Appendix 4D

Half-year report

Name of entity

Centro Properties Group comprising **Centro Properties Limited** and **Centro Property Trust**

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half-year ended ('current period')
Centro Properties Limited 078 590 682 **CPT Manager Ltd (RE for Centro Property Trust) 054 494 307**	✓		**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	Note
Revenue	834,527	898,775	(7%)	1
Net profit/(loss) attributable to members of Centro Properties Group	553,447	(63,176)	976%	1

1. Refer to the Directors' Report for commentary.

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 PROPERTIES LIMITED

Comprising Centro Properties Limited (ABN 078 590 682) and its controlled entities (including Centro Property Trust – ARSN 091 043 793) which is known as the ASX listed stapled entity, Centro Properties Group

Financial Report
For the Half-Year Ended
31 December 2010

Directors of Centro Properties Limited

Paul Cooper (Chairman)

Anna Buduls

Jim Hall

Susan Oliver

Robert Tsenin

Rob Wylie

Secretaries of Centro Properties Limited

Elizabeth Hourigan

Dimitri Kiriacoulacos

Paul Flanigan (Assistant Company Secretary)

Auditor

Ernst & Young

Ernst & Young Building

8 Exhibition Street

Melbourne Victoria 3000

Security Registrar

Link Market Services Limited

Level 1, 333 Collins Street

Melbourne Victoria 3000

Directors' Report

The Directors of Centro Properties Limited present their report on the financial report of Centro Properties Group for the half-year ended 31 December 2010.

Centro Properties Group

The ASX listed entity, Centro Properties Group (the "Group" or "Centro") consists of Centro Properties Limited (the "Company") and its controlled entities which, for statutory reporting purposes, includes Centro Property Trust (the "Trust"). 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 Properties Limited during the whole of the half-year and up to the date of this report unless otherwise stated:

Paul Cooper (Chairman)

Anna Buduls

Jim Hall

Susan Oliver

Robert Tsenin (Managing Director)

Rob Wylie

Company Secretaries

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

Principal Activities

The principal activities of the Group during the half-year were property investment, property management, property development and funds management.

Significant Matters

(a) Going concern

As at 31 December 2010 the Group is in a net liability position and remains reliant on the support of its lenders through the extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of loan covenant waivers. Despite this, the Directors have concluded that there are reasonable grounds to believe that the Group is a going concern. The Directors' assessment is predicated on the reasonable expectation, based on the presentation of, and discussion on, various potential restructure alternatives, that a restructure and recapitalisation of the Group will take place. Further discussion on this matter can be found in Note 1(a) to the Half-year Financial Report.

(b) Restructure and recapitalisation update

As announced on 4 November 2010 and 22 December 2010, CNP 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. CNP has received a number of expressions of interest in both Australia 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.

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

Moelis & Company LLC continue as CNP's adviser.

(c) Refinancing update

During the half-year the Group successfully refinanced/extended a number of maturing facilities. Highlights during the six months included:

Completing financing arrangements for approximately US$2.7 billion of debt within Super LLC (a joint venture of Centro, Centro Retail Trust (CER) and Centro MCS 40), which was due to expire on or before 31 December 2010. The US$2.7 billion financing arrangements include an extension of approximately US$2.3 billion (from 31 December 2010 to 31 December 2011) and a refinancing of over US$469 million.

Refinancing a facility of US$424 million within Super LLC by entering into a joint venture with Inland American CP Investment LLC (Inland), a wholly owned subsidiary of Inland American Real Estate Trust Inc, and using the Group's interest in 25 shopping centres to secure new term loans. Proceeds from Inland's contribution into the joint venture and the new term loans were utilised to fully repay the US$424 million facility which matured on 9 December 2010. The contribution by Inland to the joint venture is accounted for as a borrowing and included within interest bearing liabilities as the Group retained the majority of the risks and benefits in the underlying assets.

(d) Hedge close out

During the half-year, forward foreign exchange and cross currency interest rate swap contracts with a notional value of $1.349 billion and with a mark-to-market value of $170.0 million (liability) at 30 June 2010 were automatically terminated at zero cost to the Group on reaching a nil mark to market position, in line with contractual arrangements. The remaining forward foreign exchange contracts and cross currency interest rate swap contracts have a notional value of $365.7 million and a mark to market value of $17.2 million (liability) as at 31 December 2010. In January 2011, additional forward foreign exchange contracts were terminated as noted under "Events occuring after the end of the Reporting Period".

Review of Operations

(a) Statutory Financial Results and Basis of Presentation of Statutory Half-year Financial Report

Centro's statutory Half-year Financial Report is prepared on a consolidated basis by reference to factors including the ownership levels of its managed funds. The Half-year Financial Report aggregates the performance of many of our managed funds and eliminates the Services Business revenue contributed by these funds. Accordingly, the statutory accounts provide limited insight to understanding the Group's financial performance as attributable to members. Note 2 to the Half-year Financial Report presents the financial performance reflecting equity accounted or "ownership share" results to provide greater clarity and comparability to aid understanding.

On a statutory (consolidated) basis, the Directors' Report a net profit of $553.4 million attributable to members of the Group for the half-year ended 31 December 2010 compared to a net loss of $63.2 million for the same period last year.

Net profit increased during the half-year ended 31 December 2010 primarily due to the members' share of the following Group non-cash items:

- Property revaluation increment of $204.9 million for the half-year ended 31 December 2010, compared to a property revaluation decrement of $538.3 million for the same period last year;
- Foreign exchange translation gains of $266.4 million on net US dollar liabilities held by Australian entities, compared to gains of $157.0 million for the same period last year, due to the strengthening in the value of the Australian dollar against the US dollar of 17.8% during the half-year, compared to a strengthening of 11.0% for the same period last year; and
- Favourable movements on the mark to market of financial instruments of $238.7 million, compared to favourable movements of $210.5 million for the same period last year, primarily due to the strengthening of the Australian dollar.

During the period, the property investments that Centro hold continued to perform solidly albeit adversely impacted by the strengthening Australian dollar. Centro's services business results have largely been eliminated for statutory reporting purposes through the consolidation of the majority of Centro's funds under management.

(b) Financial Performance (Ownership Share)

As detailed in Note 2 to the Half-year Financial Report, underlying profit for the half-year ended 31 December 2010 was $48.2 million, compared to $82.7 million for the same period last year. This reduction is due to the following key items:

- Foreign exchange rates (FX rates) – The average Australian/US dollar FX rate for the half-year was $0.9473, compared to $0.8699 in the prior corresponding period; lower by 8.2%. This has had the impact of reducing the Australian dollar equivalent of US dollar denominated income; and
- Interest rates – The cost of debt in Centro's investment funds has increased due to floating rate increases as well as greater margins and costs following refinancings.

(c) Cash Flow

As with the Income Statement, Centro's statutory Half-year Financial Report presents consolidated Group cash flow information which is of limited use in understanding Centro's cash flow position attributable to members. The most relevant cash flow information is "headstock" cash flow which represents the cash attributable to the parent entities of Centro Property Trust and Centro Properties Limited in Australia.

Cash flow is a critical component of Centro's financial performance. For the half-year ended 31 December 2010, Centro's headstock net cash flow prior to debt repayment was $4.6 million, compared to $42.2 million for the prior corresponding period.

The declining trend in Centro's headstock cash flow emphasises the pressing need for Centro to complete a Group restructure. Specific items to highlight are:

- Centro's Australian exposure to variable interest rates which continue to see rising interest costs as interest rates have risen;

- The ability of its investments to maintain current distribution levels, also partly a function of their cost of debt and high leverage;
- Restructuring costs which have increased substantially in recent months as Centro accelerates its group restructuring efforts.

Centro has a $35 million undrawn working capital facility available, provided as part of the Stabilisation Agreement entered into in January 2009.

Centro has one headstock debt financial covenant – a cash Interest Cover Ratio (ICR). For the half-year ended 31 December 2010, the ICR covenant was met.

(d) Balance Sheet

At 31 December 2010, net equity attributable to members of Centro was negative $1.6 billion, compared to negative $2.1 billion at 30 June 2010. Basic Net Tangible Assets (NTA) per security attributable to ordinary Securityholders of Centro was negative $2.43 compared to negative $3.12 at 30 June 2010. The favourable movement in equity is largely as a result of the movements in investment property revaluations and foreign exchange rates as discussed above in the "Statutory Financial Results and Basis of Presentation of Statutory Half-year Financial Report" section.

Centro's headstock debt of $3.1 billion matures on 15 December 2011. As discussed in the "Significant Matters" section earlier in this Report and Note 1(a) to the Half-year Financial Report, Centro is progressing restructure and recapitalisation options available to the Group which include addressing this upcoming major debt maturity.

(e) Managed Property Portfolio and Performance

Centro manages an A$16.5 billion portfolio of 696 shopping centres in Australia, New Zealand and the US. The vast majority of the shopping centres are owned by Centro's managed funds. Approximately 55% of the portfolio by value is located in the US.

Centro is the second largest manager of retail property in Australia and the third largest manager of shopping centres in the US based on the aggregate gross lettable area of the centres. In both the US and Australia, we operate national management platforms supported by regional or state operating systems. This structure leverages the benefits of scale, including diversification and relationships with retailers, with important local knowledge and expertise.

The value of Centro's properties under management increased during the half-year ended 31 December 2010. On a comparable property basis, the property revaluations movements were as follows:

- Australia – The value of assets under management increased by 1.0% or $73 million.
- United States – The value of assets under management increased by 2.6% or US$236 million.

The retail property market in Australia stabilised towards the second half of calendar year 2010. Centro experienced a moderate increase in property valuations which was tied to strong organic net income growth and continues to support asset valuations within the group. Capitalisation rates remained relatively static for the half and we expect this to remain the case in the short term.

The US property market is slowly improving from a cyclical low point. Greater liquidity and demand for quality assets has reduced capitalisation rates and led to an improvement in property values.

(f) Australasian Managed Properties Performance

The Australian portfolio has performed very well in the first half of the 2011 financial year delivering NOI growth of 4.2%, which was above expectations of 3% six months ago.

This pleasing NOI result has been achieved in an environment where consumers continue to show caution. As such retail sales growth has continued to slow, as predicted, but remains positive at 3.7%. Despite the pressured retail sales environment, Centro's occupancy cost ratio, or the "health ratio" of retailers, has increased only moderately to 13.7% and remains at a very sustainable level.

The full benefits of successfully tendering and consolidation of major services contracts at the end of the 2010 financial year, as well as instigating a cost saving programme portfolio wide to maintain controllable costs at lower than CPI, are one of the drivers of Centro's improved NOI result.

Maintaining near full occupancy of 99.5% (2009: 99.2%) has been vital to ensuring strong demand for retail space in our centres continues. Strong retailer demand is demonstrated by the increase in our rental renewal growth to 6.6% from 4.0% one year ago.

(g) US Managed Properties Performance

The first half-year results in the US continue to demonstrate gradual improvements in portfolio fundamentals and are tracking in-line with the guidance provided in August 2010.

Specifically, we executed 968 new and renewal leases for 5.6 million square feet during the half, with rental income growth of 1.6 percent. This is the first half-year in 24 months where Centro has reported positive leasing spreads, indicative of an abating supply imbalance in many of our key markets. Centro's total portfolio was 87.7% leased at 31 December 2010 (2009: 88.1%). Occupancy has stabilized with healthier small shop conditions, as Centro is experiencing fewer store closings. However, there is still the challenge of a lack of depth in small shop retailers to backfill vacancies. Same property NOI, including developments, decreased less than 1 percent, Centro's lowest decline since June 2008.

During the remainder of fiscal 2011, Centro's operating focus will be on continued improvements in property metrics. With a lack of new development in the US, retailers are becoming more flexible in their space requirements and as retailers reposition themselves ahead of real economic recovery, there are expanding leasing opportunities.

Events occurring after the end of the Reporting Period

(a) Interest bearing liability repayments

On 1 February 2011, Centro NP LLC repaid US$142.1 million of bonds that matured.

(b) Restructure and recapitalisation update

As announced to the market in February 2011, the exclusive due diligence granted to Cromwell Group in relation to the Centro MCS Syndicates funds management business expired. Centro concluded discussions with Cromwell and a potential transaction in relation to the syndicates business will not proceed. This decision to conclude the discussions with Cromwell has the general support of Centro's lender group.

(c) Asset sales

Since 31 December 2010, the Group has sold the following interests in its investment property assets:

- One US asset held by Centro America REIT 14 for gross proceeds of US$49.1 million. The 31 December 2010 book value was US $49.9 million.
- Another US asset held by Centro Saturn Holdings LLC for gross proceeds of US$7.9 million. The 31 December 2010 book value was US $7.9 million.

(d) Hedge close outs

In January 2011, the Group exercised its early termination rights to settle additional forward foreign exchange contracts which had a notional value of $335.2 million and a mark to market value of $9.9 million (liability) as at 31 December 2010. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at the time of settlement.

(e) Class action update

As announced to the market in January 2011, cross-claims were filed by PricewaterhouseCoopers against Centro Properties Limited and CPT Manager Limited (Responsible Entity for Centro Property Trust) (jointly CNP) as part of the various shareholder class proceedings pending in the Federal Court.

CNP had earlier filed cross-claims against PricewaterhouseCoopers in these proceedings.

In a separate class action proceeding in the Federal Court commenced in late 2010 against PricewaterhouseCoopers Securities Limited, in January 2011, PricewaterhouseCoopers Securities Limited filed cross-claims against Centro Corporate Services Pty Ltd, Centro Retail Limited and Centro MCS Manager Limited (Responsible Entity for Centro Retail Trust).

Other than disclosed above, since 31 December 2010 no events have occurred which have had a material impact on the financial position or results of the operations of the Group.

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.

Rounding of Amounts to the Nearest Thousand Dollars

The Company 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 on 24 February 2011 in accordance with a resolution of the Directors.

P. Cooper

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 Properties Limited

In relation to our review of the half-year financial report of the Centro Properties 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
24 February 2011

Consolidated Income Statements for the half-year ended 31 December 2010

	Notes	Centro Properties Limited and its Controlled Entities 31.12.10 $'000	31.12.09 $'000
REVENUE			
Property ownership revenue		798,294	853,186
Property services revenue		20,803	29,979
Distribution revenue		6,398	7,658
Interest revenue		9,032	7,952
Total Revenue		**834,527**	**898,775**
Other income		16,762	103,013
Share of net profits of associates and joint venture partnerships accounted for using the equity method	3(b)	41,635	11,539
Movement in net assets attributable to puttable interests in consolidated finite life trusts		(41,874)	14,373
Foreign exchange gains	5	266,381	157,026
Net movement on mark to market of derivatives and financial liabilities	6	238,657	210,549
Discount on acquisition		-	4,384
Property revaluation increment/(decrement) for directly owned investment properties	3(d)	204,922	(538,345)
Fair value adjustment on financial assets at fair value through profit or loss	3(c)	35,265	(15,743)
Financing costs		(436,187)	(397,831)
Direct property expenses	1(b)	(222,040)	(237,454)
Employee benefits expenses		(67,932)	(75,639)
Advisor fees		(32,238)	(15,671)
Withholding and franchise taxes		(6,372)	(7,973)
Depreciation and amortisation expense		(12,111)	(9,233)
Bad and doubtful debts expenses		(9,311)	(17,185)
Net loss on the disposal of investment property and equity accounted investments		(3,865)	(1,667)
Other expenses from ordinary activities		(16,635)	(16,255)
PROFIT BEFORE INCOME TAX EXPENSE		**789,584**	**66,663**
Income tax benefit/(expense)		720	(3,736)
NET PROFIT		**790,304**	**62,927**
Net profit attributable to non-controlling interests:			
Centro Property Trust members		625,680	2,613
External		236,857	126,103
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED		**(72,233)**	**(65,789)**
Basic loss per share in Centro Properties Limited (cents)		(7.50)	(7.41)
Diluted loss per share in Centro Properties Limited (cents)		(7.50)	(7.41)
Net profit/(loss) attributable to members of Centro Properties Group analysed by amounts attributable to:			
Centro Property Trust members		625,680	2,613
Centro Properties Limited members		(72,233)	(65,789)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		**553,447**	**(63,176)**
Basic profit/(loss) per stapled security in Centro Properties Group (cents)		57.44	(7.12)
Diluted profit/(loss) per stapled security in Centro Properties Group (cents)		57.44	(7.12)

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

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

	Centro Properties Limited and its Controlled Entities	
	31.12.10	**31.12.09**
	$'000	**$'000**
NET PROFIT	**790,304**	**62,927**
OTHER COMPREHENSIVE LOSS		
Net exchange differences arising on translation of foreign operations	(158,040)	(23,554)
TOTAL COMPREHENSIVE INCOME	**632,264**	**39,373**
Total comprehensive income/(loss) for the half-year attributable to non-controlling interests:		
Centro Property Trust members	480,638	(81,646)
External	83,262	109,001
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED	**68,364**	**12,018**
Total comprehensive income/(loss) attributable to members of Centro Properties Group analysed by amounts attributable to:		
Centro Property Trust members	480,638	(81,646)
Centro Properties Limited members	68,364	12,018
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	**549,002**	**(69,628)**

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

Total comprehensive income/(loss) attributable to members of Centro Properties Group of $549.0 million income (2009: $69.6 million loss) is equal to the net profit of $553.4 million (2009: $63.2 million loss) plus the loss in the foreign currency translation reserve of $4.4 million (2009: loss of $6.5 million). This comprises total comprehensive income of $68.4 million attributable to members of Centro Properties Limited (2009: $12.0 million) and total comprehensive income of $480.6 million attributable to members of Centro Property Trust (2009: $81.6 million loss). Total comprehensive income attributable to non-controlling interests, which includes Centro Property Trust and external non-controlling interests, is $563.9 million (2009: $27.4 million) which comprises net profit of $862.5 million (2009: $128.7 million) and net loss on exchange differences arising on translation of foreign operations of $298.6 million (2009: $101.4 million loss).

Consolidated Balance Sheets as at 31 December 2010

		Centro Properties Limited and its Controlled Entities	
	Notes	**31.12.10 $'000**	**30.06.10 $'000**
CURRENT ASSETS			
Cash assets and cash equivalents		543,997	465,106
Restricted cash		81,605	91,061
Derivative financial instruments	6	5,945	3,563
Trade and other receivables		289,610	325,249
Non-current assets classified as held for sale	3	56,437	69,232
Total current assets		**977,594**	**954,211**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	3	690,517	703,007
Financial assets carried at fair value through profit or loss	3	329,550	297,141
Investment property	3	12,745,846	14,452,250
Derivative financial instruments	6	10,169	21,957
Plant and equipment		17,697	22,362
Intangible assets	4	340,490	364,598
Trade and other receivables		21,988	18,174
Total non-current assets		**14,156,257**	**15,879,489**
TOTAL ASSETS		**15,133,851**	**16,833,700**
CURRENT LIABILITIES			
Trade and other payables		401,672	461,011
Interest bearing liabilities	7	7,829,015	4,925,567
Derivative financial instruments	6	155,287	13,869
Provisions		7,034	10,843
Total current liabilities		**8,393,008**	**5,411,290**
NON-CURRENT LIABILITIES			
Trade and other payables		29,679	37,009
Interest bearing liabilities	7	6,708,023	11,635,795
Derivative financial instruments	6	108,718	503,041
Deferred tax liabilities		32,123	33,060
Provisions		4,643	4,923
Puttable interests in consolidated finite life trusts		199,486	183,938
Total non-current liabilities		**7,082,672**	**12,397,766**
TOTAL LIABILITIES		**15,475,680**	**17,809,056**
NET LIABILITIES		**(341,829)**	**(975,356)**

Consolidated Balance Sheets
as at 31 December 2010 (continued)

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**30.06.10 $'000**
EQUITY		
Equity attributable to members of Centro Properties Limited		
Contributed equity	284,505	284,505
Other equity	(489,517)	(489,517)
Reserves	104,782	(36,721)
Accumulated losses	(1,091,523)	(1,019,290)
Total equity attributable to members of Centro Properties Limited	**(1,191,753)**	**(1,261,023)**
Equity attributable to non-controlling interests :		
Centro Property Trust		
Contributed equity	2,957,638	2,957,003
Other equity	(480,150)	(480,150)
Reserves	550,708	695,751
Accumulated losses	(3,427,454)	(4,053,134)
Total equity attributable to members of Centro Property Trust	**(399,258)**	**(880,530)**
External	**1,249,182**	**1,166,197**
Total equity attributable to non-controlling interests	**849,924**	**285,667**
TOTAL EQUITY	**(341,829)**	**(975,356)**
Equity attributable to members of Centro Properties Group:		
Centro Properties Limited members	(1,191,753)	(1,261,023)
Centro Property Trust members	(399,258)	(880,530)
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	**(1,591,011)**	**(2,141,553)**

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

Consolidated Cash Flow Statements
for the half-year ended 31 December 2010

		Centro Properties Limited and its Controlled Entities	
	Notes	31.12.10 $'000	31.12.09 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		825,801	949,606
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(355,255)	(372,564)
Distributions received from associates and managed investments		26,036	36,067
Interest and other income received		25,794	23,361
Interest paid/derivative settlements		(387,644)	(384,313)
Net cash inflow from operating activities		**134,732**	**252,157**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from other investments		25,465	2,488
Payments for plant and equipment		(1,630)	(1,301)
Payments for other investments/redemptions		(9,123)	(9,245)
Proceeds from disposal of property investments		87,478	174,610
Payments for development of property investments		(69,243)	(22,000)
Payments for purchase of controlled entities net of cash acquired	8(b)	-	362
Net cash inflow from investing activities		**32,947**	**144,914**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,908,979	379,052
Payments for financial restructuring costs		(13,907)	(14,534)
Repayments of borrowings		(1,914,213)	(631,806)
Proceeds from issue of securities net of capital raising costs		635	318
Distributions paid to non-controlling interests and puttable interests		(17,744)	(36,836)
Net cash outflow from financing activities		**(36,250)**	**(303,806)**
Net increase in cash and cash equivalents		**131,429**	**93,265**
Cash and cash equivalents at the beginning of the half-year		465,106	266,064
Effects of exchange rate changes on cash and cash equivalents		(52,538)	(15,121)
Cash and cash equivalents at 31 December		**543,997**	**344,208**

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

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

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**31.12.09 $'000**
CHANGES IN EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		
Opening balance of contributed equity	3,241,508	3,240,996
Employee loan repayments classified as options	635	320
Closing balance of contributed equity	**3,242,143**	**3,241,316**
Opening balance of other equity	(969,667)	(969,667)
Movements in other equity	-	-
Closing balance of other equity	**(969,667)**	**(969,667)**
Opening balance of accumulated losses	(5,072,424)	(4,419,724)
Net profit/(loss) for the half-year	553,447	(63,176)
Closing balance of accumulated losses	**(4,518,977)**	**(4,482,900)**
Opening balance of reserves	659,030	591,818
Opening balance of share-based payment reserve	54,470	43,368
Movement in share-based payment reserve	905	9,887
Closing share-based payment reserve	55,375	53,255
Opening balance of foreign currency translation reserve	604,560	548,450
Movement in foreign currency translation reserve	(4,445)	(6,452)
Closing balance of foreign currency translation reserve	600,115	541,998
Closing balance of reserves	**655,490**	**595,253**
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	**(1,591,011)**	**(1,615,998)**
CHANGES IN EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS		
Opening balance	1,166,197	943,203
Total comprehensive income	83,262	109,001
Addition of contributed equity	-	59,586
Distributions provided for or paid	(277)	(9,379)
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS	**1,249,182**	**1,102,411**
TOTAL EQUITY	**(341,829)**	**(513,587)**

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

Total comprehensive income attributable to members of Centro Properties Group of $549.0 million (2009: $69.6 million loss) is equal to the net profit of $553.4 million (2009: $63.2 million) plus the loss in the foreign currency translation reserve of $4.4 million (2009: loss of $6.5 million). This comprises total comprehensive income of $68.4 million attributable to members of Centro Properties Limited (2009: $12.0 million) and total comprehensive income of $480.6 million attributable to members of Centro Property Trust (2009: $81.6 million loss). Total comprehensive income attributable to non-controlling interests, which includes Centro Property Trust and external non-controlling interests, is $563.9 million (2009: $27.4 million) which comprises net profit of $862.5 million (2009: $128.7 million) and net loss on exchange differences arising on translation of foreign operations of $298.6 million (2009: $101.4 million loss).

Notes to and Forming Part of the Consolidated 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 AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Group financial statements reflect the consolidation of all entities controlled by Centro Properties Limited (the Company), including Centro Property Trust (the Trust). For statutory reporting purposes, in accordance with AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*, Centro Properties Limited is deemed to be the parent entity of the Centro Properties Group and therefore presents the consolidated financial statements of the Group.

The Articles of Association of the Company and the Constitution of the Trust ensure that as far as possible, shares in the Company and units in the Trust are “stapled” together and are traded on the Australian Securities Exchange together, effectively as a “stapled security”, for so long as the two entities remain jointly quoted.

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 Properties Group during the half-year in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the Australian Securities Exchange.

The significant accounting policies adopted in the preparation of the Half-year Financial Report are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2010. When the presentation or classification of items in the Half-year Financial Report are amended, comparative amounts are also reclassified unless it is impractical.

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. The Group is in a net liability position and remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates and the provision of loan covenant waivers. The Group also relies on the continuation of distributions from its investment portfolio. On 16 January 2009 the Group announced it had agreed to a stabilisation plan with its financiers, including the creation of a hybrid security. After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe:

- Maturing facilities will be able to be extended, refinanced or restructured, including by way of compromise;
- 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 of factors including:

- The long term refinancing and debt stabilisation agreement announced on 16 January 2009;
- The refinance and extension of some of the Group’s maturing facilities announced on 29 July 2010;
- The underlying performance of the Group’s investment portfolio and services business, and forecast cashflows throughout the stabilisation period ending 31 December 2011, including actions management can take to address potential risks;
- Based on the presentation of, and discussion on, various potential restructure alternatives, the expectation that a restructure and recapitalisation will take place in some form such that the Group can settle its obligations; and
- Consideration of the Group’s exposure to guarantees and covenants.

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 Properties Limited and its Controlled Entities	
	31.12.10 $'000	**31.12.09 $'000**
Repairs, maintenance, cleaning and security expenses	(63,132)	(59,888)
Direct property expenses	(19,664)	(28,709)
Rent, rates, taxes and insurance expenses	(112,265)	(124,847)
Light and power expenses	(26,979)	(24,010)
	(222,040)	(237,454)

(c) Significant accounting estimates, judgements and assumptions

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the Group. 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 valuations 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. Refer to Note 3 for further information regarding investment property valuations. At 31 December 2010, the carrying value of investment properties held by the Group is $12.7 billion (30 June 2010: $14.5 billion).

(ii) Fair value of mark to market derivatives and other financial instruments

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For mark to market derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

(iii) Intangible assets

The Group recognises intangible assets on its Balance Sheet. In order to review the carrying amount of the intangible asset balance, the recoverable amounts of cash-generating units have been determined based on value in use calculations. The value in use method for assessing intangible assets involves using cash flow projections based on detailed budgets for the period 1 January 2011 to 30 June 2011, forecasts from 1 July 2011 to 30 June 2013 and an extrapolation to 31 December 2020.

The valuation included in the Half-year Financial Report is based on what Directors have described as a 'limited capital available' scenario. Refer to Note 4 for details of these assumptions and the potential impact of changes to these assumptions. While the Group is actively engaged with its lenders regarding restructure alternatives, should the Group be unable to repay, refinance or restructure certain loan facilities beyond existing expiry dates or the Group's circumstances change adversely, the recoverable amount of intangible assets is likely to be significantly lower than the current carrying amount. On the other hand, if the economic conditions in Australia and the US improve, the Group is able to successfully implement a restructure and recapitalisation in the coming six to nine months through which capital could be made available to reinvest in the business, the value attributed to the Services Business could increase considerably. At 31 December 2010, the carrying value of intangible assets of the Group is $340.5 million (30 June 2010: $364.6 million).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Control

Management uses their judgement when determining whether an entity is controlled, and therefore consolidated by the Group. In making this decision, management considers the requirements of AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation - Special Purpose Entities*, having particular regard to the Group's ability to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(v) 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.

(vi) Litigation

The Group is subject to ongoing litigation involving holders of CNP stapled securities as disclosed in Notes 10(a) and 11(e). The proceedings are being vigorously defended and no amount has been provided for in the Half-year 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 Chief Executive Officer (CEO) (the "chief operating decision maker") in assessing performance and in determining the allocation of resources.

Operating segments

Operating segments have been identified under the banners of the Groups' investment activities and services business activities as follows:

Property investment activities

Centro has investments in listed and unlisted funds as well as direct ownership of properties in Australia and the US.

Services business activities

The Group's services business generates revenues in the form of fees from two main areas – 1) property management, leasing and development; and 2) funds management - in Australia and the US. The Group provides personnel, systems and facilities to deliver these services to shopping centres and managed funds.

Operating segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate office transactions such as overhead costs incurred and interest income and expense are not allocated to individual segments but are included in order to facilitate reconciliation to the Group's net profit/ (loss).

Accounting policies

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:

Segment income

For the preparation of financial statements, results are consolidated and certain income streams eliminated where the Group has control of an entity. However, operating results used for internal reporting represent equity accounted or 'ownership share' results. Information relating to property investment income represents Centro's ownership share of the underlying profits from its investments and services business income represents revenue generated from services provided, prior to eliminating certain income streams as discussed above. This format of reporting is regularly used by the CEO to make operational decisions about allocating resources to operating segments.

2. SEGMENT INFORMATION (continued)

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**31.12.09 $'000**
Segment income		
Property investment income		
Managed funds	91,066	111,191
Australian direct property	1,521	3,843
US direct property	8,404	15,106
	100,991	130,140
Services business income		
Australian funds management	32,208	40,357
Australian property, leasing and development	17,928	17,829
US funds management	19,574	15,486
US property, leasing and development	38,484	39,699
	108,194	113,371
Total segment income	**209,185**	**243,511**
Overhead expenses	(68,337)	(72,304)
Earnings before interest and tax expenses	**140,848**	**171,207**
Interest income	11,967	4,481
Interest expense	(104,568)	(92,979)
Underlying profit	**48,247**	**82,709**
Non-distributable adjustments attributable to members:		
Investment property revaluations	150,410	(361,423)
Foreign exchange gains and losses	273,093	179,836
Mark-to-market movements on derivatives	120,270	52,904
Restructure costs	(21,677)	(4,640)
Other net adjustments	(16,896)	(12,562)
Net profit/(loss) attributable to members of Centro Properties Group	**553,447**	**(63,176)**
Net profit attributable to external non-controlling interests	236,857	126,103
Net profit	**790,304**	**62,927**
Reconciliation to revenue:		
Total segment income	209,185	243,511
Less: elimination of segment income from consolidated investments	(172,952)	(197,922)
Add: revenue from consolidated investments	798,294	853,186
Total revenue	834,527	898,775

3. INVESTMENTS

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**30.06.10 $'000**
Included in the balance sheet as:		
Non-current assets classified as held for sale – current (a)	56,437	69,232
Investments accounted for using the equity method – non-current (b)	690,517	703,007
Financial assets carried at fair value through profit or loss – non-current (c)	329,550	297,141
Investment property – non-current (d)	12,745,846	14,452,250
	13,822,350	**15,521,630**

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

	Half-year ended 31.12.10 $'000	**Half-year ended 31.12.09 $'000**
(a) Non-current assets classified as held for sale – current		
Movements:		
Opening balance at beginning of the half-year	69,232	114,304
Transfer from investment property	56,437	154,733
Disposal	(69,232)	(114,304)
Closing balance at 31 December	**56,437**	**154,733**
(b) Investments accounted for using the equity method – non-current		
Movements:		
Carrying amount at the beginning of the half-year	703,007	723,934
Share of net profits	41,635	11,539
Distributions of net income	(26,144)	(28,585)
Additional investment during the half-year	2,151	4,095
Disposal	(18,415)	(2,530)
Share of decrement in foreign currency translation reserve of associates	(11,717)	(6,723)
Closing balance at 31 December	**690,517**	**701,730**
(c) Financial assets carried at fair value through profit or loss – non-current		
Movements:		
Carrying amount at the beginning of the half-year	297,141	333,381
Fair value gains/(losses)	35,265	(15,743)
Net (disposals)/additions	(78)	4,920
Foreign currency translation movements	(2,778)	(1,264)
Obtained control during half-year and now consolidated	-	(17,421)
Closing balance at 31 December	**329,550**	**303,873**

3. INVESTMENTS (continued)

	Centro Properties Limited and its Controlled Entities	
	Half-year ended 31.12.10 $'000	**Half-year ended 31.12.09 $'000**
(d) Investment property – non-current		
Movements:		
Opening balance at beginning of half-year	14,452,250	15,527,339
Capitalised expenditure	69,243	22,000
Transfer to non-current assets classified as held for sale	(56,437)	(154,733)
Disposal	(22,111)	(61,882)
Net gain/(loss) from fair value adjustment	204,922	(538,345)
Foreign currency translation movements	(1,896,645)	(1,085,701)
Straight-lining of rent adjustment	2,341	2,888
Tenant allowance amortisation	(7,717)	(3,498)
Obtained control during year and now consolidated	-	134,850
Closing balance at 31 December	**12,745,846**	**13,842,918**

Investment properties are carried at fair value. In arriving at fair value, consideration is given to the discounted cash flows of the investment property based on estimates of future cash flows, other contracts and recent prices for similar properties and capitalised income projections based on the property's net market income.

At 31 December 2010, 47% of Centro's Australian consolidated properties and 43% of Centro's US consolidated properties were independently valued by: members of the Australian Property Institute, United States Office of Cushman and Wakefield, Colliers and Weiser Realty Advisors LLC, CB Richard Ellis and Duff & Phelps. The remaining properties have been subjected to Directors' valuations supported by the extrapolation of independent valuations on similar properties. During the period, the weighted average capitalisation rate of consolidated properties of comparable Australian properties moved from 7.55% at 30 June 2010 to 7.61% at 31 December 2010 and comparable US properties moved from 8.55% at 30 June 2010 to 8.32% at 31 December 2010.

(i) Uncertainty around property valuations

The global market for many types of real estate was 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.

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 continued to increase over the last six months and the number of real estate transactions taking place in this time has continued to increase. 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 financial 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 report.

An increase in the adopted property capitalisation rates of 25 bps (30 June 2010: 25 bps) across the entire Australian and US property portfolio would impact net assets by approximately $383.3 million (30 June 2010: $412.8 million) and impact net tangible assets attributable to members of Centro Properties Group by 25 cents per unit (30 June 2010: 25 cents per unit).

4. INTANGIBLE ASSETS

	Centro Properties Limited and its Controlled Entities	
	31.12.10 **$'000**	**30.06.10** **$'000**
Goodwill	771,466	878,346
Accumulated impairment	(440,726)	(524,998)
	330,740	353,348
Other intangible assets	15,000	15,000
Accumulated amortisation	(5,250)	(3,750)
	9,750	11,250
Total intangible assets	**340,490**	**364,598**

(a) Impairment tests for intangible assets

Goodwill and other intangible assets and impairment losses recognised on intangible assets are allocated to the Group's cash-generating units (CGUs), as presented below.

	Centro Properties Limited and its Controlled Entities	
	31.12.10 **$'000**	**30.06.10** **$'000**
Australia		
Funds management	97,470	97,470
Accumulated amortisation and impairment loss	(1,741)	(1,243)
	95,729	**96,227**
Property, leasing and development	196,593	196,593
Accumulated amortisation and impairment loss	(56,224)	(55,222)
	140,369	**141,371**
United States		
Funds management	309,047	376,126
Accumulated impairment loss	(258,147)	(314,232)
	50,900	**61,894**
Property, leasing and development	183,358	223,157
Accumulated impairment loss	(129,866)	(158,051)
	53,492	**65,106**
TOTAL	**340,490**	**364,598**

4. INTANGIBLE ASSETS (continued)

(a) Impairment tests for intangible assets (continued)

The recoverable amount of a CGU is determined as the higher of the value in use and fair value less cost to sell. Centro has determined the recoverable amount of a CGU based on value in use calculations.

Similar to 30 June 2010, the Directors at 31 December 2010 have adopted a 'limited capital available' scenario, characterised by continuing constraints on the Group's sources of capital, for the purpose of assessing the recoverable amount of each CGU.

The adoption of these assumptions at 31 December 2010 has resulted in no impairment loss for the half-year being recognised as the recoverable amount of the CGUs based on value in use were determined to be higher than their carrying amounts.

Value in use was determined by discounting the best estimate of future cash flows generated from the continuing use of the respective CGU's. Where goodwill and other intangible assets arise in the same CGU, impairment testing was performed on the combined intangible asset.

The calculations of value in use as at 31 December 2010 were based on the following key assumptions:

- Cash flows were projected based on detailed budgets for the period 1 January 2011 to 30 June 2011, forecasts from 1 July 2011 to 30 June 2013 and an extrapolation to 31 December 2020 with terminal growth rates of 3% for Australian CGU's and 2% for US CGU's (consistent with 30 June 2010). A cash flow projection of ten years is considered suitable, to appropriately factor into the forecast horizon changes in the risk profile of cash flows associated with some of the Group's consolidated funds, and to reflect the limited capital available scenario within which the Group is currently operating.
- Cash flows were discounted using pre-tax discount rates of between 12.4% and 36.6% (30 June 2010: 11.9% and 36.3%) with riskier cash flows attracting higher discount rates. The discount rates applied reflect a base WACC of 12.4% (30 June 2010: 11.9%) adjusted for both activity risk and funds under management ("FUM") retention risk as described below:
  - Activity risk reflects the risks associated with the nature of the service provided (e.g. property management, leasing, development or funds management); and
  - FUM retention risk reflects the risk profile (high, medium or low) adopted for the managed funds that comprise the Group's FUM from which services income is derived. The ranking of high, medium and low, which has been applied to the cashflows derived from each managed fund, reflects the risk that the FUM will not be retained post its existing fixed term or debt maturity.

The Half-year Financial Report of the Group has been prepared on a going concern basis for the reasons detailed in Note 1(a). Central to the going concern assumption is the reasonable expectation of the Directors that a restructure and recapitalisation of the Group will take place. AASB 136 *Impairment of Assets* does not permit the inclusion of any benefits that are expected to arise from future restructuring, to which the Group is not yet committed, in a value in use valuation. Accordingly, certain of the assumptions, including discount rates, which have been applied in this valuation are more conservative than would likely be applied in a restructure scenario.

The recoverable amount of each CGU is based on what Directors have described as a 'limited capital available' scenario, however, the Group could face very different scenarios in future periods. While the Group is actively engaged with its lenders regarding restructure alternatives, should the Group be unable to repay, refinance or restructure certain loan facilities beyond existing expiry dates or the Group's circumstances change adversely, the recoverable amount of intangible assets is likely to be significantly lower than the current carrying amount. On the other hand, if the economic conditions in Australia and the US improve, the Group is able to successfully implement a restructure and recapitalisation in the coming six to nine months through which capital could be made available to reinvest in the business, the value attributed to the Services Business could increase considerably. It should be noted that Accounting Standards do not permit the reversal of past impairment charges on goodwill.

4. INTANGIBLE ASSETS (continued)

(b) Impact of possible changes in key assumptions

Sensitivity analysis:

The key sensitivities for all CGU's subject to impairment testing are set out below. The table shows the impact of the effect of changes in key assumptions and the incremental impact on the impairment losses recognised.

CGU	Adjustment (i)	Incremental increase to impairment loss $'000
Australia		
Funds Management	Reduction in terminal growth rate of 100 basis points	-
	Increase in discount rate of 100 basis points	-
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM (ii)	-
Property, leasing and development	Reduction in terminal growth rate of 100 basis points	5,960
	Increase in discount rate of 100 basis points	13,001
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM (ii)	30,574
US		
Funds Management	Reduction in terminal growth rate of 100 basis points	4,156
	Increase in discount rate of 100 basis points	6,144
	Increase in property capitalisation rates of 25 basis points	7,339
	Material loss of FUM (ii)	17,318
Property, leasing and development	Reduction in terminal growth rate of 100 basis points	1,199
	Increase in discount rate of 100 basis points	3,368
	Increase in property capitalisation rates of 25 basis points	-
	Material loss of FUM (ii)	24,456
TOTAL	**Reduction in terminal growth rate of 100 basis points**	**11,315**
	Increase in discount rate of 100 basis points	**22,513**
	Increase in property capitalisation rates of 25 basis points	**7,339**
	Material loss of FUM (ii)	**72,348**

(i) Incremental impairment charge is calculated on the basis of the effect of the particular adjustment in the discount rates or cash flows or both, with all other factors held constant.

(ii) The recoverable amount of the Group's CGU's are sensitive to assumptions around retention of funds under management (FUM). The table above demonstrates the impact of no value being attributed to cash flows from $1.9 billion of Australian FUM and $6.6 billion of US FUM that has been determined as medium or high risk in respect to retention.

5. FOREIGN EXCHANGE GAINS / (LOSSES)

The Group recorded foreign exchange gains of $266.4 million on the Income Statement in respect of the half-year ended 31 December 2010 (2009: gain of $157.0 million) due to the strengthening in the value of the Australian dollar against the US dollar. The gain primarily arises from the net US dollar liability position of Centro Property Trust being translated at the US dollar/Australian dollar spot rate of $1.0233 at 31 December 2010 compared to $0.8408 at 30 June 2010.

This gain is partially offset by a loss in the foreign currency translation reserve of $158.0 million on the Statement of Comprehensive Income (2009: loss of $23.6 million) which is derived from the translation of the Group's foreign operations.

6. DERIVATIVE FINANCIAL INSTRUMENTS

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**30.06.10 $'000**
Derivative assets		
Current assets		
Interest rate swap contracts	5,945	3,563
Total current derivative financial instrument assets	5,945	3,563
Non-current assets		
Interest rate swap contracts	10,169	21,957
Total non-current derivative financial instrument assets	10,169	21,957
Total derivative financial instrument assets	**16,114**	**25,520**
Derivative liabilities		
Current liabilities		
Interest rate swap contracts	20,428	13,558
Forward foreign exchange contracts	254	254
Other derivatives	134,605	57
Total current derivative financial instrument liabilities	155,287	13,869
Non-current liabilities		
Interest rate swap contracts	91,758	128,623
Cross currency interest rate swap contracts	1,666	39,576
Forward foreign exchange contracts	15,294	196,886
Other derivatives	-	137,956
Total non-current derivative financial instrument liabilities	108,718	503,041
Total derivative financial instrument liabilities	**264,005**	**516,910**
Net derivative financial instrument liabilities	**247,891**	**491,390**

The net movement on mark to market of derivatives and financial liabilities for the half-year ended 31 December 2010 of $238.7 million (2009: $210.5 million) reflects the movement in the net derivative financial instrument balance above and financial liabilities, primarily due to the strengthening in the value of the Australian dollar against the US dollar, adjusted for the impact of settlements and close outs which occurred during the half-year.

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

The Group's ability to adhere to these policies is subject to facilities being available. In the current circumstances, the Group does not have access to sufficient facilities to meet its policies.

Certain derivatives are subject to the right to break prior to maturity. These derivatives will be automatically settled when their mark to market value reaches nil.

6. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) Interest rate swap contracts

The Group's exposure to fluctuations in interest rates is managed 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) Cross currency interest rate swap contracts

During the half-year consolidated entities within the Group held cross currency interest rate swap contracts. Each contract is settled on a gross basis and the fair value is disclosed in the balance sheet as either an asset or liability.

Under the terms of a cross currency interest rate swap the Group has entered into an agreement with another party to exchange a specified cash flow denominated in one currency, for a cash flow denominated in a different currency, on an agreed future date.

(iii) Forward foreign exchange contracts

The Group has forward foreign exchange contracts to sell US dollars and buy Australian dollars.

(iv) Other derivatives

The Group's other derivatives include put options on units held by third parties in consolidated funds and income swaps under which the Group exchanges a variable distribution yield in return for paying a fixed yield, which both have been entered into with counterparties of the debt stabilisation agreement.

7. INTEREST BEARING LIABILITIES

	Centro Properties Limited and its Controlled Entities	
	31.12.10 $'000	**30.06.10 $'000**
Current		
Secured borrowings	7,667,466	4,716,036
Unsecured borrowings	158,621	206,363
Finance leases	2,928	3,168
Total current interest bearing liabilities	**7,829,015**	**4,925,567**
Non-current		
Secured borrowings [(i), (ii)]	6,091,764	10,896,455
Unsecured borrowings [(ii)]	517,942	617,055
Investor loan notes held by puttable interest holders	7,075	8,611
Finance leases	91,242	113,674
Total non-current interest bearing liabilities	**6,708,023**	**11,635,795**
Total interest bearing liabilities	**14,537,038**	**16,561,362**
Financing arrangements		
The Group has access to the following lines of credit:		
Borrowings	14,595,837	16,612,862
Total facilities available at end of period	**14,595,837**	**16,612,862**
Facilities utilised at end of period:		
Borrowings	14,537,037	16,561,362
Total facilities utilised at end of period	**14,537,037**	**16,561,362**
Facilities not utilised at end of period		
Borrowings	58,800	51,500
Total facilities not utilised at end of period	**58,800**	**51,500**

[(i)] Includes Hybrid Securities of $1.0 billion (30 June 2010: $1.0 billion) issued as part of the refinancing and debt stabilisation agreement.

[(ii)] The non-current classification of debt considers the debt maturity date as well as the Group's compliance with covenants measured at the end of each 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.

The decrease in interest bearing liabilities during the half-year ended 31 December 2010 is primarily due to the strengthening in the value of the Australian dollar against the US dollar.

7. INTEREST BEARING LIABILITITIES (continued)

During the half-year the Group successfully refinanced/extended a number of maturing facilities. Highlights during the six months included:

Completing financing arrangements for approximately US$2.7 billion of debt within Super LLC (a joint venture of Centro, Centro Retail Trust (CER) and Centro MCS 40), which was due to expire on or before 31 December 2010. The US$2.7 billion financing arrangements include an extension of approximately US$2.3 billion (from 31 December 2010 to 31 December 2011) and a refinancing of over US$469 million.

Refinancing a facility of US$424 million within Super LLC by entering into a joint venture with Inland American CP Investment LLC (Inland), a wholly owned subsidiary of Inland American Real Estate Trust Inc, and using the Group's interest in 25 shopping centres to secure new term loans. Proceeds from Inland's contribution into the joint venture and the new term loans were utilised to fully repay the US$424 million facility which matured on 9 December 2010. The contribution by Inland to the joint venture is accounted for as a borrowing and included within interest bearing liabilities as the Group retained the majority of the risks and benefits in the underlying assets.

(a) Defaults on debt obligations

At 31 December 2010, the Group had no defaults on debt obligations (30 June 2010: no defaults).

(b) Breaches of lending covenants

At 31 December 2010, the Group had no breaches of lending covenants (30 June 2010: no breaches).

8. BUSINESS COMBINATIONS

There have been no business combinations in the current reporting period

Summary of prior year acquisition – Centro MCS 37

(a) Summary of acquisition

On 26 October 2009 certain investors in Centro MCS 37 (CMCS 37) took advantage of a limited exit opportunity that was provided to investors under the CMCS 37 product disclosure statement ("PDS"). The PDS allows annually from 30 June 2009 for a limited number of units to be put by investors and acquired by Centro at CMCS 37's net asset backing price upon application by investors. As a result of this process Centro acquired 1 million units in CMCS 37, increasing Centro's voting interest in CMCS 37 from 49.7% at 30 June 2009 to 51.2%, giving Centro control over CMCS 37.

Prior to the acquisition, Centro accounted for its interest in CMCS 37 at fair value through profit or loss. CMCS 37 contributed revenues of $10.1 million and net loss of $1.5 million to Centro for the period from 26 October 2009 to 30 June 2010. If the business combination had taken place at the beginning of the year, consolidated revenue for the year would have been $15.0 million and net profit would have been $0.1 million.

Details of the fair value of assets and liabilities acquired as at 26 October 2009 are as follows:

	$'000
Cash paid	594
Fair value through profit or loss balance given up	14,926
Total purchase consideration	15,520
Fair value of net identifiable assets acquired attributable to securityholders of Centro (refer (c) below)	19,904
Discount on acquisition	4,384
(b) Purchase consideration	
The cash inflow on acquisition is as follows:	
Cash consideration paid	(594)
Cash balance acquired	956
Net cash inflow	362

8. BUSINESS COMBINATIONS (continued)

c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Fair value on acquisition $'000	Carrying value $'000
Current assets		
Cash and cash equivalents	956	956
Receivables	6,125	6,125
Other current assets	467	467
Total current assets	**7,548**	**7,548**
Non-current assets		
Investment property	134,925	**134,925**
Total non-current assets	**134,925**	**134,925**
Total assets	**142,473**	**142,473**
Current liabilities		
Payables	645	645
Provisions	114	114
Total current liabilities	**759**	**759**
Non-current liabilities		
Interest bearing liabilities	90,059	98,900
Provisions	2,224	2,224
Total non-current liabilities	**92,283**	**101,124**
Total liabilities	**93,042**	**101,883**
Net assets	**49,431**	**40,590**
Less fair value of net assets attributable to external non-controlling interests acquired:	29,527	
Net assets related to members of Centro Properties Group acquired:	19,904	

9. NET TANGIBLE ASSET BACKING

	Centro Properties Limited and its Controlled Entities	
	31.12.10	**30.06.10**
(a) Basic net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group ($'000)	(1,931,501)	(2,506,151)
Preference Units / Convertible Bonds ($'000) (i)	(433,890)	(528,069)
Adjusted net tangible liabilities attributable to members of Centro Properties Group ($'000)	(2,365,391)	(3,034,220)
Number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security ('000)	972,415	972,415
Net tangible liabilities backing per security – basic	($2.43)	($3.12)
(b) Adjusted net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group ($'000)	(2,365,391)	(2,506,151)
Adjusted number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security ('000) (ii)	972,415	1,017,974
Net tangible liabilities backing per security – adjusted	($2.43)	($2.46)

(i) Value of Preference Units (now Convertible Bonds) denominated in US dollars has been translated at the spot rate at balance date to reflect the impact on ordinary securityholders in the event that they were redeemed for cash rather than at the historical rate as recognised in equity.

(ii) The Preference Units converted into Convertible Bonds. Upon conversion, the option to redeem through the issue of ordinary securities expired. Any future settlement of the Convertible Bonds continues to remain entirely at Centro's discretion. As a result, the Convertible Bonds have no effect in calculating the adjusted net tangible asset backing per ordinary security as at 31 December 2010.

10. CONTINGENT LIABILITIES

The following disclosures are relevant in relation to contingent liabilities of the Group as at 31 December 2010:

(a) Litigation – Centro

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Properties Limited and CPT Manager Limited, one proceeding being conducted by Maurice Blackburn Lawyers and the other by Slater & Gordon, Lawyers. The statements of claim in each proceeding allege that Centro Properties Limited and CPT Manager Limited (as responsible entity for Centro Property Trust) 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 Centro's consolidated financial report, which were published in Centro's Preliminary Financial Report and Annual Report for the year ended 30 June 2007;
- Centro's operating distributable profit per security (DPS) forecasts for the 2008 financial year; and
- the refinancing of Australian and United States debt.

Similar proceedings were commenced against Centro Retail Limited and Centro MCS Manager Limited.

The claims have been made on behalf of persons or entities who acquired Centro stapled securities, in the instance of the Maurice Blackburn conducted proceeding, between 9 August 2007 to 15 February 2008. In the instance of the Slater & Gordon conducted proceeding, the claim period was originally for acquisitions of Centro 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 November 2010, a further representative proceeding was commenced against PricewaterhouseCoopers, Centro's former auditor. This new proceeding is conducted by Slater & Gordon on behalf of the same claimant group that is making the claim against Centro Properties Limited and CPT Manager Limited.

In each of these representative proceedings cross claims have been filed between PwC and the Centro entities, and also by PwC against persons who were officers of the Centro entities at the relevant times.

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.

(b) ASIC proceeding

In November 2009, ASIC commenced a civil proceeding in the Federal Court of Australia against persons who were directors and officers of Centro Properties Limited at the time that the financial report for the year ended 30 June 2007 were published. The company 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 the company has agreed, to the extent that it is lawfully permitted, to provide those indemnities. Initially, the company's obligation will be to advance funds in respect of defence costs. The company may recover these monies through insurance.

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

(c) Guarantees

Bank guarantees of $5 million each have been arranged by the Group in the name of CPT Manager Limited and Centro MCS Manager Limited to guarantee obligations under Australian Financial Services Licence and responsible entity requirement.

(d) Other contingent liabilities

The Victorian, South Australian and New South Wales State Revenue Offices are investigating entities within Centro Properties Group in relation to their acquisition of property interests in their respective states and the establishment of certain funds. Centro has considered these investigations and has lodged written objections where assessments have been raised.

The Group is exposed under certain circumstances to tax indemnities associated with the acquisition of interests in particular US properties. In the event that certain specified transactions or events occur and a tax liability is incurred by a partner entitled to such indemnification, the partner has the right to call on these tax indemnities. Based on current information, the Group's total exposure to these tax indemnities is estimated at approximately $US170 million.

10. CONTINGENT LIABILITIES (continued)

(e) Contingent Commitments

Centro is a co-investor into some of its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, Centro has provided limited exit mechanisms to investors at the then net asset backing of the relevant fund. Liquidity mechanisms generally fall into three categories; syndicate liquidity, syndicate rollovers and open ended fund liquidity mechanisms. A summary of these exit mechanisms is detailed below.

- The Group has provided a net asset backing guarantee to Direct Property Fund (DPF) and Direct Property Fund International (DPFI) in relation to their investment in Centro Retail Investment Trust (CRIT). The guarantee may be called upon on the earlier of the seventh anniversary of the establishment of CRIT (29 May 2014) or on the occurrence of certain liquidity trigger events. The Group would expect to meet this commitment through the redemption of units held in DPF and DPFI in return for units in CRIT. The Group's exposure in respect of this guarantee is the difference between net asset backing and the fair value less costs to sell of CRIT. As the net asset backing and fair value less costs to sell of CRIT are equal as at 31 December 2010, there is no exposure to Centro at balance date, and no liability has been recognised.
- Liquidity guarantees of $50 million each have been issued to DPF and DPFI. These guarantees are subject to increases of up to $51 million in total across DPF and DPFI in the event that the Group's total economic interest in either fund falls below 35%. The Group currently holds direct interests greater than 50%.
- Centro's more recent CMCS syndicates and wholesale fund include limited liquidity mechanisms for investors. Funds to which this mechanism applies in the near term include CMCS 37, CMCS 38 and Centro America Fund.

  CMCS 37 and CMCS 38 investors have limited exit opportunities annually from 30 June 2009 onwards. Based on current net asset backing and external ownership interest, this arrangement may result in Centro acquiring annually up to one million units (CMCS 37) and two million units (CMCS 38) in these syndicates at their then net asset backing. Based on 31 December 2010 values, the gross commitment to Centro would be approximately $0.6 million (CMCS 37) and $0.3 million (CMCS 38) per annum.

  Centro America Fund has an annual liquidity facility that commenced on 1 July 2010. Based on current net asset backing and external ownership interest, this arrangement may result in Centro acquiring annually up to 5% of the equity in Centro America Fund at its then net asset backing. Based on 31 December 2010 values, the gross commitment to Centro would be approximately $11 million per annum.
- CMCS syndicates managed by Centro have fixed investment periods. The constitutions of certain syndicates provide investors in those syndicates with a Flexible Exit Mechanism ("FEM"). Towards the end of the investment period, the constitutions provide that the FEM must be triggered or the Responsible Entity may choose to terminate the syndicate if in the best interest of investors. This FEM entitles investors to put their units in the syndicate to Centro at the then net asset value. In the 12 months ending 31 December 2011, Centro may be obligated to acquire up to $406.6 million of units in syndicates (based on 31 December 2010 values). As noted above, if the Responsible Entity of the syndicate deems that it is in the best interests of investors to sell the assets of the syndicate, the assets can be sold and the syndicate wound-up. This would eliminate the obligation for Centro to acquire any units in such syndicates. This right to terminate applies to some but not all syndicates.

(f) Redemptions

There has been an opportunity for redemption in relation to certain outside equity interests within Centro NP LLC, a subsidiary of Super LLC, from April 2008. The maximum redemption was US$85 million which is contingent on unitholders exercising their right for redemption. The total value yet to be exercised as at the date of this report is approximately US$22 million. This has been recorded as a liability on the Group's Balance Sheet.

(g) Other

In the ordinary course of business, the Group is exposed to various other legal and administrative proceedings, the ultimate resolution of which, in the opinion of the Directors, should not have a material effect on the Group's financial position, results of operations or cash flows.

11. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

(a) Interest bearing liability repayments

On 1 February 2011, Centro NP LLC repaid US$142.1 million of bonds that matured.

(b) Restructure and recapitalisation update

As announced on 4 November 2010 and 22 December 2010, CNP 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. CNP has received a number of expressions of interest in both Australia 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.

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

Moelis & Company LLC continue as CNP's adviser.

As announced to the market in February 2011, the exclusive due diligence granted to Cromwell Group in relation to the Centro MCS Syndicates funds management business expired. Centro concluded discussions with Cromwell and a potential transaction in relation to the syndicates business will not proceed. This decision to conclude the discussions with Cromwell has the general support of Centro's lender group.

(c) Asset sales

Since 31 December 2010, the Group has sold the following interests in its investment property assets:

- One US asset held by Centro America REIT 14 for gross proceeds of US$49.1 million. The 31 December 2010 book value was US $49.9 million.
- Another US asset held by Centro Saturn Holdings LLC for gross proceeds of US$7.9 million. The 31 December 2010 book value was US $7.9 million.

(d) Hedge close outs

In January 2011, the Group exercised its early termination rights to settle additional forward foreign exchange contracts which had a notional value of $335.2 million and a mark to market value of $9.9 million (liability) as at 31 December 2010. The Group funded this obligation through an $11.8 million cash payment, reflecting the prevailing mark to market valuation at the time of settlement.

(e) Class action update

As announced to the market in January 2011, cross-claims were filed by PricewaterhouseCoopers against Centro Properties Limited and CPT Manager Limited (Responsible Entity for Centro Property Trust) (jointly CNP) as part of the various shareholder class proceedings pending in the Federal Court.

CNP had earlier filed cross-claims against PricewaterhouseCoopers in these proceedings.

In a separate class action proceeding in the Federal Court commenced in late 2010 against PricewaterhouseCoopers Securities Limited, In January 2011, PricewaterhouseCoopers Securities Limited filed cross-claims against Centro Corporate Services Pty Ltd, Centro Retail Limited and Centro MCS Manager Limited (Responsible Entity for Centro Retail Trust).

Other than disclosed above, since 31 December 2010 no events have occurred which have had a material impact on the financial position or results of the operations of the Group.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 31 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.

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

P. Cooper
Director

Signed in Melbourne, 24 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 members of Centro Properties Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Centro Properties 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 consolidated entity including Centro Properties Limited (the 'company') 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 Properties Limited 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 Properties Limited 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 the company 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 the Centro Properties 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 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 in relation to the Group's ability to continue as a going concern and therefore whether the company and its controlled entities (including the Centro Property Trust) will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the half-year financial report. The Group is in a net liability position and remains reliant on the agreement of its lenders to extend, refinance or restructure certain loan facilities beyond existing expiry dates and the provision of loan covenant waivers. The Group also relies on the continuation of distributions from its investment portfolio. 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

B R Meehan
Partner
Melbourne
24 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) (i.e., 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 before tax	41,635	11,539
Income tax	**-**	-
Profit after tax	41,635	11,539
Extraordinary items net of tax	**-**	-
Net profit	41,635	11,539
Adjustments	**-**	-
Share of net profit of associates and joint venture entities	41,635	11,539

Material interests in entities which are not controlled entities [to be updated]

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.)*

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
Bankstown Partnership	**50.0**	50.0	**11,706**	10,145
Centro Arndale Property Trust	**50.0**	50.0	**1,548**	2,126
Centro Lutwyche Sub Trust	**50.0**	50.0	**1,168**	(487)
Centro Perth City Property Trust	**50.0**	50.0	**797**	(1,297)
Centro Super LLC Joint Ventures	**50.0**	50.0	**2,472**	(6,661)
Emerald Village	**50.0**	50.0	**504**	245
Heritage Joint ventures	**50.0**	50.0	**2,783**	2,545
Hervey Bay Holding Trust	**50.0**	50.0	**3,212**	(5,267)
Roselands Investment Trust	**50.0**	50.0	**6,675**	7,602
Tuggeranong Town Centre Trust	**50.0**	50.0	**8,677**	90
Victoria Gardens Retail Trust No.1	**50.0**	50.0	**2,093**	2,234
Other	**Nil**	Nil	**-**	264
Total			**41,635**	11,539

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: 24 February 2011

(Director)

Print name: P. Cooper