Appendix 4D

Half-year report

Name of entity

Centro Retail Group comprising **Centro Retail Limited** and **Centro Retail Trust**

ABN or equivalent company reference	Half-yearly *(tick)*	Preliminary final *(tick)*	Half-year ended ('current period')
Centro Retail Limited 114 757 783 **Centro MCS Manager Ltd** **(RE for Centro Retail Trust) 051 908 984**	✓		**31 December 2010** (Previous corresponding half-year: 31 December 2009)

Results for announcement to the market

	31.12.10 $'000	31.12.09 $'000	% change
Revenue	**37,688**	43,297	(13.0%)
Net profit attributable to members of Centro Retail Group (CER)	**292,035**	196,681	48.5%
Net tangible assets per security	**41c**	35c	

Please refer to the Review of operations within the Directors' report for commentary on the results.

Dividends (distributions)	Amount per security (distribution from Trust)	Amount per security (dividend from Company)	Record date for determining entitlements to the dividend (in the case of a trust, distribution)
Final distribution	-	-	-
Previous corresponding period	-	-	-

CENTRO RETAIL GROUP

Comprising Centro Retail Trust (ARSN 104 931 928) and its controlled entities (including Centro Retail Limited – ACN 114 757 783) which is known as the ASX listed stapled entity, Centro Retail Group

Financial Report
For the Half-Year Ended
31 December 2010

Responsible Entity of the Trust

Centro MCS Manager Limited
A.B.N. 69 051 908 984
3rd Floor, The Glen Shopping Centre
235 Springvale Road
Glen Waverley VIC 3150
Telephone: (03) 8847 0000

Directors of the Responsible Entity

Peter Day (Chairman)
William Bowness
Anna Buduls
Paul Cooper
Michael Humphris
Fraser MacKenzie

Secretaries of the Responsible Entity

Elizabeth Hourigan
Dimitri Kiriacoulacos
Paul Flanigan (Assistant Company Secretary)

Auditor

Ernst & Young
Ernst & Young Building
8 Exhibition Street
Melbourne, VIC 3000

Security Registrar

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

DIRECTORS' REPORT

The Directors of Centro Retail Limited and Centro MCS Manager Limited, the Responsible Entity of Centro Retail Trust, present their report on the financial report of the Centro Retail Group for the half-year ended 31 December 2010.

Centro Retail Group

The ASX listed entity, Centro Retail Group ("the Group" or "CER") consists of Centro Retail Trust ("the Trust") and its controlled entities which, for statutory reporting purposes includes Centro Retail Limited ("the Company"). Although separate entities, the securities of each are permanently 'stapled' to ensure that they are traded as a single interest.

Directors

The following persons were Directors of Centro Retail Limited and Centro MCS Manager Limited during the whole of the financial period and up to the date of this report (unless otherwise stated):

- Peter Day (Chairman)
- William Bowness
- Anna Buduls (appointed 15 November 2010)
- Paul Cooper
- Michael Humphris
- Fraser MacKenzie
- Jim Hall (retired 15 November 2010)

Company Secretaries

The Company Secretaries are Elizabeth Hourigan and Dimitri Kiriacoulacos. Paul Flanigan continues as the Assistant Company Secretary.

Principal Activities

The principal activity of the Group during the half-year was property investment.

Significant Matters

(a) Restructure and recapitalisation update

As announced on 4 November 2010 and 22 December 2010, CER is undertaking a review of potential restructure and recapitalisation opportunities and has commenced a market process to assess a variety of expressions of interest in its assets. CER has received a number of expressions of interest in both Australian and the US. Evaluation of the proposals received, in consultation with relevant stakeholders, including lenders, is currently underway. The outcome of this process remains uncertain.

CER advises that there is no guarantee this process will result in a specific transaction or outcome.

UBS continues as CER's advisers.

(b) Equity Hedges

At 30 June 2010, the Group reported an aggregate mark to market derivative liability of $234.3 million on the outstanding $1.684 billion of forward foreign exchange contracts with Centro Properties Group (Centro).

During the half-year, $1.349 billion of forward foreign exchange contracts were automatically terminated at zero cost to the Group on reaching a nil mark to market position, in line with contractual arrangements. The remaining contract had a mark to market liability of $9.9 million as at 31 December 2010.

In January 2011, the Group exercised its early termination rights to settle the final $335.2 million forward foreign exchange contract. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at that time.

As at the date of this report, CER's net US equity exposure of US$506.3 million is unhedged and is expected to remain unhedged in accordance with its revised foreign exchange hedging policy announced to the market on 22 December 2010.

(c) Refinancing Update

During the half-year, the Group successfully extended $101.3 million maturing debt facility and refinanced $171.0 million of commercial mortgage backed security ("CMBS") debt.

The Group also entered into a new 10 year US$217.7 million facility within Centro GA America LLC. This facility has refinanced three expiring facilities totalling US$112.7 million with the balance of the new proceeds, after applicable costs and escrow requirements, distributed to the owners. The Group's 95% share of the excess proceeds will be utilised to meet treasury obligations, support working capital and ongoing financing commitments.

Review of Operations

CER's total shopping centre portfolio comprises interests in 382 properties located across the US (A$4.2 billion) and 29 in Australia (A$1.6 billion). Within the US portfolio, CER has an investment in Super LLC, which owns 157 properties valued at $2.3 billion, and interests in three Centro property syndicates which own 93 properties. It should be noted that CER's investment in Super LLC and Centro MCS 40 are carried at nil value on CER's balance sheet.

The current period net profit of $292.5 million has been largely driven by a $234.0 million gain on mark to market of derivative financial instruments, modest property revaluations across both CER's Australian and US investments and an underlying operating profit of $60.7 million. The operating environment is stable, relative to prior periods, yet challenges for the Group remain.

Australian Portfolio Analysis

CER has a high quality Australian portfolio that has performed well over the past six months. The portfolio remains close to full occupancy at 99.5%, with leasing continuing to be solid as evidenced by average rental growth of 6.7% on lease renewals during the half-year. Management is focused on exploring further growth opportunities to strengthen the portfolio.

For the half-year ended 31 December 2010, CER's Australian property values increased by $9.3 million, or 0.6%. The overall result was impacted by Centro Tweed, which has faced increased competition; however a minor capital works and a tenancy remixing are expected to improve the longer term value of the centre. Excluding Centro Tweed, property values across CER's Australian portfolio increased by 1.1% during the half-year, with valuation growth driven by net operating income throughout the portfolios and the weighted average capitalisation rate softening in the period by 5 basis points to 7.52%.

CER did not sell any Australian assets during the half-year.

US Portfolio Analysis

The US portfolio continues to show signs of stabilisation, with occupancy remaining unchanged at 89.4% for the six months to 31 December 2010. However, the reported comparable net operating income for the half of -0.6% illustrates that challenges remain within the US retail market. These challenges are the lagging impact of an extended period of weak retailer performance, which resulted in bankruptcies and an oversupply of space. On a positive note, CER recorded rental income growth of 1.7% for the period, arresting the declines in recent periods.

CER's US property values increased by US$109.2 million (2.6%) between 30 June 2010 and 31 December 2010. The portfolio weighted average capitalisation rate is 8.43%, an improvement of 23 basis points since 30 June 2010.

CER did not sell any US assets during the half-year.

Matters Subsequent to the end of the Financial Period

(a) Equity hedge termination

In January 2011, the Group exercised its early termination rights to settle the final $335.2 million forward foreign exchange contract. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at that time.

(b) Class action update

As announced to the market in January 2011, cross-claims were filed by PricewaterhouseCoopers against Centro Retail Limited and Centro MCS Manager Limited (responsible entity for the Centro Retail Trust) as part of the various shareholder class proceedings pending in the Federal Court.

CER has earlier filed cross-claims against PricewaterhouseCoopers in these proceedings.

In a separate class action proceeding in the Federal Court commenced against PricewaterhouseCoopers Securities Limited, PricewaterhouseCoopers Securities Limited has filed cross-claims against CER and Centro Corporate Services Pty Ltd.

(c) Extension of related party loan

In February 2011, the Group negotiated an extension to 15 December 2011 of a $101 million interest bearing liability payable to Centro Properties Group (CNP). The extension remains subject to the approval of CNP headstock lenders.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2010 and the date hereof that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of Amounts to the Nearest Thousand Dollars

The Group 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 Directors’ report and half-year financial report. Amounts in the Directors’ report and half-year financial report have been rounded off, in accordance with that class order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed at Melbourne, 23rd February 2011 in accordance with a resolution of the Directors.

W. P. Day
Director

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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

In relation to our review of the half-year financial report of the Centro Retail Group for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

B R Meehan
Partner
Melbourne
23 February 2011

Income Statement
for the half-year ended 31 December 2010

		Centro Retail Trust and its Controlled Entities	
		31.12.10	**31.12.09**
	Notes	**$'000**	**$'000**
REVENUE			
Property ownership revenue		33,131	38,307
Distribution revenue		1,149	1,093
Other revenue		3,408	3,897
TOTAL REVENUE		**37,688**	**43,297**
Property revaluation increment/(decrement) for directly owned properties	3(c)	6,291	(27,287)
Fair value adjustment on financial assets at fair value through profit or loss and other financial assets	3(b), 3(d)	(2,926)	2,645
Share of net profits /(losses) of associates and joint venture partnerships accounted for using the equity method	3(a)	114,193	(5,694)
Foreign exchange losses		(6,154)	(2,782)
Net movement on mark to market of derivatives		233,970	270,337
Financing costs		(64,275)	(56,732)
Direct property expenses		(9,082)	(10,559)
Management fees		(11,367)	(12,045)
Bad and doubtful debts		(660)	(493)
Other expenses from ordinary activities		(5,696)	(4,532)
PROFIT BEFORE TAX		**291,982**	**196,155**
Income tax benefit		486	113
NET PROFIT AFTER TAX		**292,468**	**196,268**
Net profit/(loss) attributable to non-controlling interests		433	(413)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL GROUP		**292,035**	**196,681**
Basic profit per security (cents)		12.77	8.60
Diluted profit per security (cents)		12.77	8.60

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income
for the half-year ended 31 December 2010

	Centro Retail Trust and its Controlled Entities	
	31.12.10 $'000	31.12.09 $'000
NET PROFIT	**292,468**	**196,268**
OTHER COMPREHENSIVE INCOME		
Net exchange differences arising on translation of foreign operations	(113,398)	(72,914)
Changes in fair value of hedges	(1,499)	(664)
TOTAL COMPREHENSIVE INCOME	**177,571**	**122,690**
Total comprehensive loss attributable to non-controlling interest	(469)	(994)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL GROUP	**178,040**	**123,684**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet
as at 31 December 2010

	Notes	Centro Retail Trust and its Controlled Entities 31.12.10 $'000	30.06.10 $'000
CURRENT ASSETS			
Cash assets and cash equivalents		98,237	38,574
Derivative financial instruments	4	2,041	546
Trade and other receivables		25,957	25,254
Restricted cash		2,434	11,240
Total current assets		**128,669**	**75,614**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	3(a)	1,689,167	1,806,039
Financial assets carried at fair value through profit or loss	3(b)	28,249	32,374
Investment property	3(c)	550,759	638,477
Other financial assets	3(d)	48,641	47,442
Derivative financial instruments	4	-	2,397
Other receivables		5	5
Total non-current assets		**2,316,821**	**2,526,734**
TOTAL ASSETS		**2,445,490**	**2,602,348**
CURRENT LIABILITIES			
Trade and other payables		38,964	45,514
Interest bearing liabilities	5	1,088,134	417,375
Derivative financial instruments	4	2,458	6,854
Other financial liabilities		15,488	15,107
Total current liabilities		**1,145,044**	**484,850**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	5	300,800	1,065,982
Derivative financial instruments	4	21,318	250,465
Deferred tax liabilities		16,061	16,547
Other financial liabilities		14,740	14,432
Total non-current liabilities		**352,919**	**1,347,426**
TOTAL LIABILITIES		**1,497,963**	**1,832,276**
NET ASSETS		**947,527**	**770,072**
EQUITY			
Controlling interests			
Contributed equity		3,774,316	3,774,316
Reserves		(4,616)	109,379
Accumulated losses		(2,826,503)	(3,118,538)
Total controlling interest		**943,197**	**765,157**
Non-controlling interests		4,330	4,915
TOTAL EQUITY		**947,527**	**770,072**

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

Statement of Changes in Equity
for the half-year ended 31 December 2010

	Centro Retail Trust and its Controlled Entities	
	31.12.10	**31.12.09**
	$'000	**$'000**
CHANGES IN EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL GROUP		
Opening balance contributed equity	3,774,316	3,774,316
Closing balance contributed equity	**3,774,316**	**3,774,316**
Opening balance reserves	**109,379**	**142,506**
Opening balance foreign currency translation reserve	107,880	140,343
Movement in foreign currency translation reserve	(112,496)	(72,333)
Closing balance foreign currency translation reserve	**(4,616)**	**68,010**
Opening balance hedge reserve	**1,499**	**2,163**
Net decrease in the mark to market of derivatives that qualify for hedge accounting	(1,499)	(664)
Closing balance hedge reserve	**-**	**1,499**
Closing balance reserves	**(4,616)**	**69,509**
Opening balance accumulated losses	(3,118,538)	(3,231,822)
Net profit	292,035	196,681
Closing balance accumulated losses	**(2,826,503)**	**(3,035,141)**
CLOSING BALANCE ATTRIBUTABLE TO MEMBERS OF CENTRO RETAIL GROUP	**943,197**	**808,684**
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		
Opening balance	4,915	5,807
Total comprehensive loss	(469)	(994)
Distributions provided for or paid and returns of capital	(116)	(211)
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**4,330**	**4,602**
TOTAL EQUITY	**947,527**	**813,286**

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

Total comprehensive income attributable to members of Centro Retail Trust of $178.0 million (2009: $123.7 million) is equal to the net profit of $292.0 million (2009: $196.7 million) minus the loss in the foreign currency translation reserve of $112.5 million (2009: $72.3 million) minus the movement in hedge reserve of $1.5 million (2009: $0.7 million).

Cash Flow Statement

for the half-year ended 31 December 2010

	Centro Retail Trust and its Controlled Entities	
	31.12.10	31.12.09
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of Goods and Services Tax)	31,455	38,240
Payments to suppliers and employees (inclusive of Goods and Services Tax)	(29,364)	(25,484)
Distributions received from associates	58,368	77,455
Receipts from derivative settlements	-	3,877
Payments for derivative settlements	-	(3,183)
Distribution received from unlisted unit trusts	1,375	2,521
Interest received	1,877	3,295
Interest paid	(63,131)	(55,667)
Income tax paid	-	(334)
Net cash inflow from operating activities	**580**	**40,720**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition and development of property investments	(1,672)	(1,089)
Return of capital from equity accounted investments and other financial assets	79,871	150,000
Net cash inflow from investing activities	**78,199**	**148,911**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	527	14,582
Repayments of borrowings	(17,013)	(196,263)
Distributions paid	-	(8,587)
Net cash outflow from financing activities	**(16,486)**	**(190,268)**
Net increase/(decrease) in cash and cash equivalents	62,293	(637)
Cash and cash equivalents at the beginning of the financial period	38,574	21,456
Effects of exchange rate changes on cash and cash equivalents	(2,630)	(634)
Cash and cash equivalents at 31 December	**98,237**	**20,185**

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

Notes to and Forming Part of the Financial Statements for the half-year ended 31 December 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

This general purpose financial report for the half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

The ASX listed entity, Centro Retail Group ("the Group" or "CER") consists of Centro Retail Trust ("the Trust") and its controlled entities which, for statutory reporting purposes includes Centro Retail Limited ("the Company"). Although separate entities, the securities of each are permanently 'stapled' to ensure that they are traded as a single interest.

The half-year financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Centro Retail Group ("the Group" or "CER") during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange.

The significant accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2010.

The Group has not elected to early adopt any new Australian Accounting Standards that have been issued but are not yet effective.

Going concern

A significant uncertainty exists in relation to the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the half-year financial report. No adjustments were made to the assets and liabilities within the half-year financial report in relation to this uncertainty. At 31 December 2010, CER was reliant on the continued support of its lenders, including its ultimate parent Centro Properties Group, through the extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of certain loan covenant waivers. However, after taking into account all available information, the directors have concluded that there are reasonable grounds to believe:

- the facilities will be able to be extended and / or refinanced (refer Note 2);
- current loan covenant waivers will be extended;
- the Group will be able to pay its debts as and when they become due and payable; and
- the basis of preparation of the half-year financial report on a going concern basis is appropriate.

The directors have formed this view based on a number factors including:

- CER's net asset position of $948 million as at 31 December 2010;
- the underlying performance of CER's property portfolio;
- forecast cash flows to 30 June 2012, including actions management can take to address potential risks;
- the timing for refinance of CER's facilities that expire within the next 12 months should be sufficient time for conclusion of refinancing discussions; and
- confirmation from the Directors of Centro Properties Group of their intention to prepare the 31 December 2010 half-year financial report of Centro Properties Group on a going concern basis however noting within the basis of preparation the significant uncertainty surrounding this assumption. The confirmation noted that the ability of Centro Properties Group to meet its financial commitments is in part predicated on the reasonable expectation, based on the presentation of, and discussion on, various potential restructure alternatives, that a restructure and/or recapitalisation of Centro Properties Group will take place. The confirmation also noted that the Directors were not aware of any existing events of default within the Centro Properties Group's facilities which are material and could lead to the appointment of an administrator to Centro Properties Group.

For the reasons outlined above the half-year financial report has been prepared on a going concern basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Aggregation of certain expenses

The line items for repairs, maintenance, cleaning and security; rent, rates, taxes and insurance; light and power; and other shopping centre management costs have been grouped together into "Direct property expenses" in the income statement for the half-year ended 31 December 2010. This change aligns the presentation of these items with industry peers, thereby improving comparability and overall presentation of the Group's income statement. Comparatives have been updated to reflect the new presentation of these items. There is no impact on net profit or loss. The amounts aggregated as "Direct property expenses" are as follows:

	Centro Retail Trust and its Controlled Entities	
	31.12.10 $'000	**31.12.09 $'000**
Repairs, maintenance, cleaning and security expenses	(2,889)	(2,444)
Rent, rates, taxes and insurance	(4,385)	(5,800)
Light and power	(1,099)	(1,238)
Other shopping centre management costs	(709)	(1,077)
	(9,082)	(10,559)

(c) Significant accounting estimates, judgments and assumptions

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

(i) Investment property values

Investment properties are carried at their fair value. Valuations are based on either an independent valuation or a Directors' valuation which is supported by the extrapolation of independent valuation on similar properties. Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates.

At 31 December 2010, the carrying value of direct and indirect investments in properties held by the Group is $5.87 billion (30 June 2010: $6.62 billion).

(ii) Provision for non recovery of investment in associate

CER has a gross investment of $543 million in Super LLC (30 June 2010: $570 million), a joint venture with CNP and Centro MCS 40. Cross collateralisation arrangements mean that CER's investment is exposed to the extent of CNP's negative equity in Super LLC. CNP's negative equity exceeds the value of CER's investment in Super LLC. While CER is indemnified by the other Super LLC shareholders for any losses suffered as a consequence of the cross collateralisation arrangements, this indemnification has been provided by subsidiaries of CNP and CMCS 40 whose only assets are their investment in Super LLC. Accordingly, CER does not expect to recover any value via this indemnity. As such, CER has elected to make the provision for non recovery of this investment totalling $543 million (30 June 2010: $570 million),

CER has no further exposure to Super LLC as the 31 December 2010 carrying value of this investment is nil after taking into account the provision.

(iii) Assessments of control

CER, via its 100% ownership of CSF has an indirect ownership of 95% in Galileo America, LLC (JV Company). The joint venture is jointly controlled by CNP and CER. Consequently, the investment is accounted for in the consolidated financial statements using the equity method of accounting.

CER has 100% ownership of Centro Super Holding Trust Number One and Centro Super Holding Trust Number Three. The trusts are part of the Super LLC joint venture which is jointly controlled by CNP and CER. Consequently, the investment is accounted for in the financial statements using the equity method of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Collectability of trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The Group estimates the amount to be provided for based on knowledge of individual retailers circumstances, customer credit-worthiness, and current economic trends. The amount of the allowance is continually reassessed following any changes in individual retailer circumstances, such as bankruptcy, with a complete review undertaken every six months.

(v) Litigation

The Group is subject to ongoing litigation involving holders of CER stapled securities as disclosed in note 7 (a). The proceedings are being vigorously defended and no amount has been provided for in the financial report.

2. SEGMENT INFORMATION

AASB 8 *Operating Segments* requires a 'management approach' to identifying and presenting segment information, that is, segment information is presented on the same basis as that used for internal reporting purposes. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group Chief Executive Officer (the "chief operating decision maker") in assessing performance and in determining the allocation of resources.

The Group operates seven reporting segments being each of its key investments and CER Operations which primarily contains centralised loan facilities and derivative financial instruments.

The accounting policies used by the Group in reporting segment information are the same as those detailed in Note 1 to the annual report for the year ended 30 June 2010 except as detailed below.

Net property income

Net property income is CER's ownership share of the net of revenues and expenses directly attributable to individual properties across CER's property investments.

Underlying profit

Underlying profit represents the share of net profit for each of CER's investments excluding: the impact of asset revaluations; the mark to market of financial instruments; foreign exchange gains and losses and other one-off or non-recurring items, such as loss on sale of properties that CER's management does not consider form part of the underlying operations of the investment.

Reversal of current period profits/(losses)

As at 30 June 2009, CER wrote down the value of its Super LLC investment to nil. From that point in time, no revenues or expenses relating to Super LLC are recognised by CER until such time as the total investment in Super LLC returns to a positive equity position. The below disclosure includes the operating results for Super LLC. The net result of Super LLC is then reversed due to CER's investment in Super LLC being fully provided for. The net impact on CER's results from Super LLC is therefore nil.

2. SEGMENT INFORMATION (CONTINUED)

The tables below present CER's income statement and balance sheet by operating segment:

Income statement	**Equity accounted investments**					**Controlled operations**			
Half-year ended 31 December 2010 Centro Retail Trust and its Controlled Entities	**Australian Property**	**CWAR 1 (USA)**	**Centro GA America (USA)**	**Centro Super LLC (USA)**	**Sub total**	**CWAR 5 (USA)**	**Australian Property**	**CER Operations** (i)	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net property income	**53,223**	**9,663**	**50,546**	**95,458**	**208,890**	**17,693**	**4,139**	**-**	**230,722**
Other revenue	-	2	18	122	142	-	-	6,560	6,702
Total income	**53,223**	**9,665**	**50,564**	**95,580**	**209,032**	**17,693**	**4,139**	**6,560**	**237,424**
Financing costs	(5,401)	(4,063)	(27,382)	(51,355)	(88,201)	(9,482)	-	(56,796)	(154,479)
Other operating costs	-	(999)	(3,508)	(5,625)	(10,132)	(1,745)	-	(10,348)	(22,225)
Underlying profit	**47,822**	**4,603**	**19,674**	**38,600**	**110,699**	**6,466**	**4,139**	**(60,584)**	**60,720**
Assets revaluations	1,900	5,228	38,592	45,653	91,373	8,054	(1,763)	(2,926)	94,738
Financial instruments / FX	-	286	-	-	286	58	-	227,758	228,102
Other	-	6	(3,918)	(3,057)	(6,969)	(149)	(113)	(2,665)	(9,896)
Reversal of current period profits	-	-	-	(81,196)	(81,196)	-	-	-	(81,196)
Net profit	**49,722**	**10,123**	**54,348**	**-**	**114,193**	**14,429**	**2,263**	**161,583**	**292,468**

(i) CER Operations includes:

- Revenues and expenses relating to unallocated debt and derivatives.
- Return on investments in Centro Australia Wholesale Fund, Centro MCS 38, Centro MCS 39, Centro MCS 40 and CER's option over Centro Karingal.
- Inter segment eliminations.

2. SEGMENT INFORMATION (CONTINUED)

Balance sheet	Equity accounted investments					Controlled operations			
As at 31 December 2010 Centro Retail Trust and its Controlled Entities	Australian Property	CWAR 1 (USA)	Centro GA America (USA)	Centro Super LLC (USA)	Sub total	CWAR 5 (USA)	Australian Property	CER Operations (i)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property investments	1,443,475	249,939	1,176,970	2,326,860	5,197,244	443,109	107,650	-	5,748,003
Other investments	-	-	-	-	-	-	-	117,999	117,999
Other assets	-	5,880	80,963	163,617	250,460	14,986	1,361	112,327	379,134
Total assets	**1,443,475**	**255,819**	**1,257,933**	**2,490,477**	**5,447,704**	**458,095**	**109,011**	**230,326**	**6,245,136**
Other liabilities	(138)	(12,029)	(39,764)	(47,513)	(99,444)	(8,717)	(1,341)	(99,022)	(208,524)
Current interest bearing liabilities	-	(76,959)	(3,674)	(791,832)	(872,465)	(4,257)	-	(1,083,877)	(1,960,599)
Non-current interest bearing liabilities	(108,942)[(ii)]	(65,076)	(961,478)	(1,108,469)	(2,243,965)	(300,800)	-	(41,058)	(2,585,823)
Total liabilities	**(109,080)**	**(154,064)**	**(1,004,916)**	**(1,947,814)**	**(3,215,874)**	**(313,774)**	**(1,341)**	**(1,223,957)**	**(4,754,946)**
Net assets	**1,334,395**	**101,755**	**253,017**	**542,663**	**2,231,830**	**144,321**	**107,670**	**(993,631)**	**1,490,190**
Provision for non recovery	-	-	-	(542,663)	(542,663)	-	-	-	(542,663)
Net assets including non recovery	**1,334,395**	**101,755**	**253,017**	**-**	**1,689,167**	**144,321**	**107,670**	**(993,631)**	**947,527**

(i) CER Operations includes:

- Unallocated debt and derivatives.
- Investments in Centro Australia Wholesale Fund, Centro MCS 38, Centro MCS 39, Centro MCS 40 and CER's option over Centro Karingal. At 31 December 2010 CER's option over Centro Karingal is presented as an "other investment" with the value of $89.7 million and a non-current liability with a value of $41.1 million.
- Inter segment eliminations.

(ii) Excludes unallocated debt which is included in CER Operations.

The table below represents the maturity profile of interest bearing liabilities within CER's equity accounted investments above at 31 December 2010. The current/non-current classification of interest bearing liabilities for controlled operations is included in Note 5.

Maturity	Australian Property	CWAR 1 (USA)	Centro GA America (USA)	Centro Super LLC (USA)	Total
	$'000	$'000	$'000	$'000	$'000
Current	-	(76,959)	(3,674)	(791,832)	(872,465)
1-2 years	(108,942)	(75)	(350,553)	(29,415)	(488,985)
2-5 years	-	(64,577)	(283,682)	(227,322)	(575,581)
Over 5 years	-	(424)	(327,243)	(851,732)	(1,179,399)
	(108,942)	**(142,035)**	**(965,152)**	**(1,900,301)**	**(3,116,430)**

The above maturity table includes the new 10 year US$217.7 million facility entered into by Centro GA America in December 2010. This facility has refinanced three expiring facilities totalling US$112.7 million with the balance of the new proceeds, after applicable costs and escrow requirements, distributed to the owners. The Group's 95% share of the excess proceeds will be utilised to meet treasury obligations, support working capital and ongoing financing commitments.

Due to continuing banking restrictions within the underlying vehicles, no cash distributions were received in the period to 31 December 2010 from CER's investments in Centro Super LLC.

2. SEGMENT INFORMATION (CONTINUED)

The tables below present CER's income statement and balance sheet by operating segment:

Income statement	Equity accounted investments					Controlled operations			
Half-year ended 31 December 2009 Centro Retail Trust and its Controlled Entities	**Australian Property**	**CWAR 1 (USA)**	**Centro GA America (USA)**	**Centro Super LLC (USA)**	**Sub total**	**CWAR 5 (USA)**	**Australian Property**	**CER Operations (i)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net property income	**51,150**	**9,863**	**52,979**	**105,437**	**219,429**	**20,251**	**4,275**	**-**	**243,955**
Other revenue	-	12	70	39	121	31	-	4,687	4,839
Total income	**51,150**	**9,875**	**53,049**	**105,476**	**219,550**	**20,282**	**4,275**	**4,687**	**248,794**
Financing costs	-	(5,850)	(30,669)	(46,192)	(82,711)	(10,525)	-	(46,207)	(139,443)
Other operating costs	-	408	(6,027)	(9,819)	(15,438)	(1,607)	-	(11,561)	(28,606)
Underlying profit	**51,150**	**4,433**	**16,353**	**49,465**	**121,401**	**8,150**	**4,275**	**(53,081)**	**80,745**
Assets revaluations	(22,399)	(1,148)	(54,827)	(139,077)	(217,451)	(22,570)	(4,717)	2,645	(242,093)
Financial instruments / FX	-	2,869	(32)	-	2,837	52	-	270,286	273,175
Other	-	618	(2,711)	(3,769)	(5,862)	(120)	193	(3,151)	(8,940)
Reversal of current period losses	-	-	-	93,381	93,381	-	-	-	93,381
Net profit	**28,751**	**6,772**	**(41,217)**	**-**	**(5,694)**	**(14,488)**	**(249)**	**216,699**	**196,268**

(i) CER Operations includes:

- Revenues and expenses relating to unallocated debt and derivatives.
- Return on investments in Centro Australia Wholesale Fund, Centro MCS 38, Centro MCS 39, Centro MCS 40 and CER's option over Centro Karingal.
- Inter segment eliminations

2. SEGMENT INFORMATION (CONTINUED)

Balance sheet	Equity accounted investments					Controlled operations			
As at 30 June 2010 Centro Retail Trust and its Controlled Entities	Australian Property	CWAR 1 (USA)	Centro GA America (USA)	Centro Super LLC (USA)	Sub total	CWAR 5 (USA)	Australian Property	CER Operations (i)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property investments	1,434,138	297,156	1,386,332	2,774,583	5,862,209	529,552	108,925	-	6,500,686
Other Investments	-	-	-	-	-	-	-	120,895	120,895
Other assets	-	7,725	74,168	175,454	257,347	20,344	1,382	56,290	335,363
Total assets	**1,434,138**	**304,881**	**1,460,500**	**2,920,037**	**6,119,556**	**549,896**	**110,307**	**177,185**	**6,956,944**
Other liabilities	(55)	(14,599)	(41,271)	(74,968)	(130,893)	(13,055)	(1,361)	(334,523)	(479,832)
Current interest bearing liabilities	-	(93,722)	(128,349)	(1,682,430)	(1,904,501)	(20,260)	-	(397,116)	(2,321,877)
Non-current interest bearing liabilities	(108,942)(ii)	(79,242)	(927,300)	(591,968)	(1,707,452)	(353,134)	-	(753,906)	(2,814,492)
Total liabilities	**(108,997)**	**(187,563)**	**(1,096,920)**	**(2,349,366)**	**(3,742,846)**	**(386,449)**	**(1,361)**	**(1,485,545)**	**(5,616,201)**
Net assets	**1,325,141**	**117,318**	**363,580**	**570,671**	**2,376,710**	**163,447**	**108,946**	**(1,308,360)**	**1,340,743**
Provision for non recovery	**-**	**-**	-	(570,671)	(570,671)	-	-	-	(570,671)
Net assets including non recovery	**1,325,141**	**117,318**	**363,580**	**-**	**1,806,039**	**163,447**	**108,946**	**(1,308,360)**	**770,072**

(i) CER Operations includes:

- Unallocated debt and derivatives.
- Investments in Centro Australia Wholesale Fund, Centro MCS 38, Centro MCS 39, Centro MCS 40 and CER's option over Centro Karingal. At June 2010 CER's option over Centro Karingal is presented as an "other investment" with the value of $88.5 million and a non-current liability with a value of $41 million.
- CER's held for sale investment in Centro Nerang.
- Inter segment eliminations.

ii) Excludes unallocated debt which is included in CER Operations.

The table below represents the maturity profile of interest bearing liabilities of equity accounted investments above at 30 June 2010. The current/non-current classification of interest bearing liabilities for controlled operations is included in Note 5.

Maturity	Australian Property	CWAR 1 (USA)	Centro GA America (USA)	Centro Super LLC (USA)	Total
	$'000	$'000	$'000	$'000	$'000
Current	-	(93,722)	(128,349)	(1,682,430)	(1,904,501)
1-2 years	-	(84)	(1,867)	(40,248)	(42,199)
2-5 years	(108,942)	(78,502)	(461,453)	(57,110)	(706,007)
Over 5 years	-	(656)	(463,980)	(494,610)	(959,246)
	(108,942)	**(172,964)**	**(1,055,649)**	**(2,274,398)**	**(3,611,953)**

3. INVESTMENTS

	Centro Retail Trust and its Controlled Entities	
	31.12.10 $'000	30.06.10 $'000
Included in the balance sheet as:		
Investments accounted for using the equity method (a)	1,689,167	1,806,039
Financial assets carried at fair value through profit or loss (b)	28,249	32,374
Investment property (c)	550,759	638,477
Other financial assets at fair value through profit and loss (d)	48,641	47,442
	2,316,816	**2,524,332**

The reconciliation below details the movement in each of the above classes for half-year.

	Centro Retail Trust and its Controlled Entities	
	Half-year ended 31.12.10 $'000	Half-year ended 31.12.09 $'000
(a) Investments accounted for using the equity method (i)		
Movements:		
Opening balance at 1 July	1,806,039	2,033,875
Share of profit / (losses)	114,193	(5,694)
Foreign currency translation movement	(87,191)	(56,920)
Dividend received or receivable and capital returns	(151,447)	(86,215)
Additional investment	7,573	3,044
Return of capital relating to refinancing	-	(108,943)
Transfer to non-current assets classified as held for sale	-	(19,300)
Closing balance at 31 December	**1,689,167**	**1,759,847**
(b) Financial assets carried at fair value through profit or loss (ii)		
Movements:		
Opening balance at 1 July	32,374	32,673
Fair value adjustment	(4,125)	1,645
Closing balance at 31 December	**28,249**	**34,318**

3. INVESTMENTS (CONTINUED)

	Centro Retail Trust and its Controlled Entities	
	Half-year ended 31.12.10 $'000	Half-year ended 31.12.09 $'000
(c) Investment property (iii)		
Movements:		
Opening balance at 1 July	638,477	702,033
Capitalised expenditure	1,656	1,117
Property revaluation increment/(decrement)	6,291	(27,287)
Foreign currency translation movements	(95,083)	(58,692)
Lease incentives adjustment	(591)	(469)
Straight-lining of rent adjustment	9	257
Transfer to Non-current assets classified as held for sale	-	(27,403)
Closing balance at 31 December	**550,759**	**589,556**
(d) Other financial assets at fair value through profit or loss (iv)		
Movements:		
Opening balance at 1 July	47,442	87,000
Fair value adjustment	1,199	1,000
Return of capital relating to refinancing	-	(41,058)
Closing balance at 31 December	**48,641**	**46,942**
(e) Non-current assets classified as held for sale (v)		
Movements:		
Opening balance at 1 July	-	-
Transfer from Investments accounted for using the equity method	-	19,300
Transfer from Investment property	-	27,403
Closing balance at 31 December	**-**	**46,703**

(i) Investments in 50% owned Australian property, CWAR 1, Centro GA America, and Centro Super LLC.
(ii) Units in Centro MCS 38, 39, 40 and Centro Australia Wholesale Fund.
(iii) CWAR 5 properties and 100% owned Australian properties.
(iv) Relates to CER's option for the ownership of Centro Karingal.
(v) Centro Nerang and Oakdale Village, which were both sold in the second half of the financial year ended 30 June 2010.

Valuation basis

Investment properties are carried at fair value. At 31 December 2010, 59% of CER's Australian properties and 45% of CER's US properties (by number) were independently valued by members of the Australian Property Institute, United States Office of Cushman and Wakefield, Weiser Realty Partners, Duff & Phelps and CB Richard Ellis. The remaining properties have been subjected to Director valuation supported by the extrapolation of independent valuations on similar properties. During the period, the weighted average capitalisation rate of CER's Australian properties moved from 7.47% (June 2010) to 7.52% (December 2010) while CER's US properties moved from 8.52% (June 2010) to 8.28% (December 2010).

Uncertainty around property valuations

The global market for many types of real estate has been severely affected by the volatility in global financial markets in recent years. The lower levels of liquidity and volatility in the banking sector translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced significantly.

3. INVESTMENTS (CONTINUED)

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "'willing seller", is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for a similar property in a comparable location and condition.

The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However, the volume of sales of property assets, particularly premium assets, remains lower than experienced historically and sales of lesser quality assets remain more difficult to achieve. There is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to 'normal' levels. This means that some uncertainty remains in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be longer than normal.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the end of the reporting period, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

A movement in the adopted property capitalisation rates of 0.25%, assuming a 50% gearing in the underlying investments, across the entire Australian and US property portfolio would impact net assets by approximately $139 million (June 2010: $149 million) and impact net tangible assets attributable to members of Centro Retail Group by 6 cents per unit (June 2010: 7 cents per unit).

4. DERIVATIVE FINANCIAL INSTRUMENTS

	Centro Retail Trust and its Controlled Entities					
	31 December 2010			30 June 2010		
	With External Parties	With Centro Properties Group	Total	With External Parties	With Centro Properties Group	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Current derivative assets						
Interest rate swap contracts	2,041	-	2,041	546	-	546
Total current derivative assets	**2,041**	-	**2,041**	**546**	-	**546**
Non-current derivative assets						
Interest rate swap contracts	-	-	-	2,397	-	2,397
Total non-current derivative assets	**-**	-	-	**2,397**	**-**	**2,397**
Current derivative liabilities						
Interest rate swap contracts	(2,458)	-	(2,458)	(6,854)	-	(6,854)
Total current derivative liabilities	**(2,458)**	-	**(2,458)**	**(6,854)**	**-**	**(6,854)**
Non-current derivative liabilities						
Interest rate swap contracts	(11,459)	-	(11,459)	(16,211)	-	(16,211)
Forward foreign exchange contracts	-	(9,859)	(9,859)	-	(234,254)	(234,254)
Total non-current derivative liabilities	**(11,459)**	**(9,859)**	**(21,318)**	**(16,211)**	**(234,254)**	**(250,465)**

The Group is party to derivative financial instruments in the normal course of business in order to manage its exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies.

(i) Interest rate swap contracts

The Group's exposure to fluctuations in interest rates is mitigated through the use of interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Each contract is settled on a net basis and the fair value of each contract is disclosed in the Balance Sheet as either an asset or liability.

The contracts require settlement of net interest receivable or payable between 30 and 180 days (depending upon the contract). Where possible, the settlement dates coincide with the dates on which interest is payable on the underlying debt.

(ii) Forward foreign exchange contracts – net investment hedges

The Group holds US investments. In order to protect against exchange rate movements, the Group has entered into foreign exchange contracts to sell US dollars and buy Australian dollars. The outstanding contracts are net investment hedges.

Each contract is settled on a net basis and the fair value of each contract is disclosed in the Balance Sheet as either an asset or liability. Each contract with Centro Properties Group has a termination clause where the contract automatically terminates upon reaching a nil mark to market position.

In January 2011, the Group exercised its early termination rights to settle the final $335.2 million forward foreign exchange contract. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at that time.

5. INTEREST BEARING LIABILITIES

	Centro Retail Trust and its Controlled Entities	
	31.12.10	**30.06.10**
	$'000	**$'000**
Current		
Secured borrowings	976,790	306,031
Loans from related parties	111,344	111,344
Total current interest bearing liabilities	**1,088,134**	**417,375**
Non-current (i)		
Secured borrowings	300,800	1,065,982
Total non-current interest bearing liabilities	**300,800**	**1,065,982**
Total interest bearing liabilities	**1,388,934**	**1,483,357**
Financing arrangements		
Facilities utilised at end of period		
Borrowings	1,277,590	1,372,013
Related party loans	111,344	111,344
Total facilities utilised at end of period	**1,388,934**	**1,483,357**
Facilities not utilised at end of period		
Bank loans(ii)	7,300	-
Total facilities not utilised at end of period	**7,300**	**-**

(i) The non-current classification of debt considers the Group's compliance with covenants measured at the end of the reporting period. In the event that covenants are breached in subsequent periods or future covenant waivers are not obtained, non-current debt may become current and payable.

(ii) The use of this facility is restricted to lender approved capital expenditure at Centro Toombul.

Included in the movement of total interest bearing liabilities from $1.483 billion at 30 June 2010 to $1.389 billion at 31 December 2010 is:

- $24 million repayment of borrowings (inclusive of the $7 million repayment that was made in June 2010 which was held on deposit and not applied to the loan balance until July 2010) ; and
- $70 million impact of movements in the AUD / USD foreign exchange rate.

(a) Assets pledged as security

Current borrowings are secured against the following properties: Centro Albany, Centro Taigum, Centro Toombul, Centro The Glen, Centro Mornington, Centro Springwood, Centro Tweed, Centro Armidale, Centro Birallee, Centro Box Hill, Centro Halls Head, Centro Lansell, Centro Lavington, Centro Mount Gambier, Centro Warwick, Centro Whitehorse, Centro Whitsunday, Warnbro Fair, Centro Buranda, Centro Colonnades, Centro Galleria, Centro Goulburn, Centro Mildura, Centro Westside and Centro Wodonga.

Non-current borrowings are secured against the following properties: Marlton Crossing and Plaza, Perkins Farm Marketplace, Shoppes at Valley Forge, Village at Newtown, Chesterbrook, Barn Plaza, Bethlehem Square, Bristol Park, Collegetown Shopping Centre, Fox Run Shopping Centre, Groton Square, Ocean Heights, Stratford Square, Valley Fair, Village Square, Whitehall Square and Village West.

CER also has an agreement with CPT Manager Limited in its capacity as Responsible Entity for Centro Australia Wholesale Fund, which has provided a security guarantee of $160 million to CER financiers (refer to Note 7(b)).

6. NET TANGIBLE ASSET BACKING

	Centro Retail Trust and its Controlled Entities	
	31.12.10	**30.06.10**
Basic net tangible asset backing per security		
Net tangible assets attributable to members of Centro Retail Group ($'000)	943,197	765,157
Number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security	2,286,399	2,286,399
Net tangible asset backing per security – basic ($)	0.41	0.33

7. CONTINGENT LIABILITIES

(a) Litigation

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Retail Limited and Centro MCS Manager Limited (as the Responsible Entity of Centro Retail Trust). One proceeding is being conducted by Maurice Blackburn Lawyers and the other by Slater & Gordon Lawyers. The statements of claim in each proceeding allege that CER, operated by Centro Retail Limited and Centro MCS Manager Limited (together 'CER'), engaged in misleading or deceptive conduct and/or breached continuous disclosure obligations in relation to:

- the classification of certain liabilities as non-current liabilities in CER's consolidated financial statements, which were published in CER's Preliminary Financial Report and Annual Report for the year ended 30 June 2007, and in the Explanatory Memorandum for the proposed merger of Centro America Shopping Trust and Centro Retail Trust, lodged with the ASX on 14 September 2007;
- CER's operating distributable profit per security (DPS) forecasts for the 2008 financial year; and
- the refinancing of the United States joint venture debt due in December 2007.

Similar proceedings were commenced against Centro Properties Limited and CPT Manager Limited.

The claims have been made on behalf of persons or entities who acquired CER stapled securities, in the instance of the Maurice Blackburn conducted proceeding, between 7 August 2007 to 15 February 2008. In the instance of the Slater & Gordon proceeding, the claim was originally for acquisition of CER stapled securities between 5 April 2007 to 28 February 2008 but has been amended to the period 17 July 2007 to 28 February 2008.

In late 2010 further representative proceedings were commenced against PricewaterhouseCoopers ('PwC"), CER's former auditor and PricewaterhouseCoopers Securities Limited. The claim against PwC is conducted by Slater & Gordon on behalf of the same claimant group that is making the claim against CER. The claim against PricewaterhouseCoopers Securities Limited is conducted by Maurice Blackburn on behalf of those persons who prior to 12 October 2007 were holders of securities in the Centro Shopping America Trust and relates to alleged misleading and deceptive statements in the *"Investigating Accountants Report on Financial Forecasts"* prepared by PricewaterhouseCoopers Securities Limited in connection with the merger between CER and Centro Shopping America Trust. .

In each of the representative proceedings cross claims have been filed between the parties and also by PwC against persons who were officers of CER at the relevant time.

In all claims the applicants seek damages, declarations, interests and costs.

The proceedings are being vigorously defended and no amount has been provided for in the financial report.

The Federal Court has listed the proceedings for trial commencing on 22 August 2011.

7. CONTINGENT LIABILITIES (CONTINUED)

(b) CAWF Security Lend

In November 2007 Centro Australia Wholesale Fund ("CAWF") agreed to act as a security guarantor for a CER financing facility ($160 million as at 31 December 2010), in respect of securities pledged by CAWF.

CER and CAWF agreed to amend the agreement during the half-year, however, as at the date of this report, the amendments remain subject to the approval of CER's lenders.

Under the proposed amended agreement, CER has agreed to use best endeavours to sell US assets to unwind the security lend by 30 September 2011 and provide CAWF with second ranking of any proceeds. If the security lend has not been unwound by 30 September, CAWF has the option (at CAWF's discretion) to unwind the security lend by assuming CER's assets and debt equivalent to the value of the security lend and make CAWF whole for any shortfall. As at the date of this report, the value of the security lend debt exceeded the value of the associated assets by $33.0 million. If CAWF assumed these assets and debt, it would have no impact on the net assets of CER.

In the event that the proposed amended agreement is not approved by CER's lenders, the existing agreement of 10 February 2009 remains in place and CAWF cannot require CER to release the securities prior to 15 December 2011 in line with the expiration of the underlying financing facility.

(c) Other Contingent Liabilities

CER holds an investment of the "Class B" units in Centro MCS Syndicate Investment Fund (CSIF). The Victorian State Revenue Office (SRO) has assessed CSIF in relation to its acquisition of Victorian property interests on the establishment of the fund. The assessed amount, including penalties and interest, is approximately $13 million of which approximately $9 million may be attributable to CER. CSIF has considered the assessment and has lodged a written objection to the assessment with the SRO.

A further $3.4 million has been assessed by the SRO in relation to CER's acquisition of Class B units in CSIF. CER has considered the assessment and has lodged a written objection to the assessment with the SRO.

(d) ASIC proceeding

In November 2009, ASIC commenced a civil proceeding in the Federal Court of Australia against persons who were directors and officers of CER at the time that the financial statements for the year ended 30 June 2007 were published. CER had entered into deeds of indemnity with certain of its directors and officers as at this time, as is common practice for publicly listed companies. Several of these directors and officers who are respondents to the ASIC proceeding have made requests for indemnity in relation to the ASIC proceeding and CER has agreed, to the extent that it is lawfully permitted, to provide those indemnities. Initially, CER's obligation will be to advance funds in respect of defence costs. CER may recover these monies through insurance.

The Federal Court has listed the ASIC proceeding for trial commencing on 4 April 2011.

8. EXPOSURE TO CENTRO PROPERTIES GROUP ("CNP")

CER has the following exposures to CNP which could have a material impact on CER in the event that CNP was unable to meet its obligations:

(a) CER has a gross investment of $543 million in Super LLC (June 2010: $570 million), a joint venture with CNP and Centro MCS 40. Cross collateralisation arrangements mean that CER's investment is exposed to the extent of CNP's negative equity in Super LLC. CNP's negative equity exceeds the value of CER's investment in Super LLC. While CER is indemnified by the other Super LLC shareholders for any losses suffered as a consequence of the cross collateralisation arrangements, this indemnification has been provided by subsidiaries of CNP and CMCS 40 whose only assets are their investment in Super LLC. Accordingly, CER does not expect to recover any value via this indemnity. As such, CER has elected to make the provision for non recovery of this investment totalling $543 million (June 2010: $570 million).

CER has no further exposure to Super LLC as the 31 December 2010 carrying value of this investment is nil after taking into account the provision.

(b) CER has interest bearing liabilities payable to CNP of $111 million (June 2010: $111 million) of which $101 million matures in March 2011 and $10 million is on call at reasonable notice.

(c) CER also holds derivative financial instruments and other financial liabilities to which CNP is the counterparty. As at 31 December 2010, the fair value of these financial instruments and other financial liabilities (excluding interest bearing liabilities) was $40 million in favour of CNP (June 2010: $263 million in favour of CNP).

(d) Centro Properties Group controls CER's responsible entity, Centro MCS Manager Limited, and provides CER's operational platform including property and funds management services.

9. EVENTS OCCURRING AFTER REPORTING DATE

(a) Equity hedge termination

In January 2011, the Group exercised its early termination rights to settle the final $335.2 million forward foreign exchange contract. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at that time.

(b) Class action update

As announced to the market in January 2011, cross-claims were filed by PricewaterhouseCoopers against Centro Retail Limited and Centro MCS Manager Limited (responsible entity for the Centro Retail Trust) as part of the various shareholder class proceedings pending in the Federal Court.

CER has earlier filed cross-claims against PricewaterhouseCoopers in these proceedings.

In a separate class action proceeding in the Federal Court commenced against PricewaterhouseCoopers Securities Limited, PricewaterhouseCoopers Securities Limited has filed cross-claims against CER and Centro Corporate Services Pty Ltd.

(c) Extension of related party loan

In February 2011, the Group negotiated an extension to 15 December 2011 of a $101 million interest bearing liability payable to Centro Properties Group (CNP). The extension remains subject to the approval of CNP headstock lenders.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2010 and the date hereof that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the Group's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 24 are in accordance with the *Corporations Act 2001*, including:

 (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

 (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

In the opinion of the Directors of Centro MCS Manager Limited the financial statements and notes are in accordance with the Constitution dated 31 July 1989.

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

W. P. Day

Director

Signed at Melbourne, 23rd February, 2011

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

To the unitholders of Centro Retail Group

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Centro Retail Group (the 'group'), which comprises the balance sheet as at 31 December 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the group. The group includes the Centro Retail Trust (the 'trust') and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Centro MCS Manager Limited, the Responsible Entity of the trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Centro Retail Trust and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Centro MCS Manager Limited, a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualifying the conclusion expressed above, we draw attention to Note 1(a) in the half-year financial report which indicates that there is significant uncertainty as to whether the Group will continue as a going concern as the Group remains reliant on the continued support of its lenders, including the ultimate parent Centro Properties Group, through the extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of certain loan covenant waivers and, therefore, whether the Group will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Ernst & Young

Ernst & Young

Brett Meehan

B R Meehan
Partner
Melbourne
23 February 2011

Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
Date from which such profit has been calculated	N/A
Profit (loss) after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Date to which the profit (loss) has been calculated	N/A
Consolidated profit (loss) after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
Contribution to consolidated profit (loss) from sale of interest leading to loss of control	N/A

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	-
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	-
If it is a final dividend, has it been declared?	N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim distribution to ordinary security holders:			
Current year			
Distribution from Trust	-¢	-	-¢
Dividend from Company	-¢	-	-¢
Total distribution	-¢		
Previous year			
Distribution from Trust	-¢	-	-¢
Dividend from Company	-¢	-	-¢
Total distribution	-¢		

The dividend or distribution plans shown below are in operation.

Distribution Reinvestment Plan

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions).

Details of aggregate share of profits/(losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period	Previous corresponding period
	$A'000	$A'000
Profit /(loss) before tax	**114,193**	(5,694)
Income tax	**-**	-
Profit/(loss) after tax	**114,193**	(5,694)
Extraordinary items net of tax	**-**	-
Net profit/(loss)	**114,193**	(5,694)
Adjustments	**-**	-
Share of net profit/(loss) of associates and joint venture entities	**114,193**	(5,694)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(Where the interest was acquired or disposed of during either the current or previous corresponding period, the date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy") is shown below.)*

a) Ownership interest carried as equity accounted associates and joint ventures entities

Name of entity	**Percentage of ownership interest held at end of period or date of disposal**		**Contribution to net profit (loss)**	
Equity accounted associates and joint venture entities	**Current period**	Previous corresponding period	**Current period**	Previous corresponding period
	%	%	**$A'000**	$A'000
Centro America REIT 1	48.5	48.5	**10,123**	6,773
Centro Direct Property Fund No. 2 ("Centro Argyle", "Centro Buranda") (i)	14.8	14.8	**429**	8
Centro Galleria Morley Head Trust ("Centro Galleria")	50.0	50.0	**11,568**	9,032
The Glen Centre Trust ("Centro The Glen")	50.0	50.0	**9,557**	6,129
Centro Toombul Head Trust ("Centro Toombul")	50.0	50.0	**6,935**	2,362
Centro Colonnades Head Trust ("Centro Colonnades")	50.0	50.0	**3,809**	(1,050)
Keilor Downs Trust ("Centro Warriewood" and "Centro Cranbourne")	50.0	50.0	**1,517**	1,679
Cranbourne Holding Trust ("Centro Cranbourne")	50.0	50.0	**(212)**	804
Ridgebay Unit Trust ("Centro Tweed")	50.0	50.0	**(7,287)**	(3,658)
Taigum Holding Trust ("Centro Taigum")	50.0	50.0	**2,369**	816
Mildura Centre Plaza Unit Trust ("Centro Mildura")	50.0	50.0	**3,854**	(626)
Southport Holding Trust	50.0	50.0	**-**	20
Springwood Holding Trust ("Centro Springwood")	50.0	50.0	**1,866**	(563)
Centro Wodonga Partnership ("Centro Wodonga")	50.0	50.0	**1,757**	(916)
Mornington S.C. Unit Trust ("Centro Mornington")	50.0	50.0	**1,759**	222

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
Equity accounted associates and joint venture entities	**Current period**	Previous corresponding period	**Current period**	Previous corresponding period
Broken Hill Trust ("Centro Westside")	50.0	50.0	**1,377**	743
Centro GA America LLC (ii)	95.0	95.0	**54,348**	(41,218)
Box Hill Central Holding Trust ("Centro Box Hill") (iii)	50.0	50.0	**1,782**	2,251
Halls Head Trust ("Centro Halls Head") (iii)	50.0	50.0	**402**	61
Centro Lavington Sub Trust ("Centro Lavington") (iii)	50.0	50.0	**1,690**	1,292
Centro Mandurah Holding Trust ("Centro Mandurah") (iii)	50.0	50.0	**1,100**	6,911
Warwick Grove Trust ("Centro Warwick") (iii)	50.0	50.0	**2,405**	2,288
Whitehorse Plaza Trust ("Centro Whitehorse") (iii)	50.0	50.0	**1,738**	(1,657)
Centro Cannonvale Sub Trust ("Centro Whitsunday") (iii)	50.0	50.0	**(289)**	803
CSIF Armidale Trust ("Centro Armidale") (iii)	50.0	50.0	**966**	1,362
Sunshine Trust ("Centro Birallee") (iii)	50.0	50.0	**149**	(143)
Bendigo Trust ("Centro Bendigo") (iii)	50.0	50.0	**481**	103
Nerang Trust ("Centro Nerang") (iii)	50.0	50.0	**-**	478
Centro Super Holding Trust No.1 (iv)	100.0	100.0	**-**	-
Centro Super Holding Trust No.3 (iv)	100.0	100.0	**-**	-
Total			**114,193**	(5,694)

(i) Direct ownership interest only – accounted for as an Associate due to indirect ownership interests.

(ii) CER has 100% ownership of CSF and CSF has an indirect ownership in the investment in Centro GA, LLC (JV company) via its 100% ownership interest in a US REIT. CSF has joint control, but neither CSF nor the joint venture partner (Centro Property Trust) has control in their own right of the JV Company. Consequently, the investment is accounted as an associate.

(iii) CER has indirect ownership of these trusts via its 100% ownership in Centro MCS Syndicate Investment Fund (Class B units), which in turn equity account for the trusts.

(iv) CER has 100% ownership of these trusts. The trusts are a part of the Super LLC joint venture and are subject to joint control between CER and CNP. In the current period, CER has not recognised any income from these investments as no cash distributions have been received and the investments are carried at nil value.

b) Ownership Interests designated as financial assets carried at fair value through profit or loss

Name of entity	Ownership Interest		Distributions revenue	
	Current Period	Previous corresponding period	**Current Period**	Previous corresponding period
	%	%	**$A'000**	$A'000
Centro MCS 38	19.9	19.9	**62**	(35)
Centro MCS 39	15.0	15.0	**1,049**	1,085
Centro MCS 40	15.0	15.0	**-**	-
Centro Australia Wholesale Fund	0.12	0.12	**38**	43
Total			**1,149**	1,093

Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)

☐	The accounts have been audited.	☑	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

The entity has a formally constituted audit committee.

Sign here: Date: 23rd February 2011

(Director)

Print name: W. P. Day