusted distributable income per unit (\$'000)	<u>1,204</u>	-	<u>333</u>	-
Weighted average number of units used as the denominator in calculating adjusted distributable income per unit ('000)	<u>69,000</u>	69,000	<u>19,134</u>	19,134
Adjusted distributable income per unit (cents)	<u>1.74</u>	-	<u>1.74</u>	-

10 Net tangible asset backing (NTA)

	CMCS 9		CMCS 9 UT	
	31 December 2009	30 June 2009	31 December 2009	30 June 2009
Net assets attributable to unitholders (\$'000)	<u>69,145</u>	<u>62,715</u>	<u>18,666</u>	<u>16,882</u>
(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)	<u>69,000</u>	69,000	<u>19,134</u>	19,134
Basic NTA (\$)	<u>1.00</u>	<u>0.91</u>	<u>0.98</u>	<u>0.88</u>
(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)	<u>69,000</u>	69,000	<u>19,134</u>	19,134
Adjusted NTA (\$)	<u>1.00</u>	<u>0.91</u>	<u>0.98</u>	<u>0.88</u>

11 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 9 and CMCS 9 UT's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) CMCS 9 and CMCS 9 UT's state of affairs in future financial years.

12 Going concern

CMCS 9 and CMCS 9 UT have bank loans owing to an external party of \$111.764 million which are due to mature on 15 December 2011. However, due to the breach of its interest coverage ratio (ICR) as at 31 December 2009, the bank may call on the loans immediately.

In order to fund its continuing operations, CMCS 9 and CMCS 9 UT will be required to rectify this breach. If CMCS 9 is not able to rectify this breach, CMCS 9 may not be able to continue to fund its operations and may be required to raise additional capital or realise some of its assets, to meet its borrowing obligations.

The Responsible Entity is in ongoing discussions with the external financier regarding this ICR breach and believes it would be able to rectify the ICR breach.

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

- (a) the financial statements and notes of CMCS 9 and CMCS 9 UT set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001*, their Constitution and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of CMCS 9 and CMCS 9 UT's financial position as at 31 December 2009 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the half-year ended on that date; and
- (b) in the Directors' opinion there are reasonable grounds to believe that CMCS 9 and CMCS 9 UT will be able to pay their 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 9 AND CENTRO MCS 9 UNIT TRUST**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centro MCS 9 and Centro MCS 9 Unit Trust (the trusts), 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 trusts 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 trusts' 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 9 and Centro MCS 9 Unit Trust, 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*.

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 9 and Centro MCS 9 Unit Trust is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the trusts' 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*.

Material Uncertainty regarding Continuation as a Going Concern

Without modification to the conclusion expressed above, we draw attention to Note 12 in the financial report. The matters as set forth in Note 12 indicate that Centro MCS 9 and Centro MCS 9 Unit Trust are in breach of their debt covenants in relation to their bank bill facilities. Consequently, this casts a significant uncertainty as to Centro MCS 9 and Centro MCS 9 Unit Trust's ability to continue as a going concern and whether the trusts will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner

Melbourne, 11 March 2010