

24 February 2010



Centro Retail Trust HY10 Results

Centro Retail Trust (CER) today announced a statutory net profit attributable to members of \$197 million for the half year ended 31 December 2009 (HY10). Underlying profit for the half year was \$81 million compared to \$89 million for the previous corresponding period.

Income Statement for the Half Year		
	31 Dec 2009	31 Dec 2008
\$ millions		
Net Property Income	244	311
Underlying Profit	81	89
Asset Revaluations	(242)	(760)
Financial Instruments / FX	273	(1,129)
Impairment in Joint Venture	-	(230)
Other	85	(30)
Net Profit / (Loss) attributable to members	197	(2,060)

CER Chief Executive Officer Glenn Rufrano said: "CER's net profit has improved significantly as a result of the slow down in the rate of property valuation declines and net advantageous foreign exchange movements. Underlying profit, however, was down \$8 million on the previous corresponding period due to the ongoing difficult US economic situation and the impact of the stronger Australian dollar on net US income."

Business Update

Effective from October 2009, the CER Board is now separate and independent from Centro with its own Chairman, Peter Day.

"Having stabilised Centro and CER on many fronts and separated the Boards, we have now taken the next steps required to move CER forward. The appointment of Robert Tsenin as Group CEO and the appointment of advisers to undertake an assessment of a potential restructure provides the basis for the evaluation of long term strategies. We expect the assessment phase to be completed by mid calendar year 2010," Mr Rufrano said.

Balance Sheet

CER's net assets attributable to members now total \$809 million, up from \$685 million at June 2009. The predominant factor that has impacted CER's balance sheet compared to the prior period is the slow down in the rate of property valuation declines and the strengthening Australian dollar, which has led to an improvement in CER's mark-to-market position. Accordingly, this has also increased the reported NTA to 35 cents per security as at 31 December 2009, an increase of 5 cents from 30 June 2009.

A critical achievement for CER in the past six months has been the progress made in addressing the debt maturities that fell in the first half of FY10. As at 30 June 2009 CER, on a look-through basis, had A\$583.5 million of Australian secured debt and US\$521.6 million of US secured debt falling due within the upcoming twelve months. Of that debt, all but US\$9.6 million, which is due in the coming months, has been successfully refinanced or repaid.

“The ability to refinance these facilities was a pleasing result for CER and indicates an improvement in credit markets and an encouraging level of support from existing and new financiers,” Mr Rufrano said.

Selected Property Portfolio Information

Property Portfolio	31 Dec 09	31 Dec 08
Australia		
Number of Properties	30	30
Comparable Portfolio Value (A\$)	\$1.6 billion	\$1.7 billion
Comparable Stabilised NOI Growth	2.6%	1.7%
Stabilised Occupancy	99.7%	99.7%
Retail Sales Growth (MAT)	3.5%	5.5%
US		
Number of Properties	383	411
Comparable Portfolio Value (US\$)	\$4.5 billion	\$5.7 billion
Comparable Stabilised NOI Growth	-5.8%	-3.1%
Stabilised Occupancy	90.3%	92.6%

CER’s total shopping centre portfolio comprises investments in 383 properties located across the US (US\$4.5 billion) and 30 in Australia (A\$1.6 billion).

Centro General Manager of Property Operations for Australia Mark Wilson said: “CER’s Australian portfolio has continued to perform solidly despite the challenging operating environment. NOI growth of 2.6% for the six months ended 31 December 2009 is above the 1% to 2% full year guidance that we provided at our last results update.

“Positive statistics to note are our 99.7% occupancy, an occupancy cost ratio of 13.8% which has remained stable, and solid rental income growth of 2.5%. These key statistics demonstrate the stability and quality of the portfolio and the sound underlying fundamentals of the retail property sector,” Mr Wilson said.

Centro US CEO Michael Carroll said: “Recovery in the US is anticipated to be bumpy and slow but we are seeing modest improvements particularly compared to the operating environment of 12 months ago where we witnessed an unprecedented number of retailer liquidations in bankruptcy.

“Occupancy declined in the US by 70 basis points over the six months to 31 December 2009. Prior US bankruptcies caused this decline, a trend fortunately not continued in 2010.

“Retail conditions are still difficult but are showing early signs of stabilising. As sales trends improve and as retailers gain more confidence in the future, they are shifting their focus from survival to longer-term growth. And while it is expected to take time before retailers meaningfully grow square footage, we are starting to see a change in demand from certain retailers.

“With the depth of our national portfolio and the local market intelligence provided by our regional operating structure, our 383 assets are well-positioned to benefit from an improving environment. We continue to actively work with our tenants and understand their current real estate strategies,” Mr Carroll said.

Property Valuations

Comparable Australian property values decreased by 1.6% between June 2009 and December 2009 and property values in the US have decreased 3.9% for the same period.

“The Australian and US valuations for the half year ended 31 December 2009, compared with -4.9% and -13.2% over the prior 6 months respectively, indicate a substantial change in market sentiment,” Mr Rufrano said.

Asset Sales and Debt Refinancing

During the first half of FY10 CER completed the sale of US\$124 million of assets in the US. On a look-through basis CER paid down a total of approximately \$167 million of debt in the half and extended or refinanced over \$1 billion of debt. Discussions with lenders are continuing in both Australia and the US with respect to extending or refinancing debt falling due by December 2010.

Important Notes and Supplemental Information

For complete details, including important footnotes, please refer to the Appendix 4D, interim 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.

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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