ASX/MEDIA RELEASE

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Centro Retail Trust FY10 Results

Centro Retail Trust (CER) today announced a statutory net profit attributable to members of $113 million for the full year ended 30 June 2010 (FY10). Underlying Profit for the full year was $160 million compared to $186 million for the previous corresponding period.

Income Statement Extract For The Year Ended (A$m):	30 Jun 2010 ($m)	30 Jun 2009 ($m)
Net property income	488	625
Underlying Profit*	160	186
Net Profit /(Loss) attributable to members	113	(2,678)
Net Assets attributable to members	765	685
NTA per security	33 cents	30 cents

* Underlying profit has been determined in accordance with the AICD/Finsia principles for reporting underlying profit.

CER Chief Executive Officer Robert Tsenin said: "CER's net profit attributable to members for FY10 of $113 million reflects a more stabilised operating environment than the prior year, particularly as the rate of property valuation declines has moderated compared to last year. Underlying Profit was down $26 million due largely to a stronger Australian dollar impacting the translation of net US income and the full year effect of lower average occupancy in the US portfolio which has impacted net property income."

Business Update

CER Chief Executive Officer Robert Tsenin said that whilst CER has a portfolio of high quality shopping centres in both Australia and the US, the value of CER securities continued to be negatively impacted by both financial and structural issues: "2010 was a challenging year for CER but with many pleasing accomplishments including the continued excellent performance of the Australian retail centres, successful refinancings and the recent extension of the Super LLC debt to December 2011. In addition, in-depth analysis of restructuring and recapitalisation options for CER has commenced as a number of financial and structural constraints must be addressed, in particular the excessive leverage of CER."

The challenges CER faces as it embarks upon a restructure to address its over leveraged capital structure (on a look through basis CER's gearing ratio was a high 80%), also include the need to resolve:

- A significantly over-hedged USD equity position;
- Continued cash flow pressures and capital constraints; and
- Pending debt expiries.

Against this backdrop, the work on a restructure and recapitalisation of CER continues and many options are being considered by CER and its advisers.

"At this stage no decisions have been made and agreement on a restructure and recapitalisation approach will likely take some time to conclude. Subject to market conditions it is expected that any restructure could take through to the end of 2011 to implement," Mr Tsenin said.

Property Portfolio Information

Property Portfolio	30 Jun 10	30 Jun 09
Australia		
Number of Properties	29	30
Comparable Portfolio Value	A$1.6 billion	A$1.7 billion
Comparable Stabilised NOI Growth	4.3%	1.7%
Total Occupancy	99.6%	99.5%
Retail Sales Growth (MAT)	3.1%	4.4%
Gross Lettable Area (‘000 sqm)	380	384
US		
Number of Properties	382	394
Comparable Portfolio Value	US$4.4 billion	US$4.7 billion
Comparable Stabilised NOI Growth	-4.9%	-3.2%
Total Occupancy	89.4%	90.2%
Gross Lettable Area (‘000 sqf)	46,982	48,293

At 30 June 2010, CER’s look through property portfolio comprised ownership interests in 411 centres valued at a total of A$6.9 billion. The overall portfolio comprises investments in 382 properties located across the US (US$4.4 billion) and 29 in Australia (A$1.6 billion).

Australian Portfolio

Centro General Manager of Property Operations for Australia Mark Wilson said: “The Australian CER portfolio has performed very well in FY10 despite the tough operating environment. Comparable NOI growth of 4.3% was above our expectations from 12 months ago. Occupancy remains high at 99.6%, continuing the trend of the past four reporting periods, and occupancy costs are stable and sustainable at 14.1%.”

“The CER portfolio continues to be well positioned with a heavy orientation towards non-discretionary retailers. Overall, the CER portfolio recorded comparable Moving Annual Turnover growth of 3.1% for the year ended 30 June 2010,” Mr Wilson said.

While capital available to CER remains constrained, works have recently commenced on two property developments at Centro Box Hill South and Centro Toombul.

“The Centro Box Hill South development involves replacing the existing Target with a new Big W store which is scheduled to open in November 2010. Incorporated into the development, Woolworths extended their supermarket lease for a further 20 years and has also undertaken a store refurbishment and expansion”, Mr Wilson said.

“The repositioning of Centro Toombul has been initiated in response to retailer demand with several major retailers eager to open at the centre. Lincraft and Dick Smith opened at the centre in the first half of FY10. An early exit for David Jones has been negotiated for January 2011 and an Agreement for Lease has been signed by Target to occupy the lower level of the David Jones store and is scheduled to open in November 2011. Management are currently exploring the options for “non retail” leasing opportunities to occupy the upper level of the David Jones store.

"Our strategy for FY11 is to build upon the strong fundamentals of the portfolio which are sustainable occupancy costs and near full occupancy, by continually improving cost efficiencies and undertaking value creating property re-investment opportunities. We are forecasting NOI growth of around 3% for FY11 with occupancy expected to remain at current levels."

US Portfolio

Centro US CEO Michael Carroll said: "Overall US trends indicate a gradual improvement in consumer sales, however, any meaningful improvement in real estate fundamentals is expected to lag. The US CER portfolio demonstrated reasonable performance in this environment with leasing volumes consistent with historic productivity."

"In line with guidance, the US portfolio experienced an NOI decline of 4.9% for the year, with occupancy down slightly to 89.4%. Overall, 1,444 leases were completed, renewing and releasing 8.5 million square feet of space in the CER US portfolio. In a difficult market, rents were down 2.4% on comparable space. NOI performance in the second half of the financial year improved compared to the first half," Mr Carroll said.

"We are cautiously optimistic as we look ahead through the remainder of 2010. Despite ongoing employment concerns and sluggish income growth, overall trends indicate a gradual improvement in consumer sales. In the six months to 30 June 2010, store closings have been far fewer for national tenants, remaining at pre-recessionary levels, but local tenants are still under pressure given limited access to capital. As a result, our 2011 core operating metrics are still expected to be tempered.

"We expect year-end occupancy of around 90% and the improving trend in comparable NOI performance to continue, with our current NOI growth expectation for FY11 in the range of flat to negative 2%," Mr Carroll said.

Balance Sheet

CER's net assets attributable to members at 30 June 2010 now total $765 million, up from $685 million at 30 June 2009, an increase of 12%. CER's Net Tangible Assets (NTA) Attributable to Members at 30 June 2010 was 33 cents per security. The 3 cent increase since the prior year has resulted from:

BREAKDOWN IN MOVEMENT IN NTA PER SECURITY	
Operating Items	$0.07
Mark-to-market Movements	$0.06
Movement in FX Rate	($0.01)
Asset Revaluations	($0.09)
Net Change	**$0.03**

Despite the above improvement, any movements in FX rates will continue to result in volatility within CER's net profit and net assets due to the over-hedged position of CER's US investments. CER continues to explore methods to reduce this exposure. CER also continues to fully impair its investment in Super LLC. A key focus of any restructure will be to critically assess the options around Super LLC.

Property Valuations

Comparable Australian property values increased by 0.3% between December 2009 and June 2010 but values decreased by 1.1% ($17.5 million) over the full year to 30 June 2010. CER's portfolio value in the US increased by 0.1% between December 2009 and June 2010 but values decreased by 3.3% ($153.4 million) over the full year to 30 June 2010.

"The improved valuations in the second half of FY10 compared to the first half indicate an improving property outlook in both Australia and the US. However, trading volumes have remained below average and while some of the transactions occurring indicate the market has started to stabilise, with the information available, our outlook remains cautious," Mr Tsenin said.

Asset Sales and Debt Refinancing

For the year ended 30 June 2010, CER completed 13 assets sales – 12 in the US and one in Australia. CER's share of sales proceeds from the 12 US asset sales of US$148.7 million was largely used for debt reduction in the US, with some proceeds repatriated to Australia to pay down domestic debt facilities.

A critical achievement for CER in the year ended 30 June 2010 was the progress made in refinancing or extending debt and attracting money from new lenders. As at 30 June 2009 CER, on a look-through basis, had A$584 million of Australian secured debt and US$522 million of US secured debt falling due before 30 June 2010 and all of this debt was successfully repaid or refinanced. While these refinancings were completed at current market rates, resulting in increased margins, this was a very encouraging result for CER and there will be continued focus on refinancing debt maturities in FY11.

On 29 July 2010, CER also announced a number of further significant financing achievements in the US, with US$1 billion of maturing debt either extended or refinanced. "Further refinancings remain, however, we are confident these can be successfully negotiated," Mr Tsenin said.

Important Notes and Supplemental Information

For complete details, including important footnotes, please refer to the CER Annual Report, Annual Results presentation and supplemental information for CER's Australian and US property portfolios which have been lodged with the ASX and posted to the CER website.

Annual General Meeting

The Annual General Meeting for Centro Retail Trust is scheduled to be held on Monday, 15 November 2010.

About Centro Retail Trust (ASX: CER)

Centro Retail Trust (CER) is a pure property trust specialising in the ownership of shopping centres. CER owns retail property investments in Australia and the US. For more information, please visit the CER website at centroretailtrust.com.au.

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