ASX/MEDIA RELEASE

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HALF YEAR RESULTS UNDERPINNED BY STRONG AUSTRALIAN RETAIL PORTFOLIO

Centro Retail Australia (ASX: **CRF**) today released its first financial result since formation on 1 December 2011, being the date of Aggregation of CRF for accounting purposes. Accordingly the financial information for the period ended 31 December 2011 comprises CRF results for one month.

KEY HIGHLIGHTS

- Statutory Net Loss of $100.1 million for one month ended 31 December 2011;
- Underlying Earnings of $22.0 million for one month ended 31 December 2011;
- Net Asset Backing of $2.50 and Net Tangible Asset value of $2.35 per stapled security as at 31 December 2011;
- Comparable Net Operating Income growth of 3.7% for the six months ended 31 December 2011;
- Annual Retail Sales growth of 1.6%;
- Portfolio Occupancy of 99.6%; and
- Specialty Rental Rate growth (renewals) of 5.3%

Solid Underlying Financial Performance

CRF recorded Underlying Earnings from operations of $22.0 million for the one month ended 31 December 2011, and a Statutory Net Loss of $100.1 million for the period following the recognition of certain non-operating costs including:

- Non cash fair value adjustment expense of $65.8 million relating to the issued securities known as "CATS"; and
- Aggregation costs (stamp duty) of $52.8 million

Segment Income Statement Extract For The Period Ended[1] ($m):	**31 Dec 2011[2]**
Investment income	34.0
Services income	3.3
Total Income	**37.3**
Overheads (net of recoveries)[3]	(2.9)
Depreciation and amortization	(0.1)
Borrowing costs	(12.3)
Underlying Earnings[4]	**22.0**
Fair value adjustment of CATS	(65.8)
Aggregation transaction costs (stamp duty)	(52.8)
Other non-distributable items	(3.5)
Statutory Net Loss	**(100.1)**

1. Segment Income Statement Extract taken from Note 4 (Segment Information) in CRF's 31 December 2011 Appendix 4D lodged with the ASX on 28 February 2012.
2. Financial result is for the period 1 December 2011 to 31 December 2011.
3. Includes $1.7 million of property management fees recovered against directly owned property investments.
4. Refer to Note 4 of the CRF FY12 Appendix 4D lodged with the ASX on 28 February 2012 for the definition of Underlying Earnings.

Newly appointed CRF CEO, Mr Steven Sewell said: "CRF has delivered a solid underlying result during its first month with total income of $37.3 million and underlying earnings of $22.0 million. This result was underpinned by very good property portfolio results which account for over 85% of CRF's total income.

"As a result of two specific restructuring related items, referred to above, CRF recorded a statutory net loss for the month of $100.1 million. These two items are considered non-operating and relate specifically to the aggregation/establishment of CRF in December 2011, including issuance of the CATS."

Strong Operating Performance

As at 31 Dec 2011[1]	CRF Direct Portfolio	Managed Portfolio	Total Portfolio
Number of Properties[2]	43	53	91
Portfolio Value[3]	$4.48 billion	$2.37 billion	$6.85 billion
Capitalisation Rate[3]	7.30%	8.16%	7.59%
Comparable NOI Growth – Stabilised[3]	3.7%	3.8%	3.7%
Total Occupancy Rate	99.6%	99.5%	99.5%
Annual Retail Sales Growth (SCCA)	1.6%	3.3%	2.4%
Specialty Occupancy Cost	14.2%	13.1%	13.5%
Specialty Rental Renewal Growth	5.3%	4.1%	4.9%

1. Metrics provided relate to the six month period to 31 December 2011 and includes Centro Lansell, Perth City Central and Centro Albion Park all disposed of during January 2012
2. Five properties co-owned 50%/50% by CRF Direct and Managed Portfolio
3. Value and NOI expressed by ownership percentage

CRF's directly owned property portfolio comprises primarily sub regional and regional assets with a small exposure to convenience assets. The portfolio is of quality shopping centres with good geographic diversification and exposure predominantly towards convenience based retailers. More than 3,500 individual retail stores within the portfolio generate over $5.6 billion of sales per annum.

CRF's General Manager of Property Operations, Mark Wilson said: "CRF's portfolio continues to perform well even allowing for the current challenging retail environment. Comparable NOI growth has been recorded at 3.7%, driven by a continuing demand for retail space, with specialty rent rate growth on renewals holding up at 5.3%. This portfolio has a high occupancy rate of 99.6%, sales growth of 1.6% and an average specialty occupancy cost of 14.2%, which pleasingly has not changed materially from June 2011."

Commenting on the portfolio's sales result, Mr Wilson added: "In the current market, CRF's exposure to convenience based retailers is evident in our sales category analysis. There is an observable variance in sales growth between food and non-food retail categories with most notably the two national supermarkets driving growth through their renewed focus on freshness, marketing/pricing initiatives and store refurbishments. Department stores and discount department stores are under pressure for sales growth however CRF has a relatively low 18% exposure to these categories. Specialties performance varies across the sub categories and Other Retail is supported by growth in travel agents from overseas travel.

"As previously highlighted to the market, we anticipate the second half of FY12 to be broadly in line with the first half year period and overall expect comparable NOI growth for the full year of 3.5% to be achieved in line with the Disclosure Document forecast."

Stable Balance Sheet and Capital Management

CRF's net assets at 31 December 2011 were $3.35 billion, reflecting a net asset value per security (**NAV**) of $2.50 and net tangible assets per security (**NTA**) of $2.35. CRF's balance sheet gearing at 31 December 2011, as defined in the table below, was 34.6%.

Segment Balance Sheet Extract[1] ($m)	**As at 31 Dec 2011**
Total Tangible Assets	5,253.2
Total Intangible Assets	199.7
Total Assets	**5,452.9**
Total Borrowings	(1,818.0)
Total Other Liabilities	(281.5)
Total Liabilities	**(2,099.5)**
Net Assets	**3,353.4**
NAV Per Security ($)	2.50
NTA Per Security ($)	2.35
Balance Sheet Gearing ratio (Total Borrowings / Total Tangible Assets)	34.6%
Look-through Balance Sheet Gearing ratio (CRF's proportionate share of borrowings, including borrowings held by Syndicates / CRF's proportionate share of total tangible assets, including total tangible assets held by Syndicates)	38.8%

1. Segment Balance Sheet Extract taken from Note 4 (Segment Information) in CRF's 31 December 2011 Appendix 4D lodged with the ASX on 28 February 2012.

The NAV and NTA per security are unchanged from the Disclosure Document pro-forma start date of 30 June 2011 as a result of property valuation increments, underlying earnings since 30 June 2011 and lower stamp duty impost on aggregation largely offsetting the fair value adjustment required in relation to the CATS.

Upon its establishment in December 2011, CRF secured new Australian dollar denominated debt facilities ($1.6 billion) and extended existing debt facilities ($0.4 billion) totalling $2.0 billion. These facilities have an average term to maturity of 2.6 years, with a weighted average cost of debt of 7.45%, excluding establishment costs. In order to manage interest rate exposure, a hedging profile aligned to the debt maturities and mandatory amortisations has been put in place, with interest rate exposure over 90% hedged for the remainder of calendar year 2012.

CRF's capital management strategy is focussed on the attainment of an investment grade credit rating in order to diversify funding sources, materially extend the tenor of current lending arrangements and potentially lower the cost of debt.

Outlook

"Following the substantial effort of the team in completing the aggregation and capital management initiatives in the last half of 2011, CRF is well positioned with balance sheet gearing of 34.6% and a quality portfolio focussed on Australian retail" said Mr Sewell.

"While the Australian retail environment is in relatively good shape in a global context, we remain cautious on the near term outlook. Our assets are well located and defensively focussed through their convenience based orientation and we need to ensure we are working with our retailers, continuing to look at our portfolio mix and opportunity for value adding enhancements and at all times aiming to maximise the returns from our investments for our securityholders.

"A key business objective is to ensure that CRF has the most efficient cost of capital and this capital is being most effectively utilised. We see the potential for improvement in this respect by diversifying our funding sources, which would be enhanced by attaining an investment grade credit rating.

"The optimal long term benefit for our securityholders is of paramount importance and we have commenced a detailed strategic and organisational review in this regard. The review is centred on confirmation of core business strategy, outlook and market positioning – specifically as it relates to asset sales, enhancement development projects and the revitalisation of our substantial syndicate management business. We expect to be able to provide the market with detailed updates on the outcomes of this review in coming months.

"I look forward to working with the new Board and management team to deliver on our key business objectives, with a focus on delivering strong risk adjusted returns to our investors. To that end, we are pleased to confirm that we remain on track to deliver our full year distribution guidance of 6.4 cents per security," said Mr Sewell.

Important Notes

For complete details, including important footnotes, please refer to CRF's 31 December 2011 Appendix 4D which has been lodged with the ASX.

The financial report for the half year ended 31 December 2011, lodged with the ASX on 28 February 2011, has been reviewed by Ernst & Young. The IFRS financial information contained within this announcement has been derived from the reviewed financial report. Ernst & Young has not issued a review conclusion or audit opinion on this announcement.

About Centro Retail Australia (ASX: CRF)

Centro Retail Australia (CRF) is an Australian Real Estate Trust specialising in the ownership and management of Australian shopping centres. For more information, please visit the CRF website at crfinvestor.com.au.

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