
Centro Direct Property Fund

Financial Report 2008



Centro Direct Property Fund and Centro Direct Property Fund and Controlled Entities ARSN 099 728 971

Financial Reports Year Ended 30 June 2008

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 of the Responsible Entity

Paul Cooper (Chairman)
Graham Goldie
Sam Kavourakis
Peter Wilkinson
Jim Hall

Secretary of the Responsible Entity

Elizabeth Hourigan

Auditor

PricewaterhouseCoopers
2 Southbank Boulevard
Southbank, VIC 3006

Security Registry

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne, VIC 3000

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED

The Directors of Centro MCS Manager Limited, the Responsible Entity, present this report on the Centro Direct Property Fund ("Centro DPF Parent") and Centro Direct Property Fund and Controlled Entities ("Centro DPF Consolidated") for the financial year ended 30 June 2008.

Responsible Entity

Pursuant to the Managed Investments Act (the "MIA") which came into effect on 1 July 1998, Centro MCS Manager Limited was appointed and registered as the Responsible Entity of Centro DPF Consolidated on 6 March 2002.

Directors

The name of each person who has been a director of Centro MCS Manager Limited, during the year and to the date of this report is:

B. Healey (retired 30/06/08)
P.G. Goldie
L.P. Wilkinson
P. Cooper

A.T. Scott (resigned 15/01/08)
S. Kavourakis
J. Hall

Secretary: Elizabeth Hourigan

Chief Executive Officer: Glenn Rufrano

Andrew Scott was the Chief Executive Officer from the beginning of the financial year until his resignation on 15 January 2008.

Glenn Rufrano was appointed as Chief Executive Officer on 15 January 2008 and continues in office at the date of this report.

Brian Healey was the Chairman of the Board from the beginning of the financial year until his retirement on 30 June 2008.

Paul Cooper was appointed as Chairman of the Board of Directors on 1 July 2008.

Principal Activities

The principal activity of Centro DPF Consolidated during the course of the financial year was investment in unlisted property trusts managed by the Centro Properties Group, investment in listed property securities, and investments in other unlisted property trusts.

No significant change in the nature of these activities occurred during the financial year.

Review of Operations

Centro DPF Consolidated recorded a net loss before finance costs attributable to unitholders of \$294.720 million for the year ended 30 June 2008 (June 2007 net profit: \$207.124 million). The movement from 2007 and 2008 in net profit before finance costs attributable to unitholders includes revaluation movements and fair value adjustments on financial instruments. During the financial year, Centro DPF Consolidated recorded a distributable income of 3.71 cents per unit (2007: 6.44 cents per unit) as disclosed in note 18.

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED

Distributions attributable to unitholdersCentro DPF Consolidated - Investors

Distributions paid to unitholders for the year total \$42.717 million. Distributions paid since the start of the year are as follows:

Month	Cents per unit	Date paid
September 2007	2.34	31 October 2007
December 2007	1.20	12 February 2008
March 2008	0.55	13 May 2008
Total paid to investors	<u>4.09</u>	

Subsequent to the end of the year, a distribution payment of 0.55 cents per unit was declared by the Responsible Entity (RE) for the quarter ended 30 June 2008. This distribution was paid on 12 August 2008. In addition, a special distribution payment of 1.00 cent per unit was also declared by the RE subsequent to the end of the year and was paid on 10 September 2008. These distributions relate to the financial year ended 30 June 2008. As a result of these distribution payments being declared by the RE after 30 June 2008, no provision is included in the 30 June 2008 financial statements for these distributions.

The tax components of the annual distribution are set out below:

	Cents per unit
Taxable income	0.47
Tax deferred component	3.62
Net distribution to Centro DPF unitholders	<u>4.09</u>

Significant Changes in the State of Affairs

On 17 December 2007, the Responsible Entity suspended applications and withdrawals in Centro DPF Consolidated as a result of announcements made on the same day by Centro Properties Group (Centro) and Centro Retail Trust (CER) concerning refinancing issues.

The RE made this decision as it believed it to be in the best interests of unitholders. Centro DPF Consolidated currently has significant investments in Centro's managed funds. The issues outlined in Centro's ASX announcement may have led to a significant increase in withdrawals from the Fund which could have had a material impact on the Fund's liquidity.

The RE is currently working through strategies to protect unitholder value and provide liquidity options for unitholders. As at the date of this report Centro DPF Consolidated remains suspended for applications and withdrawals.

As Centro DPF Consolidated holds investments both directly and indirectly in CER and Centro, the gross asset value of Centro DPF Consolidated has declined due to fair value adjustments related to these investments.

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED

Significant Changes in the State of Affairs - Continued

During the financial year, the Responsible Entity served notice on all equity note holders of its decision to prepay in full the debt obligation component of the notes. Equity notes comprise a partly paid ordinary unit (paid up to 1 cent) ('PPU') and an unsecured subordinated debt obligation ('DO') owed by the Fund to the holder (being Centro or entities it manages or controls). The PPU is repayable on repayment of the DO. On repayment of the DO, the equity note holder may choose or is required (as the case may be) to use the proceeds of the DO to pay up the PPU.

The Responsible Entity undertook this decision in order to provide greater security to the ordinary unitholders of the Fund. Equity note holders would rank ahead of ordinary unitholder entitlements on a wind-up of the Fund. The conversion also simplified the capital structure of the Fund.

On 31 March 2008, 210,762,962 equity notes were converted to fully paid ordinary units. On 18 April 2008, 114,997,094 equity notes were also converted to fully paid ordinary units. On 9 May 2008, the remaining 279,710,680 equity notes were also converted to fully paid ordinary units. As a consequence, the partly paid unit component of the equity notes were paid up in full, resulting in the conversion of all equity notes to fully paid ordinary units. As a result of the conversion on 9 May, 2008, Centro gained control of Centro DPF Consolidated.

Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of Centro DPF Consolidated, the results of those operations, or the state of affairs of Centro DPF Consolidated in subsequent financial years.

Likely Developments and Expected Results of Operations

Information on likely developments in Centro DPF Consolidated's operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to Centro DPF Consolidated.

Environmental Regulation

Centro DPF Consolidated's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth and State or Territory.

Other Information

Centro DPF Issued Units - During the financial year ended 30 June 2008, Centro DPF issued 100,478,000 units (June 2007: 563,007,000) and 48,673,000 units were redeemed (June 2007: 71,332,000). In addition, 605,470,736 equity notes were converted to fully paid ordinary units during the financial year. At 30 June 2008, total units on issue were 1,626,579,840 (June 2007: 969,303,682).

Centro DPF Consolidated Gross Assets - at 30 June 2008 were \$2.100 billion (June 2007: \$2.440 billion).

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED

Fees paid to and interests held in Centro DPF Consolidated by the Responsible Entity or its related entities

Fees paid to the Responsible Entity and its related entities out of Centro DPF Consolidated during the financial year are disclosed in note 23 of the financial statements.

No fees were paid out of Centro DPF Consolidated to the directors of the Responsible Entity during the financial year.

The number of units in Centro DPF Consolidated held by the Responsible Entity or its related entities as at the end of the financial year are disclosed in note 23 of the financial statements.

Key Management Personnel Remuneration Report

No key management personnel are remunerated by the entity or entities under the control of Centro DPF Consolidated.

Indemnification Insurance of Directors, Officers and Auditors

The Responsible Entity must indemnify the Directors on a full indemnity basis and to the extent permitted by law, against all losses or liabilities incurred by the Directors as an officer of the Responsible Entity or of a related body corporate provided that the loss or liquidity loss does not arise out of conduct including lack of good faith.

During the financial year the Responsible Entity insured its Directors, Secretary and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of Centro MCS Manager Limited. This excludes a liability which arises out of a willful breach of duty or improper use of inside information. The premium also insures the Responsible Entity for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

The Officers of Centro MCS Manager Limited covered by the insurance policy include the Directors during the year; B. Healey, A.T. Scott, P.G. Goldie, S. Kavourakis, L. P. Wilkinson, J. Hall, P. Cooper the Chief Executive Officer; Glenn Rufrano and the Secretary; E. Hourigan.

The auditor is indemnified by the Responsible Entity against claims from third parties arising from the provision of audit services except where prohibited by the Corporations Act 2001, or due to negligence, fraudulent conduct, dishonesty or breach of trust by the auditor.

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED

Meeting of Directors

Centro MCS Manager Limited	Board Meetings Attended /Eligible to attend	Board Audit & Risk Management Committee Meetings Attended /Eligible to attend	Compliance Committee Meetings Attended /Eligible to attend	Remuneration Committee Meetings Attended /Eligible to attend	Board Sub-Committee Meetings Attended /Eligible to attend	Nomination Committee Meetings Attended /Eligible to attend
Number of meetings held	42	10	3	n/a	1	n/a
Number of meetings attended by:						
B. Healey ###	42	#	#	n/a	1	n/a
A.T. Scott ##	17/17	#	#	n/a	1	n/a
P. G. Goldie	42	#	3	n/a	#	n/a
S. Kavourakis	42	10	#	n/a	#	n/a
L. P. Wilkinson	34	#	3	n/a	#	n/a
J. Hall	38	10	3	n/a	#	n/a
P. Cooper *	40	10	#	n/a	#	n/a

Not a member of the Committee.

Mr. Scott resigned from the Board on 15 January 2008.

Mr. Healey retired as Chairman of the Board on 30 June 2008.

* Following the retirement of Mr Healey on 30 June 2008, Mr Cooper was appointed as Chairman of the Board.

Rounding of Amounts

Centro DPF Consolidated is of the class specified in ASIC Class Order 98/100 and accordingly amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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 6.

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

Director 

Melbourne, 26 September 2008

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website: www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Centro Direct Property Fund for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Centro Direct Property Fund and the entities it controlled during the year.



Peter Fekete
Partner
PricewaterhouseCoopers

Melbourne
30 September 2008

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This financial report covers Centro Direct Property Fund ("Centro DPF Parent") and Centro Direct Property Fund and Controlled Entities ("Centro DPF Consolidated"). The financial report is presented in the Australian currency.

Centro DPF Parent is an unlisted property fund 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 the consolidated entity's operations and its principal activities is included in the director's report on pages 1-5, which does not form part of this financial report.

The financial report was authorised for issue by the directors of the Responsible Entity on 26 September 2008. 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 Centro DPF Consolidated. All press releases, financial reports and other information are available on our website: www.centro.com.au.

BALANCE SHEETS
AS AT 30 JUNE 2008

Parent			Notes	Consolidated	
30 Jun 07	30 Jun 08			30 Jun 08	30 Jun 07
\$'000	\$'000			\$'000	\$'000
		Current assets			
20,951	5,301	Cash and cash equivalents	19	5,301	20,951
51,180	12,432	Trade and other receivables	7	12,432	51,180
-	284	Derivative financial instruments	8	284	-
72,131	18,017	Total current assets		18,017	72,131
		Non-current assets			
2,359,463	2,073,678	Financial assets at fair value through profit and loss	9	2,082,021	2,368,019
2,359,463	2,073,678	Total non-current assets		2,082,021	2,368,019
2,431,594	2,091,695	Total assets		2,100,038	2,440,150
		Current liabilities			
47,609	5,577	Trade and other payables	11	5,577	47,609
308	-	Derivative financial instruments	8	-	308
22,682	-	Distributions payable	12	-	22,682
14,168	-	Interest payable on equity notes	13	-	14,168
84,767	5,577	Total current liabilities		5,577	84,767
		Non-current liabilities			
839,879	-	Interest bearing liabilities	14	-	839,879
2,565	1,283	Other payables	15	1,283	2,565
842,444	1,283	Total non-current liabilities		1,283	842,444
927,211	6,860	Total liabilities (excluding net assets attributable to unitholders)		6,860	927,211
-	-	Net assets attributable to minority interests (liability)	17	8,343	8,556
1,504,383	2,084,835	Net assets attributable to unitholders (liability)	16	2,084,835	1,504,383
2,431,594	2,091,695	Total liabilities		2,100,038	2,440,150
-	-	Net assets		-	-
-	-	Unitholders' funds		-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Notes	Consolidated	
30 Jun 07	30 Jun 08			30 Jun 08	30 Jun 07
\$'000	\$'000			\$'000	\$'000
-	-	Total equity at the beginning of the year		-	-
-	-	Net income/expense recognised directly in equity		-	-
-	-	Net profit/(loss)		-	-
-	-	Total recognised income and expense for the year		-	-
-	-	Transactions with unitholders in their capacity as unitholders:			
-	-	Distributions provided for or paid		-	-
-	-	Total equity at the end of the year		-	-
		Total recognised income and expense for the year is attributable to:			
-	-	Unitholders of Centro Direct Property Fund		-	-

In accordance with AASB 7 *Financial Instruments: Disclosures* and AASB 132 *Financial Instruments: Presentation*, unitholders' funds are classified as a liability.

Distributions paid/(payable) to unitholders during the year have also been excluded from the above statements as they are deemed to be a finance cost due to the classification of unitholders' funds as a liability.

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Notes	Consolidated	
30 Jun 07	30 Jun 08			30 Jun 08	30 Jun 07
\$'000	\$'000			\$'000	\$'000
		Cash flows from operating activities			
50,139	101,957	Cash receipts from operations		101,957	50,139
(6,355)	(23,589)	Cash payments from operations		(23,589)	(6,355)
43,784	78,368			78,368	43,784
1,199	949	Interest received		949	1,199
44,983	79,317	Net cash inflow from operating activities	19(b)	79,317	44,983
		Cash flows from investing activities			
32,230	-	Receipts from disposal of investments		-	32,230
(115,920)	(69,672)	Payments for units in listed & unlisted property trusts		(69,672)	(115,920)
(83,690)	(69,672)	Net cash outflow from investing activities		(69,672)	(83,690)
		Cash flows from financing activities			
235,816	146,661	Proceeds from issue of units		146,661	235,816
(102,720)	(72,360)	Payments for redemption of units		(72,360)	(102,720)
(51,897)	(61,823)	Distribution paid		(61,823)	(51,897)
(29,930)	(37,773)	Interest paid on equity notes		(37,773)	(29,930)
51,269	(25,295)	Net cash inflow/(outflow) from financing activities		(25,295)	51,269
12,562	(15,650)	Net increase/(decrease) in cash and cash equivalents		(15,650)	12,562
8,389	20,951	Cash and cash equivalents at the beginning of the year		20,951	8,389
20,951	5,301	Cash and cash equivalents at the end of the year	19(a)	5,301	20,951

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Centro Direct Property Fund as an individual entity and the consolidated entity consisting of Centro Direct Property Fund and its controlled entities ("Centro DPF Consolidated" or "Group").

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Centro DPF Consolidated comply with International Financial Reporting Standards (IFRS).

Early adoption of standards

Centro DPF Consolidated has not chosen to early adopt any standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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 3.

As set out in notes 2 and 23, Centro DPF Consolidated has receivables from Centro Properties Group ("CNP") and derivatives where CNP is the counterparty. In addition, as set out in note 9, 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 as disclosed on note 25 has materially changed in value from 30 June 2008 to the date of this report. The independent audit report on the financial statements of CNP includes an emphasis of matter regarding going concern. Whilst the financial statements of CNP have been prepared on a going concern basis, a significant uncertainty exists whilst CNP continues to renegotiate funding with lenders, considers potential asset sales and recapitalisation options. Should CNP not continue as a going concern, a significant uncertainty exists in relation to the recoverability of receivables and derivatives due from CNP and the ability of Centro DPF Consolidated to realise the value of the financial guarantee as stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(b) Principles of Consolidation

A controlled entity is any entity controlled by Centro Direct Property Fund (Centro DPF). Control exists where Centro DPF has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Centro DPF to achieve the objectives of Centro DPF.

These consolidated financial statements incorporate the assets and liabilities of all entities controlled by Centro DPF as at 30 June 2008 and the results of all controlled entities for the year then ended.

Transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer note 1(c)).

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

Minority interest in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(c) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, units issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where units are issued in an acquisition, the value of the units is their price per the daily unit pricing model as at the date of exchange. Transaction costs arising on the issue of units are recognised in unitholders' funds.

If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(d) Investments and Other Financial Assets

Investments predominantly comprise interests in unlisted property based managed investment schemes and listed property related vehicles.

The entity has classified its investments as financial assets at fair value through profit and loss. The entity uses this designation as the investments are managed and their performance evaluated on a fair value basis in accordance with the entity's documented risk management and investment strategy.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments at fair value through profit and loss are revalued regularly to ensure the carrying amount of each investment is recorded at its fair value at the reporting date.

The fair value of units or interests in unlisted property managed investment schemes is determined by reference to the fair value of the scheme's net assets, as advised by the relevant responsible entity at each reporting period.

Units in listed property related vehicles are valued at the last quoted sale price as at close of business on the reporting date. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise.

Centro DPF Consolidated assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. When an asset is identified as being impaired the carrying value of the asset is adjusted accordingly.

Details on how the fair value of financial instruments is determined are disclosed in note (f).

(e) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Centro DPF Consolidated designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 8. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months, it is classified as a current asset or liability when the remaining maturity of the hedge item is less than 12 months. Trading derivatives are classified as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(e) Derivatives – continued

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in unitholders' funds. The gains or losses relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in unitholders' funds are transferred to the income statement in the years when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in unitholders' funds is transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

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

(f) Fair value estimation

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

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

The fair value of units or interests in unlisted property managed investment schemes is determined by reference to the fair value of the scheme's net assets, as advised by the relevant responsible entity at each reporting period.

Units in listed property related vehicles are valued at the last quoted sale price as at close of business on the reporting date.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The fair value of interest-rate swaps are calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of Centro DPF Consolidated are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars which is the functional currency and presentation currency of Centro DPF Consolidated.

(ii) Transactions and balances

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

Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss are reported as part of the fair value gain or loss.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration to be received or receivable.

Centro DPF recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Centro DPF's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the revenue have been resolved. Centro DPF bases its estimates on historical results, taking into consideration the type of investment, the type of transaction and the specifics of each arrangement.

Distribution revenue is recognised when the right to receive a distribution payment has been established.

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is established when there is objective evidence that Centro DPF will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(i) Trade and Other Receivables - Continued

The amount of the provision is recognised in the income statement within other expenses. When a trade receivable for which a provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(j) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Centro DPF Consolidated prior to the end of the reporting year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Rounding of Amounts

Centro DPF Consolidated is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Centro DPF Consolidated has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(o) Provisions

Provisions are recognised when Centro DPF Consolidated has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of managements best estimates of the expenditure required to settle the present obligation at balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Net Assets Attributable to Unitholders (Issued Units)

Issued units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time, subject to the status of the Fund, for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back to the Fund. The Fund's redemption price should not materially differ to the proportionate fund net asset value as the valuation methods used in calculating the daily unit price (redemption price) are consistent with those applied in the financial statements.

(q) Income Tax

Under current income tax legislation no income tax is payable by the Centro DPF Consolidated provided its taxable income is fully distributed to unitholders or the unitholders become presently entitled to all the taxable income.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cashflows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cashflow.

(s) Distributable Income Per Unit

- (i) Basic distributable income per unit is determined by dividing the distributable income before tax by the weighted average number of equivalent units outstanding during the year.
- (ii) Diluted distributable income per unit adjusts the figures used in the determination of basic distribution per unit by taking into account amounts unpaid on units and equivalents and any reduction in distributable income per unit that will arise as a result of conversion to, calling of or subscription for unit capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(t) Net Tangible Asset Backing per Unit

- (i) Basic net tangible asset backing per unit is determined by dividing the net assets attributable to unitholders (excluding intangible assets) by the number of units outstanding at balance date.
- (ii) Diluted net tangible asset backing per unit adjusts the figures used in the determination of basic net tangible asset backing per unit by taking into account amounts unpaid on units.

(u) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

(v) Distributions (Finance Costs)

Provision is made for the amount of any distribution declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at reporting date.

(w) Segment Reporting

A business segment is defined for a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to that of the business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those segments operating in other economic environments.

(x) New Accounting Standards and Australian Accounting Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. Centro DPF Consolidated's assessment of the impact of these new standards and interpretations is set out below.

- (i) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12].

The revised AASB 123 is applicable to annual reporting period commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of Centro DPF Consolidated, as it already capitalises borrowing costs related to qualifying assets.

- (ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*.

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. Centro DPF Consolidated intends to apply the revised standard from 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF ACCOUNTING POLICIES – Continued

(x) New Accounting Standards and Australian Accounting Interpretations - Continued

- (iii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 Amendments to Australian Accounting Standards – *Puttable Financial Instruments and Obligations arising on Liquidation* (Revised AASB 132).

This amendment makes adjustments to AASB 7, AASB 101, AASB 132 and AASB 139 with respect of the classification of some financial instruments as equity.

Management are in the process of understanding the impact for the fund of this amendment due to the number of criteria which need to be met in order to achieve a re-classification back to equity.

2. FINANCIAL RISK MANAGEMENT

Centro DPF Consolidated's activities expose it to a variety of financial risks; market risk (including price risk and interest rate risk), credit risk and liquidity risk.

Centro DPF Consolidated's overall risk management program focuses on ensuring compliance with its Product Disclosure Statement and seeks to maximize the returns derived for the level of risk to which it is exposed. Financial risk management is carried out by the funds management department under policies approved by the Board of Directors of the Responsible Entity (the Board).

Centro DPF Consolidated uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

The Group and the Parent Entity hold the following financial instruments:

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	5,301	20,951	5,301	20,951
Trade and other receivables	12,432	51,180	12,432	51,180
Derivative financial instruments	284	-	284	-
Financial assets at fair value rough profit or loss	2,082,021	2,368,019	2,073,678	2,359,463
	2,100,038	2,440,150	2,091,695	2,431,594
Financial liabilities				
Trade and other payables	5,577	47,609	5,577	47,609
Derivative financial instruments	-	308	-	308
Distributions payable	-	22,682	-	22,682
Interest payable on equity notes	-	14,168	-	14,168
Interest bearing liabilities	-	839,879	-	839,879
Other payables	1,283	2,565	1,283	2,565
Net assets attributable to unitholders	2,084,835	1,504,383	2,084,835	1,504,383
	2,091,695	2,431,594	2,091,695	2,431,594

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk will effect Centro DPF Consolidated's income or the value of its holdings of financial instruments.

(i) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Centro DPF Consolidated invests in an unlisted property trust in New Zealand and is exposed to foreign exchange risk arising from currency exposures to the New Zealand (NZ) dollar.

Forward contracts are used to manage foreign exchange risk. The Fund's Management department is responsible for managing exposures in the foreign currency by using external forward currency contracts.

Centro DPF Consolidated's risk management policy is to hedge 100% of anticipated transactions in NZ dollars.

Centro DPF Consolidated's exposure to foreign currency risk at the reporting date was as follows:

Parent		Consolidated	
30 June 07	30 June 08	30 June 08	30 June 07
NZD	NZD	NZD	NZD
\$'000	\$'000	\$'000	\$'000
10,500	9,870	9,870	10,500
	Forward exchange contracts		

The following table summarises the sensitivity of Centro DPF Consolidated's net profit before finance costs attributable to unitholders and net assets attributable to unitholders to foreign currency risk.

Consolidated 30 June 2008	Foreign exchange risk to NZD				
	Carrying amount \$'000	-10%		+10%	
		Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000
Financial assets					
Derivatives – Fair value through profit and loss	284	(720)	-	589	-
Financial liabilities					
Derivatives – Fair value through profit and loss	-	-	-	-	-
Total increase/ (decrease)	284	(720)	-	589	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(a) Market Risk - Continued

Consolidated 30 June 2007		Foreign exchange risk to NZD			
		-10%		+10%	
	Carrying amount \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000
Financial assets Derivatives – Fair value through profit and loss	-	-	-	-	-
Financial liabilities Derivatives – Fair value through profit and loss	308	(811)	-	663	-
Total increase/ (decrease)	308	(811)	-	663	-

Parent 30 June 2008		Foreign exchange risk to NZD			
		-10%		+10%	
	Carrying amount \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000
Financial assets Derivatives – Fair value through profit and loss	284	(720)	-	589	-
Financial liabilities Derivatives – Fair value through profit and loss	-	-	-	-	-
Total increase/ (decrease)	284	(720)	-	589	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(a) Market Risk – Continued

Parent 30 June 2007	Foreign exchange risk to NZD				
		-10%		+10%	
	Carrying amount \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000	Net Profit Before Finance Costs Attributable to Unitholders AUD \$'000	Net Assets Attributable to Unitholders AUD \$'000
Financial assets					
Derivatives – Fair value through profit and loss	-	-	-	-	-
Financial liabilities					
Derivatives – Fair value through profit and loss	308	(811)	-	663	-
Total increase/ (decrease)	308	(811)	-	663	-

(ii) Price Risk

Centro DPF Consolidated is exposed to equity securities price risk. This arises from investments held by Centro DPF Consolidated classified as financial assets at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Responsible Entity (RE) of Centro DPF Consolidated seeks to mitigate this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

Centro DPF Consolidated is not exposed to commodity price risk.

Compliance with the Fund's Product Disclosure Statement is reported to the Board on a monthly basis.

The tables on pages 24-25 summarise the impact of increases/decreases of the investments' unit prices on net profit before finance costs attributable to unitholders and net assets attributable to unitholders. The analysis is based on the assumption that unit prices had increased/decreased by 10% (2007: 10%). The impact mainly arises from the reasonably possible change in the fair value of listed equities and unlisted unit trusts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(a) Market Risk – Continued

(iii) Interest Rate Risk

During the reporting period and in prior periods the Fund's only interest bearing liabilities were its issued equity notes. The notes attract a variable interest rate which is linked to the distribution rate paid to ordinary unitholders. If no distributions are declared for a quarter, no interest is paid. Interest entitlements do not accumulate. As of 9 May 2008, 100% of the equity notes were converted to fully paid ordinary units in line with their terms of issue. Refer to note 14 for further information. Prior to this, the RE managed the risk of fluctuating interest costs by treating the equity note holders as unitholders for the purposes of determining the amount to be paid to both holders out of available profits. The tables on pages 25-26 summarise the impact of increases/decreases of interim rates on the Fund's net profit before finance costs attributable to unitholders and net assets attributable to unitholders. As the sensitivity in the interest cost arises from an increase/decrease in the distribution rate the analysis below is based on the assumption that the distribution per unit increases/decreases by 1.00 cent per unit.

(b) Summarised Sensitivity Analysis

The following tables summarise the sensitivity of the Fund's net profit before finance costs attributable to unitholders and net assets attributable to unitholders to price risk and interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in distribution rates and historical correlation of the Fund's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of economies, markets and securities in which the Fund invests. As a result, historical variations in risk variables are not a definitive indicator of future variations in the risk variables.

Consolidated 30 June 2008		Price risk			
	Carrying amount \$'000	-10%		+10%	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Financial assets at fair value through profit and loss	2,082,021	(208,202)	(208,202)	208,202	208,202

Consolidated 30 June 2007		Price risk			
	Carrying amount \$'000	-10%		+10%	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Financial assets at fair value through profit and loss	2,368,019	(236,802)	(236,802)	236,802	236,802

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(b) Summarised Sensitivity Analysis - Continued

Parent 30 June 2008		Price risk			
	Carrying amount \$'000	-10%		+10%	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Financial assets at fair value through profit and loss	2,073,678	(207,368)	(207,368)	207,368	207,368

Parent 30 June 2007		Price risk			
	Carrying amount \$'000	-10%		+10%	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Financial assets at fair value through profit and loss	2,359,463	(235,946)	(235,946)	235,946	235,946

Consolidated 30 June 2008		Interest rate risk			
	Carrying amount \$'000	-1.00 cent per unit distribution rate		+1.00 cent per unit distribution rate	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Borrowing costs	23,607	5,352	5,352	(5,352)	(5,352)

Consolidated 30 June 2007		Interest rate risk			
	Carrying amount \$'000	-1.00 cent per unit distribution rate		+1.00 cent per unit distribution rate	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Borrowing costs	43,375	4,631	4,631	(4,631)	(4,631)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued**(b) Summarised Sensitivity Analysis - Continued**

Parent 30 June 2008		Interest rate risk			
	Carrying amount \$'000	-1.00 cent per unit distribution rate		+1.00 cent per unit distribution rate	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Borrowing costs	23,607	5,352	5,352	(5,352)	(5,352)

Parent 30 June 2007		Interest rate risk			
	Carrying amount \$'000	-1.00 cent per unit distribution rate		+1.00 cent per unit distribution rate	
		Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000	Net Profit Before Finance Costs Attributable to Unitholders \$'000	Net Assets Attributable to Unitholders \$'000
Borrowing costs	43,375	4,631	4,631	(4,631)	(4,631)

(c) Credit Risk

Centro DPF Consolidated has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. Centro DPF Consolidated has policies that limit the amount of credit exposure to any one financial institution.

As at 30 June 2008, Centro DPF Consolidated has receivables from Centro Properties Group as disclosed in note 7. There may be a risk that Centro Properties Group may be unable to honour its obligations to Centro DPF Consolidated. This may result in a write off to the income statement. As at 30 June 2008 Centro Properties Group has prepared its accounts on a going concern basis and has recognised the liability to Centro DPF Consolidated in its accounts. The maximum exposure to credit risk is the carrying amount of the financial assets as summarised on page 20. Subsequent to the end of the financial year, all receivables from Centro Properties Group were received by Centro DPF Consolidated.

(d) Liquidity Risk

Liquidity risk is the risk that Centro DPF Consolidated will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close-out market positions.

The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The group and parent hold a large portion of their investments in unlisted property trusts where there is not an immediate liquid market, however the underlying investment properties of these funds are stable and management expect that sufficient cash flows will be generated and are available to meet cash outflows arising from the day to day operations of the group and parent entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(d) Liquidity Risk - Continued

Maturities of financial liabilities

The tables below analyse the Consolidated Entity's and the Parent Entity's financial liabilities including net and gross settled derivative financial instruments and debt, by their relevant maturity groupings based on the time remaining to contractual maturity from the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated 30 June 2008	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	5,577	-	-	-	-	5,577	5,577
Other payables	-	-	1,283	-	-	1,283	1,283
Net assets attributable to unitholders	-	2,084,835*	-	-	-	2,084,835	2,084,835
Total non-derivates	5,577	2,084,835	1,283	-	-	2,091,695	2,091,695
Derivatives							
Foreign Exchange Contracts	(23)	(24)	(48)	(273)	-	(368)	(368)
Total derivatives	(23)	(24)	(48)	(273)	-	(368)	(368)

* In accordance with its Constitution, Centro DPF Consolidated is allowed up to 365 days for the processing of withdrawals. Due to the current suspension of the Fund, the Responsible Entity is not currently accepting withdrawal requests. There is uncertainty as to the duration of the Fund's suspension. There are no outstanding withdrawals as at 30 June 2008.

Consolidated 30 June 2007	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	47,609	-	-	-	-	47,609	47,609
Distributions payable	22,682	-	-	-	-	22,682	22,682
Interest payable on equity notes	14,168	-	-	-	-	14,168	14,168
Other payables	-	-	2,565	-	-	2,565	2,565
Interest bearing liabilities	-	-	-	-	839,879	839,879	839,879
Net assets attributable to unitholders	1,504,383**	-	-	-	-	1,504,383	1,504,383
Total non-derivatives	1,588,842	-	2,565	-	839,879	2,431,286	2,431,286
Derivatives							
Foreign Exchange Contracts	10	10	20	736	-	776	776
Total derivatives	10	10	20	736	-	776	776

** In accordance with its Constitution, Centro DPF Consolidated is allowed up to 365 days for the processing of withdrawals. During 2007, the Fund was accepting withdrawals and making payments usually within three business days of the withdrawal being accepted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued**(d) Liquidity Risk - Continued**

Parent 30 June 2008	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	5,577	-	-	-	-	5,577	5,577
Other payables	-	-	1,283	-	-	1,283	1,283
Net assets attributable to unitholders	-	2,084,835*	-	-	-	2,084,835	2,084,835
Total non-derivatives	5,577	2,084,835	1,283	-	-	2,091,695	2,091,695
Derivatives							
Foreign Exchange Contracts	(23)	(24)	(48)	(273)	-	(368)	(368)
Total derivatives	(23)	(24)	(48)	(273)	-	(368)	(368)

* In accordance with its Constitution, Centro DPF Consolidated is allowed up to 365 days for the processing of withdrawals. Due to the current suspension of the Fund, the Responsible Entity is not currently accepting withdrawal requests. There is uncertainty as to the duration of the Fund's suspension. There are no outstanding withdrawals as at 30 June 2008.

Parent 30 June 2007	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Trade and other payables	47,609	-	-	-	-	47,609	47,609
Distributions payable	22,682	-	-	-	-	22,682	22,682
Interest payable on equity notes	14,168	-	-	-	-	14,168	14,168
Other payables	-	-	2,565	-	-	2,565	2,565
Interest bearing liabilities	-	-	-	-	839,879	839,879	839,879
Net assets attributable to unitholders	1,504,383**	-	-	-	-	1,504,383	1,504,383
Total non-derivatives	1,588,842	-	2,565	-	839,879	2,431,286	2,431,286
Derivatives							
Foreign Exchange Contracts	10	10	20	736	-	776	776
Total derivatives	10	10	20	736	-	776	776

** In accordance with its Constitution, Centro DPF Consolidated is allowed up to 365 days for the processing of withdrawals. During 2007, the Fund was accepting withdrawals and making payments usually within three business days of the withdrawal being accepted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT – Continued

(d) Liquidity Risk - Continued

On 17 December 2007, the RE suspended applications and withdrawals in Centro DPF Consolidated as a result of announcements made on the same day by Centro and CER concerning refinancing issues.

The RE made this decision as it believed it to be in the best interests of unitholders. Centro DPF Consolidated currently has significant investments in Centro's managed funds. The issues outlined in Centro's ASX announcement may have led to a significant increase in withdrawals from the Fund which could have had a material impact on the Fund's liquidity.

The RE is currently working through strategies to protect unitholder value and provide liquidity options for unitholders. As at the date of this report Centro DPF Consolidated remains suspended for applications and withdrawals.

As noted in part (iii), interest rate risk, 100% of the equity notes were converted to fully paid ordinary units as of 9 May 2008. The conversion was affected as a non-cash transaction.

(e) Fair value estimation

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

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

The fair value of units or interests in unlisted property managed investment schemes is determined by reference to the fair value of the scheme's net assets, as advised by the relevant responsible entity at each reporting period.

Units in listed property related vehicles are valued at the last quoted sale price as at close of business on the reporting date less an appropriate allowance for costs expected to be incurred in realising the investment.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. The fair value of interest-rate swaps are calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Centro DPF Consolidated makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

For some of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, unlisted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including payables the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
4. <u>BORROWING COSTS</u>				
		Borrowing costs expense		
43,301	23,605	- Interest on equity notes	23,605	43,301
74	2	- Bank interest and charges	2	74
43,375	23,607		23,607	43,375
5. <u>RESPONSIBLE ENTITY'S FEES</u>				
8,521	12,163	Manager's fees	12,163	8,521
8,883	-	Performance fee paid to Manager	-	8,883
17,404	12,163		12,163	17,404
6. <u>DISTRIBUTION</u>				
71,701	42,717	Total gross cash distribution	42,717	71,701

Of the total cash distribution by Centro DPF 88.60% is tax deferred (2007: 100%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
<u>7. TRADE AND OTHER RECEIVABLES</u>				
<u>(CURRENT)</u>				
38,055	11,095	Investment income receivable (a)	11,095	38,055
271	31	Interest receivable	31	271
3,004	1,306	Amounts receivable from related parties (c)	1,306	3,004
9,850	-	Return of capital from investments	-	9,850
51,180	12,432	Total receivables	12,432	51,180

(a) Impaired trade receivables

There were no impaired trade receivables for either Centro DPF Consolidated or Centro DPF Parent in 2008 or 2007.

(b) Past due but not impaired

There are no amounts past due but not impaired for either Centro DPF Consolidated or Centro DPF Parent in 2008 or 2007.

(c) Other receivables

As at 30 June 2008 \$1.306 million (June 2007: \$3.004 million) was receivable from Centro Properties Group related to trail commissions, management fee rebates, and income support. Subsequent to the end of the financial year, \$1.306 million was received by Centro DPF Consolidated from Centro Properties Group. Information about Centro DPF Consolidated's exposure to credit risk in relation to trade and other receivables is provided in note 2(c).

(d) Foreign exchange and interest rate risk

Information about Centro DPF Consolidated's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of Centro DPF Consolidated and the credit quality of the entity's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
<u>8. DERIVATIVE FINANCIAL INSTRUMENTS</u> <u>(CURRENT)</u>				
(308)	284	Derivative Financial Instruments	284	(308)
Refer to note 21 for further disclosures.				
<u>9. FINANCIAL ASSETS AT FAIR VALUE</u> <u>THROUGH PROFIT AND LOSS (NON-</u> <u>CURRENT)</u>				
(a) Carrying amount				
1,955,277	1,802,276	Units in Australian unlisted property trusts	1,810,619	1,963,833
61	-	International fixed interest unsecured loan notes	-	61
208,111	38,675	Centro Retail Investment Trust (excluding financial guarantee)	38,675	208,111
58,885	206,114	Centro Retail Investment Trust Financial guarantee (b)	206,114	58,885
137,129	26,613	Australian listed securities	26,613	137,129
<u>2,359,463</u>	<u>2,073,678</u>	Total assets at fair value through profit and loss (i)	<u>2,082,021</u>	<u>2,368,019</u>
(i) <u>Reconciliation of the periods' movements in financial assets at fair value through profit and loss</u>				
702,731	2,359,463	Opening balance	2,368,019	710,351
1,563,150	52,023	Additions for the period	52,023	1,563,150
(66,386)	(680)	Disposals for the period	(680)	(66,386)
169,818	(337,128)	Revaluation increment/decrement for the period	(337,341)	170,754
(9,850)	-	Return of capital from investments	-	(9,850)
<u>2,359,463</u>	<u>2,073,678</u>	Closing balance	<u>2,082,021</u>	<u>2,368,019</u>

Changes in fair value of financial assets at fair value through profit or loss are recorded as income or expenses in the income statement.

(b) Financial guarantee

Centro DPF Consolidated'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 30 June 2008, CRIT represented 11.66% of Centro DPF Consolidated's total assets. Centro Property Trust has provided a guarantee to Centro DPF Consolidated which provides for Centro DPF Consolidated 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 Consolidated, then Centro Property Trust's guarantee underwrites any shortfall between the actual disposal value and NAB prevailing at the time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (NON-CURRENT)
Continued

(b) Financial guarantee - Continued

Centro DPF Consolidated's policy has been to value its investment in CRIT at CRIT's NAB. This represents the combined value of the investment in CRIT units which reflects the underlying share price of CER and the fair value of the guarantee from Centro Property Trust which covers the shortfall between share price and NAB. In the prior year, the two assets comprising the fair value of Centro DPF Consolidated's investment in CRIT were presented together. The fall in the share price of CER during the period means there is a now greater margin between share price and NAB and the guarantee now represents a more significant and relevant component of the total fair value of Centro DPF Consolidated's investment in CRIT. The guarantee component is now presented separately and comparative information has been amended for the new form of presentation.

The Responsible Entity has assessed the fair value of the guarantee in light of the announcements made by Centro and CER on and after 17 December 2007 in relation to refinancing. At 30 June 2008, the Responsible Entity has assessed the fair value of the financial guarantee as the difference between CER's share price at 30 June 2008 and CER's Net Tangible Assets at 30 June 2008 which reflects the reported value of the underlying assets and liabilities of CER, rather than NAB. While the Fund is considering a number of restructure or sale alternatives in respect of the CRIT units, which may result in the Fund receiving full value for the guarantee, there is a risk that the value of this guarantee may not be fully recovered.

(c) Risk exposure

Information about Centro DPF Consolidated's risk exposure to credit risk, foreign exchange risk and price risk is provided in note 2.

10. INVESTMENTS IN ASSOCIATES

Centro DPF designates its investments in associates as financial assets at fair value through profit and loss at acquisition in accordance with AASB 128 *Investments in Associates* and AASB 132 *Financial Instruments: Disclosure and Presentation*. In accordance with the disclosure requirements in these standards, information relating to associates is disclosed as follows:

All associates were incorporated in Australia and are domiciled in Australia. A list of these associates is included below:

(a) Investments in associates:

Name of associate	Principal activity	Ownership	Ownership
		Interest	Interest
		2008	2007
		%	%
Centro MCS 2	Property Investment	27.39	27.10
Centro MCS 3	Property Investment	49.32	49.32
Centro MCS 4	Property Investment	34.48	16.15
Centro MCS 5	Property Investment	22.93	21.92
Centro MCS 5 Koja	Property Investment	28.79	14.39
Centro MCS 10 UT	Property Investment	29.91	28.38
Centro MCS 14	Property Investment	23.40	5.54
Centro MCS 14 UT	Proeprty Investment	26.63	9.31
Centro MCS 15 UT	Property Investment	24.56	23.95
Centro MCS 16	Property Investment	25.43	25.29
Centro MCS 16 UT	Property Investment	50.03 *	50.03 *

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

10. INVESTMENTS IN ASSOCIATES**(a) Investments in associates - Continued**

Name of associate	Principal activity	Ownership	Ownership
		Interest 2008	Interest 2007
		%	%
Centro MCS 18 UT	Property Investment	27.74	25.53
Centro MCS 19 NZ	Property Investment	33.12	32.46
Centro MCS 21 RHT	Property Investment	21.54	21.09
Centro MCS 21 RPT	Property Investment	47.94	47.91
Centro MCS 22 KPIT	Property Investment	21.19	21.93
Centro MCS 23 PIS	Property Investment	38.53	37.15
Centro MCS 23 PPS	Property Investment	25.04	24.86
Centro MCS 24 LMIT	Property Investment	49.47	49.47
Centro MCS 24 LMPT	Property Investment	24.18	22.90
Centro MCS 25	Property Investment	49.81	40.28
Centro MCS 26	Property Investment	32.39	31.92
Centro MCS 27 IT	Property Investment	56.22 *	56.22 *
Centro MCS 27 PT	Property Investment	32.86	32.80
Centro MCS 28	Property Investment	28.87	28.68
Centro MCS 33	Property Investment	38.31	38.27
Centro MCS 34	Property Investment	40.11	39.99
Centro MCS 37	Property Investment	47.23	47.21
Woodlands	Property Investment	16.89	23.35
Centro Australia Wholesale Fund	Property Investment	49.90	49.90
Centro Direct Property Fund International	Investment in unlisted property trusts and listed securities	27.48	38.92
Centro Retail Investment Trust	Property Investment	23.39	23.39

* Due to each respective trust's structure of the underlying investments, Centro DPF does not have the capacity to dominate the decision-making in relation to the financial and operating policies of the trust so that the trust operates to achieve the objectives of Centro DPF.

(b) Summarised financial information of associates:

	30 Jun 08	30 Jun 07
	\$'000	\$'000
Current Assets	434,240	329,499
Non-current Assets	7,218,864	8,456,487
Total Assets	<u>7,653,104</u>	<u>8,785,986</u>
Current Liabilities	1,331,494	1,155,680
Non-current Liabilities	1,290,169	2,186,763
Total Liabilities*	<u>2,621,663</u>	<u>3,342,443</u>
Revenues	390,608	799,356
Expenses**	(1,098,428)	(149,354)
Net profit/(loss) from ordinary activities	<u>(707,820)</u>	<u>650,002</u>

* Centro DPF's associates (with the exception of Centro Australia Wholesale Fund and Centro Retail Investment Trust) are finite life trusts which classify their unitholders' funds as a liability. Total liabilities before net assets attributable to unitholders are shown above.

** Total expenses before finance costs (distributions paid).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
11. <u>TRADE AND OTHER PAYABLES</u>				
<u>(CURRENT)</u>				
46,203	5,083	Amounts payable to related entities	5,083	46,203
1,406	493	Other payables	493	1,406
47,609	5,577	Total payables	5,577	47,609

Amounts payable to related entities includes \$1.283 million deferred consideration payable to Centro (CPT) Trust (2007: \$8.883 million performance fee payable and \$1.283 million deferred consideration).

The deferred consideration payable to Centro (CPT) Trust relates to the investment interests acquired on 1 April 2004. This is being paid over a five year period in five equal instalments commencing from July 2005. The payments are contingent on Centro (CPT) Trust maintaining a relevant interest in the Fund of at least 25% over the period.

The performance fee payable to the Responsible Entity is derived where the capital value of the Fund, as measured by the increase in the unit price from one year end to the next, increases by more than 6%. The fee is calculated at 10% of the increase above 6% multiplied by the gross asset value of the Fund.

This is calculated at the end of each period and paid in arrears in the form of cash or units (at the Manager's option) within one month after the end of the period. Units (if any) are to be issued at the withdrawal price effective at 1 July immediately following the period end.

Due to a decline in the unit price during the financial year, no performance fee is payable for the year ended 30 June 2008.

12. PROVISIONS (CURRENT)

22,682	-	Provision for distributions	-	22,682
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13. INTEREST PAYABLE (CURRENT)

14,168	-	Interest payable on equity notes	-	14,168
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The interest rate payable on the equity notes is the same as the distribution rate on Ordinary Units. For 2008 the distribution rate is 4.09 cents per equity note (2007: 9.23 cents per equity note). As of 9 May 2008, 100% of the equity notes were converted to fully paid ordinary units.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
14. <u>INTEREST BEARING LIABILITIES (NON-CURRENT)</u>				
Equity Notes				
36,071	839,879	Opening balance	839,879	36,071
833,522	-	Issued during the year	-	833,522
(29,714)	-	Redeemed during the year	-	(29,714)
-	(839,879)	Converted during the year	(839,879)	-
<u>839,879</u>	-	Closing balance	<u>-</u>	<u>839,879</u>

Refer to note 21 for further information on equity notes. As of 9 May 2008, 100% of the equity notes were converted to fully paid ordinary units.

15. OTHER PAYABLES (NON-CURRENT)

<u>2,565</u>	<u>1,283</u>	Deferred consideration payable to related party	<u>1,283</u>	<u>2,565</u>
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The deferred consideration payable to Centro (CPT) Trust relates to the investment interests acquired on 1 April 2004. This is being paid over a five year period in five equal instalments commencing from July 2005. The payments are contingent on Centro maintaining a relevant interest in the Fund of at least 25% over the period.

The current portion of this obligation is included in the Current Payables as set out in note 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent
30 Jun 07 30 Jun 08

Consolidated
30 Jun 08 30 Jun 07

16. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Movements in number of units and net assets attributable to unitholders during the year were as follows:

'000	'000	Number of partly paid units	'000	'000
36,071	605,471	Opening balance	605,471	36,071
590,474	-	Issued during the year	-	590,474
(21,074)	-	Redeemed during the year	-	(21,074)
-	(605,471)	Units fully paid up during the year	(605,471)	-
605,471	-	Closing balance	-	605,471

'000	'000	Number of fully paid units	'000	'000
477,629	969,304	Opening balance	969,304	477,629
563,007	100,478	Issued during the year	100,478	563,007
(71,332)	(48,673)	Redeemed during the year	(48,673)	(71,332)
-	605,471	Units fully paid up during the year	605,471	-
969,304	1,626,580	Closing balance	1,626,580	969,304

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

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

\$'000	\$'000		\$'000	\$'000
669,718	1,504,383	Opening balance	1,504,383	669,718
801,962	150,615	Issued during the year	150,615	801,962
(102,720)	(72,360)	Redeemed during the year	(72,360)	(102,720)
-	839,879	Units fully paid up during the year	839,879	-
-	(245)	Equity raising costs	(245)	-
135,423	(337,437)	Undistributed profits/(capital repayments) to unitholders	(337,437)	135,423
1,504,383	2,084,835	Closing balance	2,084,835	1,504,383

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

16. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - Continued

(b) Capital risk management

Centro DPF's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Centro DPF may adjust the amount of distributions paid to unitholders, return capital to unitholders, monitor additions and withdrawals of units or sell assets.

Centro DPF manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. Before 17 December 2007, the amount of net assets attributable to unitholders could change on a daily basis as Centro DPF was subject to daily applications and redemptions at the request of unitholders.

Centro DPF monitors the level of daily applications and redemptions relative to the liquid assets of the fund.

On 17 December 2007, the RE suspended applications and withdrawals in Centro DPF Consolidated as a result of announcements made on the same day by Centro Property Trust and Centro Retail Trust concerning refinancing issues.

The RE made this decision as it believed it to be in the best interests of unitholders. Centro DPF Consolidated currently has significant investments in funds managed by the Centro Property Group (Centro). The issues outlined in Centro's ASX announcement may have led to a significant increase in withdrawals from the Fund which could have had a material impact on the Fund's liquidity.

The RE is currently working through strategies to protect unitholder value and provide liquidity options for unitholders. As at the date of this report Centro DPF Consolidated remains suspended for applications and withdrawals.

Centro DPF Consolidated and Centro DPF Parent monitor capital on the basis of the ratio of liquid assets (defined as assets which can be readily converted into cash) to net assets attributable to unitholders. Centro DPF Consolidated and Centro DPF Parent aim to maintain a ratio of 10%.

The ratio of liquid assets to net applications/(redemptions) at 30 June 2008 and 30 June 2007 were as follows:

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$000	\$000		\$000	\$000
534	612*	Average daily net applications/(redemptions)	612*	534
158,080	31,914	Liquid assets of the fund **	31,914	158,080
1,504,383	2,084,835	Net assets attributable to unitholders	2,084,835	1,504,383
10.54%	1.56%	Ratio of liquid assets to net assets attributable to unitholders	1.56%	10.54%

* No activity past 17 December 2007

** Only relates to cash and listed investments

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
17. <u>MINORITY INTEREST</u>				
		Interest in:		
-	-	Net assets attributable to minority interest	8,343	8,556
-	-		8,343	8,556

18. 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. 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.

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 Fund's Constitution, the adjustments and therefore the amount distributed to unitholders are at the discretion of the Responsible Entity.

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.

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
207,124	(294,720)	Net profit/(loss) from ordinary activities attributable to unitholders	(294,720)	207,124
		Adjusted for:		
(169,818)	337,128	Fair value (gain)/loss on financial assets at fair value through profit and loss	337,341	(170,755)
8,883	-	Performance fee	-	8,883
-	-	Minority interest's share of fair value adjustment of financial assets or fair value through profit and loss	(213)	937
630	(592)	Fair value (gain)/loss on financial derivatives not qualifying for hedge accounting	(592)	630
46,819	41,816	Distributable income	41,816	46,819
24,882	901	Repayment of unitholders' funds	901	24,882
71,701	42,717	Distribution paid/payable	42,717	71,701

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
18. <u>DISTRIBUTABLE INCOME -</u>				
<u>Continued</u>				
'000	'000	Basic	'000	'000
		Weighted average number of units on issue for the period (being the weighted average number of units outstanding during the year)		
727,293	1,127,029		1,127,029	727,293
6.44	3.71	Distributable income per unit (cents)	3.71	6.44
<hr/>				
'000	'000	Diluted	'000	'000
		Weighted average number of units on issue for the period (being the weighted average number of units outstanding during the year used in the calculation of basic distributable income per unit adjusted for amounts unpaid on units)		
		Diluted distributable income per unit treats equity notes as if they were issued units.		
1,097,872	1,620,351		1,620,351	1,097,872
8.21	4.04	Distributable income per unit (cents)	4.04	8.21

Subsequent to the end of the year, a distribution payment of 0.55 cents per unit was declared by the Responsible Entity (RE) for the quarter ended 30 June 2008. This distribution was paid on 12 August 2008. In addition, a special distribution payment of 1.00 cent per unit was also declared by the RE subsequent to the end of the year and was paid on 10 September 2008. These distributions relate to the financial year ended 30 June 2008. As a result of these distribution payments being declared by the RE after 30 June 2008, no provision is included in the 30 June 2008 financial statements for these distributions.

19. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents				
\$'000	\$'000		\$'000	\$'000
2,888	1,005	Cash at bank	1,005	2,888
18,063	4,296	Cash deposit account	4,296	18,063
20,951	5,301	Cash and cash equivalents	5,301	20,951

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$'000	\$'000		\$'000	\$'000
19. <u>CASH FLOW INFORMATION - Continued</u>				
(b) Reconciliation of net operating profit/(loss) to net cash inflow from operating activities				
207,124	(294,720)	Net profit/(loss) from ordinary activities for the year	(294,720)	207,124
Add/(subtract) non-cash items:				
(169,818)	337,128	Fair value adjustment of assets at fair value through profit and loss	337,341	(170,755)
630	(592)	Fair value movement in financial instruments	(592)	630
(18,777)	-	Distributions reinvested	-	(18,777)
-	-	Minority interest non-distributable profit	(213)	937
<u>19,159</u>	<u>41,816</u>		<u>41,816</u>	<u>19,159</u>
Decrease/(increase) in assets:				
(30,649)	38,748	- Receivables	38,748	(30,649)
Increase/(decrease) in liabilities:				
13,172	(24,852)	- Payables	(24,852)	13,172
43,301	23,605	- Interest paid/payable on equity notes	23,605	43,301
<u>44,983</u>	<u>79,317</u>	Net cash inflow from operating activities	<u>79,317</u>	<u>44,983</u>
(c) Non-cash investing and financing activities				
1,359,365	803	Acquisition of financial assets through in-specie transfer – refer to note 19(c)(i)	803	1,359,365
3,858	-	Payment of performance fee through issuance of units to Responsible Entity – refer to note 19(c)(ii)	-	3,858
18,777	-	Acquisition of additional units in financial assets through Distribution/Dividend Reinvestment Plan – refer to note 19(c)(iii)	-	18,777
7,679	3,575	Units issued to external investors through DPF Dividend Reinvestment Plan – refer to note 19(c)(iv)	3,575	7,679
-	839,879	Repayment of equity notes via a call of the unpaid amount on 605,470,736 partly paid units and subsequent conversion to fully paid ordinary units - refer to note 19(c)(v)	839,879	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19. CASH FLOW INFORMATION – Continued

(c) Non-cash investing and financing activities – continued

(i) During the financial year ended 30 June 2008, Centro DPF Consolidated issued units in exchange for investments in the following financial assets:

- Centro MCS 9
- Centro MCS 15

During the financial year ended 30 June 2008, Centro DPF Consolidated received units in Centro Direct Property Fund International in exchange for investments in the following financial assets:

- Centro MCS 32
- Centro MCS 35
- Centro MCS 36

During the financial year ended 30 June 2007, Centro DPF Consolidated issued units in exchange for investments in the following financial assets:

- Centro MCS 3
- Centro Australia Wholesale Fund
- Centro Retail Investment Trust

(ii) During 2007, Centro DPF Consolidated paid the financial year performance fee to the Responsible Entity. The payment of the fee was made through issuance of units in Centro DPF Consolidated to the Responsible Entity. No performance fees have been paid in the current year.

(iii) During 2007 Centro DPF Consolidated participated in the Centro DPFI Consolidated and CER distribution reinvestment plans. As a result, the distribution receivable was exchanged for an increase in the investment in these entities.

(iv) Centro DPF Consolidated operated a distribution reinvestment plan (DRP), which allowed unitholders to request to have their income distributions reinvested in the DPF and be issued with further ordinary units based on a unit price applicable when the distribution is paid. DRP units were issued at the withdrawal price on the distribution payment date. Due to the suspension of the applications and redemptions in Centro DPF Consolidated, the DRP is currently closed.

(v) During the financial year, the Responsible Entity served notice on all equity note holders of its decision to prepay in full the debt obligation component of the notes. Equity notes comprise a partly paid ordinary unit (paid up to 1 cent) ('PPU') and an unsecured subordinated debt obligation ('DO') owed by the Fund to the holder (being Centro or entities it manages or controls). The PPU is repayable on repayment of the DO. On repayment of the DO, the equity note holder may choose or is required (as the case may be) to use the proceeds of the DO to pay up the PPU.

The Responsible Entity undertook this decision in order to provide greater security to the ordinary unitholders of the Fund. Equity note holders would rank ahead of ordinary unitholder entitlements on a wind-up of the Fund. The conversion also simplified the capital structure of the Fund.

On 31 March 2008, 210,762,962 equity notes were converted to fully paid ordinary units. On 18 April 2008, 114,997,094 equity notes were also converted to fully paid ordinary units. On 9 May 2008, the remaining 279,710,680 equity notes were also converted to fully paid ordinary units. As a consequence, the partly paid unit component of the equity notes were paid up in full, resulting in the conversion of all equity notes to fully paid ordinary units.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$	\$		\$	\$
20. <u>NET TANGIBLE ASSET BACKING</u>				
Basic				
1.55	1.28		1.28	1.55
'000	'000	Number of units	'000	'000
969,304	1,626,580	Number of units outstanding at the end of the year used in the calculation of basic net tangible asset backing per unit.	1,626,580	969,304
The basic NTA stated above treats equity notes as a liability.				
\$	\$	Diluted	\$	\$
1.49	1.28		1.28	1.49
'000	'000	Number of units	'000	'000
1,574,775	1,626,580	Number of units outstanding at the end of the year used in the calculation of diluted net tangible asset backing per unit.	1,626,580	1,574,775
The diluted NTA treats equity notes as if they were issued units.				

21. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Centro DPF Consolidated's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate on classes of financial assets and financial liabilities, is as follows:

\$'000	\$'000		\$'000	\$'000
Variable Interest Rate	Variable Interest Rate	Financial Assets	Variable Interest Rate	Variable Interest Rate
20,951	5,301	Cash (i) refer note 19	5,301	20,951

(i) The interest rate applicable to cash at bank and on hand at balance date was as follows for Centro DPF Consolidated:

- 6.75% for operations account (2007: 5.75%)
- 7.20% for cash deposit account (2007: 6.20%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent		Consolidated	
30 Jun 07	30 Jun 08	30 Jun 08	30 Jun 07
\$'000	\$'000	\$'000	\$'000

21. FINANCIAL INSTRUMENTS – Continued

Variable Interest Rate	Variable Interest Rate	Financial Liabilities	Variable Interest Rate	Variable Interest Rate
839,879	-	Equity Notes - refer note 14	-	839,879

The interest rate paid for the year was 4.09 cents per equity note (2007: 9.23 cents per equity note). As of 9 May 2008, 100% of the equity notes were converted to fully paid ordinary units in accordance with an accelerated payment clause in the Trust's constitution explained below.

Equity Notes comprise a partly paid ordinary unit (paid up to 1 cent) ('PPU') and an unsecured subordinated debt obligation ('DO') owed by the Fund to the holder.

Equity Notes are payable 10 years after issue. The equity notes may become payable earlier as a result of an accelerated payment as defined in the Product Disclosure Statement or the Responsible Entity of Centro DPF Consolidated may choose to repay the DOs at an earlier date. The PPU is repayable on repayment of the DO. On repayment of the DO, the equity note holder may choose or is required (as the case may be) to use the proceeds of the DO to pay up the PPU. As at 30 June 2008, there are no equity notes on issue.

(b) Net Fair Values

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and liabilities of Centro DPF approximates their carrying amounts. The net fair value of interest bearing liabilities at amortised cost approximates their carrying amount. The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or is determined by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(c) Foreign exchange contracts – cash flow hedges

Centro DPF's exposure to fluctuations in foreign exchange is hedged through the use of forward exchange contracts to sell New Zealand dollars. Centro DPF Consolidated's risk management policy is to hedge 100% of anticipated transactions in NZ dollars. The contracts are timed to mature when distributions from New Zealand investments are paid to cover the investment in New Zealand entities. The foreign exchange contracts are arranged with CPT Manager Limited as the responsible entity of Centro Property Trust. Centro DPF Consolidated and Centro DPF Parent have not adopted hedge accounting. Therefore all fair value gains or losses are recognised in the income statement.

Parent			Consolidated	
BUY Australian Dollars 30 Jun 08	Average Exchange rate 30 Jun 08	Maturity	BUY Australian Dollars 30 Jun 08	Average Exchange rate 30 Jun 08
\$'000	\$		\$'000	\$
499	1.1454	Less than 1 year	499	1.1454
524	1.1454	1 – 2 years	524	1.1454
7,169	1.1454	2 – 3 years	7,169	1.1454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

21. FINANCIAL INSTRUMENTS – Continued

(c) Foreign exchange contracts – cash flow hedges - continued

As these contracts are hedging anticipated future distributions and equity investments, any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Amounts receivable on open contracts are included in receivables.

Centro DPF Consolidated has a hedge 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 \$0.284 million and is carried as an asset on Centro DPF Consolidated's and Centro DPF Parent's Balance Sheet. In the event that CPT Manager Limited as the responsible entity of Centro Property Trust is unable to honour its hedging obligations then Centro DPF Consolidated will be exposed to changes in the foreign exchange rate and may be required to seek alternative hedging arrangements.

(d) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the year end to recognised financial assets is the carrying amount as disclosed in the Balance Sheet and notes to the financial statements.

22. SEGMENT INFORMATION

Primary reporting format - Business Segment

Centro DPF Consolidated operates wholly within the retail property investment segment.

Secondary reporting format - Geographical Segment

Centro DPF Consolidated invests in entities that hold property investments in various geographical locations. These include Australia, New Zealand and the United States of America.

30 June 2008	Segment revenues from external parties \$'000	Segment assets \$'000	Acquisitions of investments in segment assets \$'000	Disposals of investments in segment assets \$'000
Australia	61,844	1,727,583	51,133	-
New Zealand	758	13,226	210	-
United States of America	17,834	359,229	680	(680)
Total	80,436	2,100,038	52,023	(680)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

22. SEGMENT INFORMATION - Continued

30 June 2007	Segment revenues from external parties \$'000	Segment assets \$'000	Acquisitions of investments in segment assets \$'000	Disposals of investments in segment assets \$'000
Australia	224,017	1,904,295	1,219,023	76,236
New Zealand	3,577	12,986	83	-
United States of America	44,425	522,869	344,044	-
Total	272,019	2,440,150	1,563,150	76,236

23. RELATED PARTY DISCLOSURES**(a) Parent Entity**

The parent entity within the Group is Centro Direct Property Fund. The ultimate Australian parent entity is Centro Property Trust (CPT), which as at 30 June 2008 owns 53.65% (2007: 48.66% of the units of Centro Direct Property Fund).

(b) Associates

Refer to note 10 for listing of associates.

(c) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of Entity	Country of Incorporation	Equity Holding
Centro Direct Property Holding Trust	Australia	100%
Centro DPF Holding Trust No. 3	Australia	100%
Centro DPF Sub Trust No. 1	Australia	100%
Centro DPF Sub Trust No. 2 (Roselands)	Australia	100%
Centro DPF Sub Trust No. 3	Australia	100%
Centro DPF Sub Trust No. 4	Australia	100%
Centro DPF Holding Trust No. 4	Australia	100%
CPT Investment Trust	Australia	95%
Centro Synd. #8 Holding Trust	Australia	95%
CIPS Fund Holding Trust	Australia	95%
Centro Prop Securities Holding Trust	Australia	95%
Centro Synd. #6 Holding Trust	Australia	95%
Roselands Investment Holding Trust	Australia	95%
Centro DPF CMCS32 Holding Trust	Australia	95%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

23. RELATED PARTY DISCLOSURES - Continued

(d) Key Management Personnel

The key management personnel of Centro MCS Manager Limited, the responsible entity for Centro DPF Consolidated during the year were: G. Rufrano, R. Nenna, A. Clarke, B.Healey, A.T Scott, P. Cooper, P.G Goldie, S. Kavourakis, J. Hall, and L.P. Wilkinson.

No transactions occurred between the key management personnel and the entity during the year.

Key management personnel are paid by the Responsible Entity and its associates. Payments made from Centro DPF Consolidated do not include any amounts attributable to the compensation of key management personnel.

(e) Other Related Parties

The following entities are related parties as they are also controlled by Centro Property Trust (CPT):

Centro MCS 3
Centro MCS 24 LMIT
Centro MCS 24 LMPT
Centro MCS 25
Centro MCS 26
Centro MCS 27 IT
Centro MCS 27 PT
Woodlands
Centro MCS 32
Centro MCS 36
Centro Australia Wholesale Fund
Centro Direct Property Fund International
Centro Retail Investment Trust
Centro Retail Trust
Retail Co-Investment Trust
Centro Premium Fund No. 1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent			Consolidated	
30 Jun 07	30 Jun 08		30 Jun 08	30 Jun 07
\$	\$		\$	\$
23. <u>RELATED PARTY DISCLOSURES -</u>				
<u>Continued</u>				
(f) Information on Related Parties Transactions				
The following transactions occurred with related parties:				
Fees charged to the Responsible Entity:				
<i>Centro Properties Limited and related entities:</i>				
2,409,180	3,545,609	Management fee rebates	3,545,609	2,409,180
-	1,200,000	Income support	1,200,000	-
Fees charged by the Responsible Entity in accordance with the provisions of the Centro DPF Constitution for the period:				
<i>Centro Properties Limited and related entities:</i>				
8,520,695	12,162,824	Management fees	12,162,824	8,520,695
31,928	61,500	Accounting fees	61,500	31,928
569,739	700,794	Custodian fees	700,794	569,739
1,282,500	1,282,500	Deferred consideration	1,282,500	1,282,500
8,883,008	-	Performance fees	-	8,883,008
<i>CMCS Property Services Pty Limited:</i>				
63,000	56,967	Legal and compliance fees	56,967	63,000
<i>MCS Capital:</i>				
271,721	-	Management fee	-	271,721
Other transactions:				
Distribution income from:				
2,116,074	-	Centro Properties Limited and related entities	-	2,116,074
82,805,589	67,349,371	Associates (refer to note 10)	68,516,059	83,129,294
-	597,938	Other related parties (refer to note 23(e))	598,279	-
Distributions paid on ordinary units to:				
31,842,748	19,547,636	Centro Properties Limited and related entities	19,547,636	31,842,748
5,357,170	3,269,857	Other related parties	3,269,857	5,357,170
Interest paid on equity notes to:				
23,573,798	16,143,548	Centro Properties Limited and related entities	16,143,548	23,573,798
Other:				
<i>Centro Properties Limited and related entities:</i>				
72,781	-	Interest costs	-	72,781
5,902,561	-	Other amount payable*	-	5,902,561
27,028,549	-	Deferred consideration payable	-	27,028,549

* Represents distributions received from Centro Retail Investment Trust which were payable to Centro Properties Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent		Consolidated	
30 Jun 07	30 Jun 08	30 Jun 08	30 Jun 07
\$	\$	\$	\$
23. <u>RELATED PARTY DISCLOSURES -</u>			
<u>Continued</u>			
(f) Information on Related Parties Transactions			
- Continued			
The following balances are outstanding at the reporting date in relation to transactions with related parties:			
Distributions receivable from:			
1,120,093	-	-	1,120,093
27,740,797	8,233,505	8,503,989	27,821,723
-	585,654	585,654	-
Other receivables from:			
1,883,893	1,305,696	1,305,696	1,883,893
Payables to:			
<i>Centro Properties Limited and related entities:</i>			
255,683,288	-	-	255,683,288
5,902,561	-	-	5,902,561
11,037,861	-	-	11,037,861
4,304,309	-	-	4,304,309
8,883,008	-	-	8,883,008
30,876,049	2,565,000	2,565,000	30,876,049
3,106,382	3,800,566	3,800,566	3,106,382
* Represents distributions received from Centro Retail Investment Trust which were payable to Centro Properties Limited			
The counterparty of all derivatives as disclosed in note 8 is CPT Manager Limited as the responsible entity of Centro Property Trust. Refer to note 8 for fair value of derivatives.			
Units held by the Responsible Entity or its related entities at the reporting date:			
Fully paid ordinary units (Centro Properties Limited and related entities)		708,205,094	80,896,576
Fully paid ordinary units (Retail Co-Investment Trust)		50,600,810	50,600,810
Fully paid ordinary units (Centro Premium Fund No. 1)		29,346,799	29,346,799
Fully paid liquidity units (Centro Properties Limited and related entities)		164,439,979	390,806,871
Partly paid units (Centro Properties Limited and related entities)		-	183,944,812

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Parent		Consolidated	
30 Jun 07	30 Jun 08	30 Jun 08	30 Jun 07
\$	\$	\$	\$
23. <u>RELATED PARTY DISCLOSURES - Continued</u>			
(g) Terms and conditions			
Units issued to related parties are on the same terms and conditions as all other issued units.			
Outstanding related party balances are unsecured and are repayable in cash.			
24. <u>REMUNERATION OF AUDITORS</u>			
During the year the auditor of Centro DPF Consolidated earned the following remuneration:			
Audit Services			
Remuneration for audit or review of the financial reports of Centro DPF Consolidated:			
176,054	129,087	129,087	176,054
		- PricewaterhouseCoopers	
Taxation Services			
Taxation Compliance			
6,000	12,000	12,000	6,000
		- PricewaterhouseCoopers	

25. AFTER BALANCE DATE EVENTS

As noted in note 9 to these financial statements, Centro Property Trust has provided a NAB guarantee to Centro DPF Consolidated relating to its investment in CRIT.

Subsequent to 30 June 2008, and arising from changes in the underlying unit price of CER, the fair value of this guarantee is \$232.511 million as at the date of signing of these financial statements, based upon the valuation policy for this investment set out in note 9(b).

No other matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of Centro DPF Consolidated, the results of those operations, or the state of affairs of Centro DPF Consolidated in subsequent financial years.

26. COMMITMENTS

Centro DPF Consolidated and Centro DPF Parent have no capital, lease or remuneration commitments in existence at the reporting date of this report which have not been recognised as liabilities.

27. CONTINGENT LIABILITIES

Centro DPF Consolidated and Centro DPF Parent have no contingent liabilities as at the date of this report.

DECLARATION BY DIRECTORS OF THE RESPONSIBLE ENTITY
CENTRO MCS MANAGER LIMITED
TO THE UNITHOLDERS OF
CENTRO DIRECT PROPERTY FUND AND CONTROLLED ENTITIES

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

1. The Financial Statements and notes of Centro Direct Property Fund (“Centro DPF Parent”) and Centro Direct Property Fund and Controlled Entities (“Centro DPF Consolidated”) as set out on pages 8 to 50 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001*, their Constitutions, other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of Centro DPF Parent and Centro DPF Consolidated’s financial position as at 30 June 2008 and their performance for the financial year ended on that day.
2. In the Directors' opinion there are reasonable grounds to believe that Centro DPF Consolidated 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 of the Responsible Entity.

Director:



Melbourne, 26 September 2008

Independent auditor's report to the members of Centro Direct Property Fund

Report on the financial report

We have audited the accompanying financial report of Centro Direct Property Fund, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Centro Direct Property Fund (the 'Trust') and Centro Direct Property Fund and its controlled entities (the 'Consolidated Entity'). The Consolidated Entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

The responsibility of the directors of the Responsible Entity for the 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 financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion on the financial report

In our opinion:

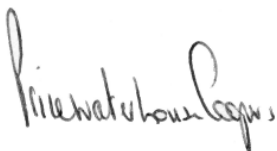
- a) The financial report of Centro Direct Property Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and the Consolidated Entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) The financial report also complies with International Financial reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 1(a) in the 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 receivables and derivatives due from Centro Properties Group and the ability of Centro Direct Property Fund to realise the value of the financial guarantee as stated in the financial statements.

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Centro Direct Property Fund (the 'Trust'), for the financial year ended 30 June 2008 included on the Trust's web site. The directors of the Responsible Entity of the Trust are responsible for the integrity of the Trust's web site. We have not been engaged to report on the integrity of the website. The audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risk arising from the electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the web site.



PricewaterhouseCoopers



Peter Fekete
Partner

Melbourne
30 September 2008