

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 2009
(Previous corresponding half-year: 31 December 2008)

Results for announcement to the market

	31.12.09 \$'000	31.12.08 \$'000	% Change	Note
Revenue and income	1,001,788	1,103,192	(9%)	1
Net loss attributable to members of Centro Properties Group	(63,176)	(2,399,059)	(97%)	2
<p>1. Revenue and income decreased during the half-year ended 31 December 2009 in comparison to the corresponding period last year due to the strengthening of the Australian dollar against the US dollar as well as the impact of asset sales which have occurred within the Group.</p> <p>2. Net loss attributable to members decreased significantly during the half-year ended 31 December 2009 in comparison to the corresponding period last year due to non-cash items, including a decrease in property devaluations and the strengthening of the Australian dollar against the US dollar.</p> <p>This half-year report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Centro Properties Group during the half-year in accordance with the continuous disclosure obligations of the <i>Corporations Act 2001</i>.</p>				
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 and its
controlled entities (including Centro Property Trust) which is known as the
ASX listed stapled entity, Centro Properties Group**

**Financial Report
For the Half-Year Ended
31 December 2009**

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

Paul Flanigan

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 2009.

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)

Jim Hall

Rob Wylie

Anna Buduls (appointed 1 October 2009)

Susan Oliver (appointed 1 October 2009)

Robert Tsenin (appointed 1 October 2009)

Graham Goldie (retired 1 October 2009)

Sam Kavourakis (retired 1 October 2009)

Peter Wilkinson (retired 1 October 2009)

Elizabeth Hourigan continues as the Company Secretary at the date of this report.

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

As at 31 December 2009 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. Further discussion on this matter can be found in Note 1(a) to the Financial Statements.

As announced to the market on 24 December 2009, J.P. Morgan Australia Limited and Moelis & Company LLC were appointed as co-advisers to undertake an assessment of a restructure of Centro.

Review of Operations

The Director's report a net loss of \$63.2 million attributable to members of the Group for the half-year ended 31 December 2009 compared to a net loss of \$2.4 billion for the same period last year.

Net loss decreased during the half-year ended 31 December 2009 primarily due to the members share of the following Group non-cash items:

- Write downs on Australian and US property investments significantly decreased; totalling \$538.3 million for the half-year ended 31 December 2009, compared to \$1.2 billion for the same period last year;
- Foreign exchange translation gains of \$157.0 million, compared to a loss of \$1.1 billion for the same period last year, due to the strengthening in the value of the Australian dollar against the US dollar of 11% during the half-year, compared to a weakening of 28% for the same period last year. This gain is partially offset by a loss in the foreign currency translation reserve of \$23.6 million; and
- Favourable movements on the mark to market of financial instruments of \$210.5 million, compared to a loss of \$1.1 billion for the same period last year, primarily due to the strengthening of the Australian dollar.

During the period the property investments that Centro held continued to perform solidly, with the underlying services business also contributing a significant profit, albeit the services business results have largely been eliminated for statutory reporting purposes through the consolidation of the majority of Centro's funds under management.

Matters Subsequent to the end of the Financial Period

On 5 January 2010 Centro announced that it had appointed Robert Tsenin as Group Chief Executive Officer and Managing Director (Group CEO). Mr Tsenin will formally commence his duties as Group CEO, in Centro's head office in Melbourne, on 1 March 2010 after being appointed Group Chief Executive Officer Designate from 5 February 2010 to ensure an orderly handover from Glenn Rufrano. Mr Rufrano's contract ends on 28 February 2010.

Since 1 January 2010, the Group has sold one US asset held by Centro Shopping Centre America Trust (also known as CSF or Centro GA America LLC) at its 31 December book value of US\$24.6 million.

On 5 January 2010, the Group executed an unconditional agreement to sell its interest in Centro Nerang for \$38.5 million. The 31 December 2009 book value was \$38.6 million.

On 28 January 2010, the Group executed an unconditional agreement to sell its interest in Centro Murray Bridge at its 31 December 2009 book value of \$21.8 million.

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 3.

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 financial report. Amounts in the Directors' report and 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 25th February 2010 in accordance with a resolution of the Directors.



P. Cooper

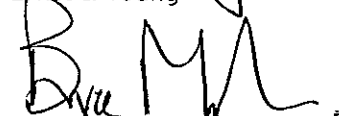
Director

Auditor's Independence Declaration to the Directors of Centro Properties Limited

In relation to our review of the half-year financial report of Centro Properties Limited for the period ended 31 December 2009, 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.

A handwritten signature in black ink, appearing to read 'Emma Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'B R Meehan'.

B R Meehan
Partner
Melbourne
25 February 2010

Consolidated Income Statements for the half-year ended 31 December 2009

		Centro Properties Limited and its Controlled Entities	
		31.12.09	31.12.08
		\$'000	\$'000
	Notes		
REVENUE			
Property ownership revenue		853,186	1,024,599
Property services revenue		29,979	29,318
Distribution revenue		7,658	28,076
Total Revenue		890,823	1,081,993
INCOME			
Other income		110,965	21,199
Total Income		110,965	21,199
TOTAL REVENUE AND INCOME		1,001,788	1,103,192
Share of net profits/(losses) of associates and joint venture partnerships accounted for using the equity method	4(b)	11,539	(97,861)
Movement in net assets attributable to puttable interests in consolidated finite life trusts	2(b)	14,373	180,868
Foreign exchange gains/(losses)	6	157,026	(1,064,115)
Net movement on mark to market of derivatives	7	210,549	(1,122,443)
Discount on acquisition	11	4,384	-
Property revaluation decrement for directly owned investment properties	4(d)	(538,345)	(1,228,534)
Fair value adjustment on financial assets at fair value through profit or loss	4(c)	(15,743)	(126,701)
Financing costs		(397,831)	(550,665)
Repairs, maintenance, cleaning and security expenses		(59,888)	(70,610)
Direct property expenses		(28,709)	(55,974)
Employee benefits expenses		(75,639)	(71,359)
Advisor fees		(15,671)	(70,254)
Withholding and franchise taxes		(7,973)	(17,827)
Rent, rates, taxes and insurance expenses		(124,847)	(158,192)
Light and power expenses		(24,010)	(25,688)
Depreciation and amortisation expense		(9,233)	(10,124)
Bad and doubtful debts expenses		(17,185)	(14,911)
Net loss on the disposal of investment property and equity accounted investments		(1,667)	-
Other expenses from ordinary activities		(16,255)	(27,269)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		66,663	(3,428,467)
Income tax expense		(3,736)	(7,993)
NET PROFIT/(LOSS)		62,927	(3,436,460)
Net profit/(loss) attributable to non-controlling interests:			
Centro Property Trust members		2,613	(2,051,215)
External		126,103	(1,037,401)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED		(65,789)	(347,844)
Basic loss per share in Centro Properties Limited (cents)		(7.41)	(42.24)
Diluted loss per share in Centro Properties Limited (cents)		(7.41)	(42.24)
Net profit/(loss) attributable to members of Centro Properties Group analysed by amounts attributable to:			
Centro Properties Limited members		(65,789)	(347,844)
Centro Property Trust members		2,613	(2,051,215)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(63,176)	(2,399,059)
Basic loss per stapled security in Centro Properties Group (cents)		(7.12)	(292.23)
Diluted loss per stapled security in Centro Properties Group (cents)		(7.12)	(292.23)

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 2009

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	31.12.08 \$'000
NET PROFIT/(LOSS)	62,927	(3,436,460)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Net exchange differences arising on translation of foreign operations	(23,554)	1,139,721
TOTAL COMPREHENSIVE INCOME/(LOSS)	39,373	(2,296,739)
Total comprehensive income/(loss) for the half-year attributable to non-controlling interests:		
Centro Property Trust members	(81,646)	(1,303,944)
External	109,001	(645,119)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED	12,018	(347,676)
Total comprehensive income/(loss) attributable to members of Centro Properties Group analysed by amounts attributable to:		
Centro Properties Limited members	12,018	(347,676)
Centro Property Trust members	(81,646)	(1,303,944)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(69,628)	(1,651,620)

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

Total comprehensive loss attributable to members of Centro Properties Group of \$69.6 million (2008: \$1.7 billion) is equal to the net loss of \$63.2 million (2008: \$2.4 billion) plus the loss in the foreign currency translation reserve of \$6.4 million (2008: gain of \$747.4 million). This comprises total comprehensive income of \$12.0 million attributable to members of Centro Properties Limited (2008: loss of \$347.7 million) and a loss of \$81.6 million attributable to members of Centro Property Trust (2008: loss of \$1.3 billion). Total comprehensive income attributable to non-controlling interests, which includes Centro Properties Trust and external non-controlling interests, is \$27.4 million (2008: loss of \$1.9 billion).

Consolidated Balance Sheets as at 31 December 2009

		Centro Properties Limited and its Controlled Entities	
	Notes	31.12.09 \$'000	30.06.09 \$'000
CURRENT ASSETS			
Cash assets and cash equivalents		344,208	266,064
Restricted cash		78,301	84,173
Derivative financial instruments	7	6,946	14,602
Trade and other receivables		291,567	330,167
Non-current assets classified as held for sale	4(a)	154,733	114,304
Total current assets		875,755	809,310
NON-CURRENT ASSETS			
Investments accounted for using the equity method	4(b)	701,730	723,934
Financial assets carried at fair value through profit or loss	4(c)	303,873	333,381
Investment property	4(d)	13,842,918	15,527,339
Derivative financial instruments	7	22,969	33,246
Plant and equipment		23,827	28,300
Intangible assets	5	675,825	713,204
Trade and other receivables		20,091	66,703
Total non-current assets		15,591,233	17,426,107
TOTAL ASSETS		16,466,988	18,235,417
CURRENT LIABILITIES			
Trade and other payables		429,186	528,267
Non-interest bearing liabilities		2,333	-
Interest bearing liabilities	8	4,339,356	1,829,616
Derivative financial instruments	7	19,712	7,080
Provisions		6,517	9,375
Total current liabilities		4,797,104	2,374,338
NON-CURRENT LIABILITIES			
Trade and other payables		34,593	37,266
Interest bearing liabilities	8	11,570,839	15,490,086
Non-interest bearing liabilities		-	55
Derivative financial instruments	7	325,027	606,677
Deferred tax liabilities		24,870	21,468
Provisions		24,311	26,792
Puttable interests in consolidated finite life trusts		203,831	292,109
Total non-current liabilities		12,183,471	16,474,453
TOTAL LIABILITIES		16,980,575	18,848,791
NET LIABILITIES		(513,587)	(613,374)

Consolidated Balance Sheets as at 31 December 2009 (cont.)

		Centro Properties Limited and its Controlled Entities	
	Notes	31.12.09 \$'000	30.06.09 \$'000
EQUITY			
Equity attributable to members of Centro Properties Limited			
Contributed equity		284,505	284,505
Other equity	2	(489,517)	(489,517)
Accumulated losses		(760,397)	(694,608)
Reserves		11,940	(75,754)
Total equity attributable to members of Centro Properties Limited		(953,469)	(975,374)
Equity attributable to non-controlling interests - Centro Property Trust			
Contributed equity		2,956,811	2,956,491
Other equity	2	(480,150)	(480,150)
Accumulated losses		(3,722,503)	(3,725,116)
Reserves		583,313	667,572
Total equity attributable to non-controlling interests – Centro Property Trust		(662,529)	(581,203)
Equity attributable to non-controlling interests – external		1,102,411	943,203
Total equity attributable to non-controlling interests		439,882	362,000
TOTAL EQUITY		(513,587)	(613,374)
Equity attributable to members of Centro Properties Group analysed by amounts attributable to:			
Centro Properties Limited members		(953,469)	(975,374)
Centro Property Trust members		(662,529)	(581,203)
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(1,615,998)	(1,556,577)

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 2009

		Centro Properties Limited and its Controlled Entities	
	Notes	31.12.09 \$'000	31.12.08 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of Goods and Services Tax)		949,606	967,235
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(372,564)	(412,350)
Distributions received from associates and managed investments		36,067	35,616
Interest and other income received		23,361	5,476
Interest paid/derivative settlements		(384,313)	(539,129)
Net cash inflow from operating activities		252,157	56,848
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repaid by other related parties		-	6,286
Proceeds from other investments		2,488	22,443
Payments for plant and equipment		(1,301)	(9,680)
Payments for other investments/redemptions		(9,245)	(6,826)
Proceeds from disposal of investment property		174,610	328,824
Payments for development of investment property		(22,000)	(136,906)
Net cash acquired on purchase of controlled entities	11	362	-
Net cash inflow from investing activities		144,914	204,141
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		379,052	224,710
Payments for financial restructuring costs		(14,534)	(32,471)
Repayments of borrowings		(631,806)	(376,174)
Proceeds from issue of securities net of capital raising costs		318	2,956
Distributions paid to non-controlling interests and puttable interests		(36,836)	(6,985)
Net cash outflow from financing activities		(303,806)	(187,964)
Net increase in cash and cash equivalents		93,265	73,025
Cash and cash equivalents at the beginning of the half-year		266,064	201,127
Effects of exchange rate changes on cash and cash equivalents		(15,121)	30,626
Cash and cash equivalents at 31 December		344,208	304,778

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

Consolidated Statements of Changes in Equity for the half-year ended 31 December 2009

		Centro Properties Limited and its Controlled Entities	
	Notes	31.12.09 \$'000	31.12.08 \$'000
CHANGES IN EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP			
Opening balance of contributed equity		3,240,996	3,217,908
Distribution reinvestment		-	19,583
Employee loan repayments classified as options under Australian Accounting Standards		320	2,254
Closing balance of contributed equity		3,241,316	3,239,745
Opening balance of other equity	2	(969,667)	(969,667)
Movements in other equity		-	-
Closing balance of other equity		(969,667)	(969,667)
Opening balance of accumulated losses		(4,419,724)	(890,924)
Net loss for the half-year		(63,176)	(2,399,059)
Distributions provided for or paid (preference unitholders)		-	(7,664)
Closing balance of accumulated losses		(4,482,900)	(3,297,647)
Opening balance of reserves		591,818	(67,557)
Opening balance of share-based payment reserve		43,368	35,836
Movement in share-based payment reserve		9,887	1,643
Closing share-based payment reserve		53,255	37,479
Opening balance of foreign currency translation reserve		548,450	(103,393)
Movement in foreign currency translation reserve		(6,452)	747,439
Closing balance of foreign currency translation reserve		541,998	644,046
Closing balance of reserves		595,253	681,525
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP		(1,615,998)	(346,044)
CHANGES IN EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS			
Opening balance		943,203	2,265,005
Total comprehensive income attributable to external non-controlling interests		109,001	(645,119)
Addition of contributed equity		59,586	-
Distributions provided for or paid		(9,379)	(24,045)
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS		1,102,411	1,595,841
TOTAL EQUITY		(513,587)	1,249,797

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

Total comprehensive loss attributable to members of Centro Properties Group of \$69.6 million (2008: \$1.7 billion) is equal to the net loss of \$63.2 million (2008: \$2.4 billion) plus the loss in the foreign currency translation reserve of \$6.4 million (2008: gain of \$747.4 million). This comprises total comprehensive income of \$12.0 million attributable to members of Centro Properties Limited (2008: loss of \$347.7 million) and a loss of \$81.6 million attributable to members of Centro Property Trust (2008: loss of \$1.3 billion). Total comprehensive income attributable to non-controlling interests, which includes Centro Properties Trust and external non-controlling interests, is \$27.4 million (2008: loss of \$1.9 billion).

Notes to and Forming Part of the Consolidated Financial Statements for the half-year ended 31 December 2009

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 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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.

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 2009 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*.

The financial report has been prepared on a going concern basis.

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 financial report. 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, the provision of loan covenant waivers and 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 and/or refinanced;
- The Group will be able to pay its debts as and when they become due and payable; and
- The basis of preparation of the 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, including the creation of a hybrid security, announced 16 January 2009;
- The underlying performance of the Group's investment portfolio and services business;
- Management's expectations that the Group will be able to meet its financial commitments or obtain appropriate alternative finance from its lenders, albeit at the lenders' discretion;
- Consideration of the Group's exposure to guarantees and covenants; and
- The Group's variable interest rate exposure.

No adjustments were made to the assets and liabilities within the financial report in relation to this uncertainty.

Except as described below, the accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2009.

The Group has not elected to early adopt any new Standards or Interpretations.

(b) Change in accounting policy

From 1 July 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual reporting periods beginning on or after 1 January 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 8 *Operating Segments*
- Revised AASB 101 *Presentation of Financial Statements*
- Revised AASB 3 *Business Combinations*
- Revised AASB 127 *Consolidated and Separate Financial Statements*

The amending standards which introduce the changes to these standards have also been adopted from 1 July 2009 and 1 July 2008 as necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Change in accounting policy (cont.)

(i) *Operating Segments*

The Group has applied the new segment reporting standard, AASB 8 from 1 July 2009. AASB 8 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.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8.

(ii) *Presentation of Financial Statements*

The Group has applied the revised AASB 101 from 1 July 2009.

The revised standard requires the presentation of a statement of comprehensive income and requires changes to the statement of changes in equity, but does not affect any of the amounts recognised in the financial statements.

The revised AASB 101 also introduces the requirement to disclose a third balance sheet as at the beginning of the comparative period when an entity applies an accounting policy retrospectively.

(iii) *Business Combinations and Consolidated and Separate Financial Statements*

The Group previously relied on AASB Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* in the preparation of its consolidated financial statements. This Interpretation allowed the Group's financial statements to reflect the aggregation of the consolidated financial statements of Centro Properties Limited and Centro Property Trust, notwithstanding that Centro Properties Limited was deemed to be the parent entity of the Group.

The revised AASB 3 supersedes AASB Interpretation 1013 and therefore, the Group is now required to prepare its consolidated financial statements in accordance with the revised AASB 127.

The application of the revised AASB 127 requires "non-controlling interests", formerly known as "minority interests" to be presented in the consolidated balance sheet within equity but separately from the equity owners of the parent. In addition, total comprehensive income has been apportioned to reflect the amount attributable to the owners of the parent and to the non-controlling interests.

This change has resulted in the equity of Centro Property Trust being presented as non-controlling interests, rather than equity attributable to owners of the parent, representing the fact that Centro Property Trust is not owned by Centro Properties Limited, but rather by securityholders directly.

These changes have had a significant impact on how the financial results are presented, however, the underlying result attributable to stapled securityholders is not impacted as, by virtue of the stapling arrangement, the owners of Centro Properties Limited are also the owners of Centro Property Trust.

2. RETROSPECTIVE ACCOUNTING CHANGES

(a) Revised AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*

From 1 July 2009 the Group was required to apply the revised AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Reports* as detailed in Note 1(b)(iii) above.

As a consequence of adopting the revised accounting standards, the Group was required to change its method of presenting the stapling of Centro Properties Limited and Centro Property Trust.

The intention of the revised requirements is to represent the fact that Centro Properties Limited does not own Centro Property Trust, but rather both are owned by securityholders directly by virtue of the stapling arrangement. Securityholders should note that this requirement does not in any way change their investment or their entitlements but merely presents their ownership interests differently.

(b) Puttable interests in consolidated finite life trusts

As detailed in the Group's annual report for the year ended 30 June 2009, the Group revised its accounting policy with respect to puttable interests in consolidated finite life trusts during that year. This change resulted in a reclassification of \$180.9 million in the income statement for the half-year ended 31 December 2008 from non-controlling interests and a reclassification of \$68.4 million in the balance sheet from Financial assets carried at fair value through profit or loss to Puttable interests in consolidated finite life trusts. The revision had a material impact on the presentation of the income statement, and statement of changes in equity as detailed below.

(c) Impact on members of Centro Properties Group

The changes detailed above have had a significant impact on the presentation of the financial results but have not changed the net assets or results attributable to the members of Centro Properties Group.

The affected financial statement line items for the prior period have been revised to comply with the adoption of revised accounting standards and the changes in accounting policy, as detailed below.

Extract of Consolidated Income Statement for the half-year ended 31 December 2008

	Revised 31.12.08 \$'000	31.12.08 \$'000
Movement in net assets attributable to puttable interests in consolidated finite life trusts	180,868	-
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	(3,428,467)	(3,609,335)
Income tax expense	(7,993)	(7,993)
NET PROFIT/(LOSS)	(3,436,460)	(3,617,328)
Net profit/(loss) attributable to non-controlling interests:		
Centro Property Trust members	(2,051,215)	n/a
External	(1,037,401)	(1,218,269)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES LIMITED	(347,844)	n/a
Basic loss per share in Centro Properties Limited (cents)	(42.24)	n/a
Diluted loss per share in Centro Properties Limited (cents)	(42.24)	n/a
Net profit/(loss) attributable to members of Centro Properties Group analysed by amounts attributable to:		
Centro Properties Limited members	(347,844)	n/a
Centro Property Trust members	(2,051,215)	n/a
NET LOSS ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(2,399,059)	(2,399,059)
Basic loss per stapled security in Centro Properties Group (cents)	(292.23)	(292.23)
Diluted loss per stapled security in Centro Properties Group (cents)	(292.23)	(292.23)

n/a – not required under the previous accounting standard applied by the Group.

2. RETROSPECTIVE ACCOUNTING CHANGES (CONT.)

Extract of Consolidated Balance Sheet as at 30 June 2009

	Revised 30.06.09 \$'000	30.06.09 \$'000
EQUITY		
Equity attributable to members of Centro Properties Limited		
Contributed equity	284,505	2,271,329
Other equity ⁽ⁱ⁾	(489,517)	n/a
Accumulated losses	(694,608)	(4,419,724)
Reserves	(75,754)	591,818
Total equity attributable to members of Centro Properties Limited	(975,374)	(1,556,577)
Equity attributable to non-controlling interests – Centro Property Trust		
Contributed equity	2,956,491	n/a
Other equity ⁽ⁱ⁾	(480,150)	n/a
Accumulated losses	(3,725,116)	n/a
Reserves	667,572	n/a
Total equity attributable to non-controlling interests – Centro Property Trust	(581,203)	n/a
Equity attributable to non-controlling interests – external	943,203	943,203
Total equity attributable to non-controlling interests	362,000	943,203
TOTAL EQUITY	(613,374)	(613,374)
Equity attributable to members of Centro Properties Group analysed by amounts attributable to:		
Centro Properties Limited members	(975,374)	n/a
Centro Property Trust members	(581,203)	n/a
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(1,556,577)	(1,556,577)

n/a – not required under the previous accounting standard applied by the Group.

⁽ⁱ⁾ Other equity, totalling negative \$969.7 million results from the deemed reverse acquisition of the Centro/Prime merger which occurred in October 2004. Current versions of Australian Accounting Standards require individual disclosure of equity attributable to Centro Properties Limited and Centro Property Trust. Prior to the application of revised AASB 3 and AASB 127, Other equity was included within the Group's Contributed equity balance.

2. RETROSPECTIVE ACCOUNTING CHANGES (CONT.)

Extract of Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2008

	Revised 31.12.08 \$'000	31.12.08 \$'000
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO MEMBERS OF CENTRO PROPERTIES GROUP	(346,044)	(346,044)
CHANGES IN EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS		
Opening balance	2,265,005	2,852,450
Total comprehensive income attributable to external non-controlling interests	(645,119)	(825,987)
Distributions provided for or paid	(24,045)	(24,045)
CLOSING BALANCE OF EQUITY ATTRIBUTABLE TO EXTERNAL NON-CONTROLLING INTERESTS	1,595,841	2,002,418
TOTAL EQUITY	1,249,797	1,656,374

3. SEGMENT INFORMATION

The Group adopted AASB 8 *Operating Segments* from 1 July 2009. The predecessor standard, AASB 114 *Segment Reporting*, required the Group to identify two sets of segments (business and geographical), using a risk and rewards approach. AASB 8 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 - property management, leasing and development, and 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. 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 2009 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.

3. SEGMENT INFORMATION (CONT.)

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	31.12.08 \$'000
Segment income		
<i>Property investment income</i>		
Managed funds	111,191	135,019
Australian direct property	3,843	1,643
US direct property	15,106	(5,380)
	130,140	131,282
<i>Services business income</i>		
Australian funds management	40,357	44,991
Australian property, leasing and development	17,829	21,347
US funds management	15,486	25,647
US property, leasing and development	39,699	54,594
	113,371	146,579
Total segment income	243,511	277,861
Overhead expenses	(72,304)	(78,892)
Earnings before interest and tax expenses	171,207	198,969
Interest income	4,481	20,638
Interest expense	(92,979)	(147,984)
Underlying profit	82,709	71,623
Non-distributable adjustments attributable to members:		
Investment property revaluations	(361,423)	(970,080)
Foreign exchange gains and losses	179,836	(1,138,008)
Mark-to-market movements on derivatives	52,904	(294,694)
Restructure costs and other adjustments	(17,202)	(67,900)
Net loss attributable to members of Centro Properties Group	(63,176)	(2,399,059)
Net profit/(loss) attributable to external non-controlling interests	126,103	(1,037,401)
Net profit/(loss)	62,927	(3,436,460)
Reconciliation to revenue:		
Total segment income	243,511	277,861
Less: elimination of segment income from consolidated investments	(205,874)	(220,467)
Add: revenue from consolidated investments	853,186	1,024,599
Total revenue	890,823	1,081,993

4. INVESTMENTS

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	30.06.09 \$'000
Included in the balance sheet as:		
Non-current assets classified as held for sale – current (a)	154,733	114,304
Investments accounted for using the equity method – non-current (b)	701,730	723,934
Financial assets carried at fair value through profit or loss – non-current (c)	303,873	333,381
Investment property – non-current (d)	13,842,918	15,527,339
	15,003,254	16,698,958

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

	Half-year ended 31.12.09 \$'000	Half-year ended 31.12.08 \$'000
(a) Non-current assets classified as held for sale – current		
Movements:		
Opening balance at beginning of the half-year	114,304	768,751
Transfer to investment property	-	(768,751)
Transfer from investment property	154,733	204,245
Transfer from investments accounted for using equity method	-	11,749
Disposal	(114,304)	-
Closing balance at 31 December	154,733	215,994
(b) Investments accounted for using the equity method – non-current		
Movements:		
Carrying amount at the beginning of the half-year	723,934	988,402
Share of net profits/(losses)	11,539	(97,861)
Distributions received/receivable	(28,585)	(20,814)
Transfer to non-current assets classified as held for sale	-	(11,749)
Additional investment during the half-year	4,095	6,826
Disposal	(2,530)	-
Share of decrement in foreign currency translation reserve of associates	(6,723)	65,160
Closing balance at 31 December	701,730	929,964
(c) Financial assets carried at fair value through profit or loss – non-current		
Movements:		
Carrying amount at the beginning of the half-year	333,381	606,209
Fair value losses	(15,743)	(126,701)
Additions/(disposals)	4,920	(27,829)
Foreign currency translation movements	(1,264)	-
Transfer to puttable interests in consolidated finite life trusts	-	(68,403)
For which control was obtained during the half-year and now consolidated	(17,421)	-
Closing balance at 31 December	303,873	383,276

4. INVESTMENTS (CONT.)

	Centro Properties Limited and its Controlled Entities	
	Half-year ended 31.12.09 \$'000	Half-year ended 31.12.08 \$'000
(d) Investment property – non-current		
Movements:		
Opening balance at beginning of half-year	15,527,339	16,324,967
Capitalised expenditure	22,000	159,912
Transfer from non-current assets classified as held for sale	-	768,751
Transfer to non-current assets classified as held for sale	(154,733)	(204,245)
Disposal	(61,882)	(356,068)
Property revaluation decrement	(538,345)	(1,228,534)
Foreign currency translation movements	(1,085,701)	4,706,582
Straight-lining of rent adjustment	2,888	12,539
Tenant allowance amortisation	(3,498)	(2,824)
For which control was obtained during the half-year and now consolidated ⁽ⁱ⁾	134,850	-
Closing balance at 31 December	13,842,918	20,181,080

⁽ⁱ⁾ The difference to the amount consolidated and fair value acquired on 26 October 2009 (refer Note 11) of \$134.925 million is due to property revaluations for the period from 27 October 2009 to 31 December 2009.

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 2009, 26% of Centro's Australian consolidated properties and 33% 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 and CB Richard Ellis. 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 comparable Australian properties moved from 7.39% to 7.50% and comparable US properties moved from 8.21% to 8.42%.

(i) Uncertainty around property valuations

The global market for many types of real estate was severely affected by the volatility in global financial markets over the last two 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 similar property in a comparable location and condition.

The availability of liquidity to property trusts has started to increase over the last six months leading to a greater number of real estate transactions taking place in this time. However, the volume of sales of property assets, particularly premium assets, remains lower than experienced historically. This means that 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 prolonged.

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 balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

A movement in the adopted property values of 5% across the entire Australian and US property portfolio would impact net assets by approximately \$750.2 million (2008: \$888.1 million) and impact net tangible assets attributable to members of Centro Properties Group by 50 cents per unit (2008: 58 cents per unit).

5. IMPAIRMENT TESTING

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

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	30.06.09 \$'000
Australia		
Funds management	96,723	97,221
Property, leasing and development	195,090	196,092
US		
Funds management	241,016	263,533
Property, leasing and development	142,996	156,358
TOTAL	675,825	713,204

The recoverable amount of intangible assets allocated to 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. These calculations use cash flow projections based on past performance and market expectations for the future. All impairment testing is conducted on a ten year cash flow period. The terminal growth rates used (generally between 2% and 3%) do not exceed the long-term growth rates for the business in which the CGU operates. Discount rates of between 9.0% and 12.7% were used in the impairment review calculations. Based on the detailed impairment testing performed as at 31 December 2009, goodwill and other intangible assets were not impaired. Movements in the carrying value of goodwill and other intangible assets are the result of changes in foreign exchange rates and amortisation.

Any reasonably possible change in key assumptions used would not cause the carrying amount of the intangible assets to exceed their recoverable amount as at 31 December 2009.

6. FOREIGN EXCHANGE GAINS / (LOSSES)

The Group recorded foreign exchange gains of \$157.0 million in respect of the half-year ended 31 December 2009 (2008: loss of \$1.1 billion) 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 USD/AUD spot rate of 0.8977 at 31 December 2009 compared to 0.8064 at 30 June 2009.

This gain is partially offset by a loss in the foreign currency translation reserve of \$23.6 million (2008: gain of \$1.1 billion) which is derived from the translation of the Group's foreign operations.

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	30.06.09 \$'000
Derivative assets		
Current assets		
Interest rate swap contracts	6,946	13,115
Cross currency interest rate swap contracts	-	564
Foreign exchange contracts	-	923
Total current derivative financial instrument assets	6,946	14,602
Non-current assets		
Interest rate swap contracts	22,259	29,752
Cross currency interest rate swap contracts	-	1,159
Foreign exchange contracts	710	2,335
Total non-current derivative financial instrument assets	22,969	33,246
Total derivative financial instrument assets	29,915	47,848
Derivative liabilities		
Current liabilities		
Interest rate swap contracts	19,423	6,215
Foreign exchange contracts	233	809
Other derivatives	56	56
Total current derivative financial instrument liabilities	19,712	7,080
Non-current liabilities		
Interest rate swap contracts	57,186	100,695
Cross currency interest rate swap contracts	25,908	79,599
Foreign exchange contracts	98,566	292,985
Other derivatives	143,367	133,398
Total non-current derivative financial instrument liabilities	325,027	606,677
Total derivative financial instrument liabilities	344,739	613,757
Net derivative financial instrument liabilities	314,824	565,909

The net movement on mark to market of derivatives for the half-year ended 31 December 2009 of \$210.5 million (2008: loss of \$1.1 billion) reflects the movement in the net derivative financial instrument balance above, 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.

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.

(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. The contracts are settled on a net basis and the net amount is disclosed in the balance sheet as either a payable or receivable.

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 the consolidated entities within the Group held cross currency interest rate swap contracts as an economic hedge of their net investments denominated in a foreign currency. The contracts are settled on a gross basis and the net amount is disclosed in the balance sheet as either a payable or receivable.

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.

7. DERIVATIVE FINANCIAL INSTRUMENTS (CONT.)

(iii) Foreign exchange contracts

During the half-year the Group held US investments. In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts to sell US 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.

8. INTEREST BEARING LIABILITIES

	Centro Properties Limited and its Controlled Entities	
	31.12.09 \$'000	30.06.09 \$'000
Current		
Secured borrowings	4,313,293	1,792,003
Unsecured borrowings	22,836	35,375
Capital leases	3,227	2,238
Total current interest bearing liabilities	4,339,356	1,829,616
Non-current		
Secured borrowings ^{(i), (ii)}	10,721,498	14,452,707
Unsecured borrowings ⁽ⁱⁱ⁾	734,742	846,486
Investor loan notes held by puttable interest holders	8,065	70,499
Capital leases	106,534	120,394
Total non-current interest bearing liabilities	11,570,839	15,490,086
Total interest bearing liabilities	15,910,195	17,319,702
Financing arrangements		
The Group has access to the following lines of credit:		
Borrowings	15,982,747	17,491,839
Total facilities available at end of period	15,982,747	17,491,839
Facilities utilised at end of period:		
Borrowings	15,910,195	17,319,702
Total facilities utilised at end of period	15,910,195	17,319,702
Facilities not utilised at end of period		
Borrowings	72,552	172,137
Total facilities not utilised at end of period	72,552	172,137

⁽ⁱ⁾ Includes the Hybrid Securities issued as part of the refinancing and debt stabilisation agreement of \$1.0 billion.

⁽ⁱⁱ⁾ The non-current classification of debt considers the Group's compliance with covenants measured at the reporting date. 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 2009 is primarily due to the strengthening in the value of the Australian dollar against the US dollar.

9. EQUITY SECURITIES ISSUED

	Centro Properties Limited and its Controlled Entities			
	31.12.09 Securities	31.12.08 Securities	31.12.09 \$'000	31.12.08 \$'000
Issues of ordinary securities during the half-year				
Employee security plan (ESP) ⁽ⁱ⁾	1,736,466	11,247,978	320	2,956

⁽ⁱ⁾ Securities issued under the ESP are deemed to be options under AASB 2 *Share-based Payment*. During the half-year ended 31 December 2009, 1,736,466 securities were forfeited by employees under the ESP and sold on market (2008: 11,247,978 securities).

10. NET TANGIBLE ASSET BACKING

	Centro Properties Limited and its Controlled Entities	
	31.12.09	30.06.09
(a) Basic net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(2,291,823)	(2,269,781)
Preference units (\$'000) ⁽ⁱ⁾	(499,053)	(555,556)
Adjusted net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(2,790,876)	(2,825,337)
Number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security ('000) ⁽ⁱⁱ⁾	971,867	971,867
Net tangible liabilities backing per security – basic	(\$2.87)	(\$2.91)
(b) Adjusted net tangible asset backing per ordinary security		
Net tangible liabilities attributable to members of Centro Properties Group (\$'000)	(2,291,823)	(2,269,781)
Number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security ('000) ^{(ii), (iii)}	1,017,837	1,017,837
Net tangible liabilities backing per security – adjusted	(\$2.25)	(\$2.23)

⁽ⁱ⁾ Value of preference units has been translated at the spot rate at balance date to reflect the impact on ordinary securityholders in the event that the preference units were redeemed for cash rather than at the historical rate as recognised in equity.

⁽ⁱⁱ⁾ Adjusted to add back securities issued under the ESP that are deemed to be options under AASB 2 *Share-based Payment*.

⁽ⁱⁱⁱ⁾ Includes preference units based on potential entitlement to ordinary securities, excluding the potential impact of the conversion of the Hybrid securities.

11. BUSINESS COMBINATION

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 for a limited number of units annually from 30 June 2009 to be put by investors and acquired by Centro at CMCS 37's net asset backing price upon application by investors. On 26 October 2009 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 \$2.4 million and net profit of \$1.0 million to Centro for the period from 26 October 2009 to 31 December 2009. If the business combination had taken place at the beginning of the year, consolidated revenue for the six-month period would have been \$7.3 million and net profit would have been \$2.6 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

(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	

12. CONTINGENT LIABILITIES

The following disclosures are relevant in relation to contingent liabilities of the Group as at 31 December 2009:

Litigation – Centro

In May 2008 two separate representative proceedings were commenced in the Federal Court against Centro Properties Limited and CPT Manager Limited. 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 statements, 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 first proceeding, between 9 August 2007 to 15 February 2008 and, in the instance of the second proceeding, between 5 April 2007 to 28 February 2008.

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

The proceedings are being vigorously defended (with defences filed) and no amount has been provided for in the financial report. Centro Properties Limited and CPT Manager Limited have also filed cross claims against their former auditor, PricewaterhouseCoopers.

Court orders were made on 17 December 2008 which required the parties to mediate the issues relating to both class actions. A first round of mediation was conducted in July 2009 at which time it was contemplated that further mediation would occur in November 2009. The parties did not reconvene the mediation. The Court has listed a directions hearing in March 2010 at which time it is anticipated that orders may be made for the further conduct of the proceedings.

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 statements 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 extend 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.

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.

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.

12. CONTINGENT LIABILITIES (CONT.)

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 seventh anniversary of the establishment of CRIT 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. A liability of \$2.8 million has been recognised on the Group's balance sheet for this potential exposure.
- 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 2009 values, the gross commitment to Centro would be approximately \$0.6 million (CMCS 37) and \$0.6 million (CMCS 38) per annum.

Centro America Fund has an annual liquidity facility commencing 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 2009 values, the gross commitment to Centro would be approximately \$15.0 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 2010, Centro may be obligated to acquire up to \$84.4 million of units in syndicates (based on 31 December 2009 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 and not all syndicates.

Redemptions

There was the 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 however this was contingent on unitholders exercising their right for redemption. The total outstanding as at the date of this report is approximately US\$22 million. This has been recorded as a liability on the Groups balance sheet.

13. EVENTS OCCURRING AFTER REPORTING DATE

(a) Executive appointment

On 5 January 2010 Centro announced that it had appointed Robert Tsenin as Group Chief Executive Officer and Managing Director (Group CEO). Mr Tsenin will formally commence his duties as Group CEO, in Centro's head office in Melbourne, on 1 March 2010 after being appointed Group Chief Executive Officer Designate from 5 February 2010 to ensure an orderly handover from Glenn Rufrano. Mr Rufrano's contract ends on 28 February 2010.

(b) Asset sales

Since 1 January 2010, the Group has sold one US asset held by Centro Shopping Centre America Trust (otherwise known as CSF or Centro GA America LLC) at its 31 December 2009 book value of US\$24.6 million.

On 5 January 2010, the Group executed an unconditional agreement to sell its interest in Centro Nerang for \$38.5 million. The 31 December 2009 book value was \$38.6 million.

On 28 January 2010, the Group executed an unconditional agreement to sell its interest in Centro Murray Bridge at its 31 December 2009 book value of \$21.8 million.

Other than disclosed above, since 31 December 2009 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 4 to 25 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 2009 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 Centro Properties Limited 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, 25th February 2010

To the members of Centro Properties Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centro Properties Limited (the 'company'), which comprises the balance sheet as at 31 December 2009, and the income statement and 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 Centro Properties Group (the Group) comprising 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 the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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 Centro Properties Limited is not in accordance with the *Corporations Act 2001*, including:

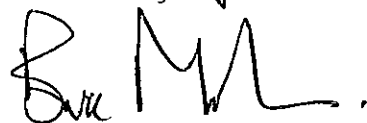
- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 as to whether the Group will continue as a going concern as the Group remains reliant on the support of its lenders through extension or refinancing of certain loan facilities beyond existing expiry dates and the provision of certain loan covenant waivers and, therefore, whether the Company and its controlled entities (including the Centro Properties 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 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.

A handwritten signature in black ink, appearing to read 'Emma Yang'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'BR Meehan'.

BR Meehan
Partner
Melbourne
25 February 2010

Control gained over entities having material effect

Name of entity (or group of entities)	Centro MCS 37
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	\$976,410
Date from which such profit has been calculated	26 October 2009
Profit (loss) after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	(\$13,388,453)

Loss of control of entities having material effect

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

Dividends (in the case of a trust, distributions)

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

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim distribution to ordinary security holders:			
<i>Current year</i>			
Distribution from Trust	-¢	-	-¢
Dividend from Company	-¢	-	-¢
Total distribution	-¢		
<i>Previous year</i>			
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
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Any other disclosures in relation to dividends (distributions).

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

Group's share of associates' and joint venture entities':	Current period	Previous corresponding period
	\$A'000	\$A'000
Profit (loss) before tax	11,539	(97,861)
Income tax	-	-
Profit (loss) after tax	11,539	(97,861)
Extraordinary items net of tax	-	-
Net profit/(loss)	11,539	(97,861)
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	11,539	(97,861)

Material interests in entities which are not controlled entities

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

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	10,145	(41,753)
Centro Arndale Property Trust	50.0	50.0	2,126	(6,819)
Centro Lutwyche Sub Trust	50.0	50.0	(487)	(5,509)
Centro Perth City Property Trust	50.0	50.0	(1,297)	(5,163)
Centro Super LLC Joint Ventures	50.0	50.0	(6,661)	4,992
Emerald Village	50.0	50.0	245	(1,067)
Heritage Joint ventures	50.0	50.0	2,545	225
Hervey Bay Holding Trust	50.0	50.0	(5,267)	(4,579)
Roselands Investment Trust	50.0	50.0	7,602	(10,173)
Tuggeranong Town Centre Trust	50.0	50.0	90	(27,755)
Victoria Gardens Retail Trust No.1	50.0	50.0	2,234	804
Other	Nil	Nil	264	(1,064)
Total			11,539	(97,861)

Compliance statement

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

(Tick one)

- | | | | |
|--------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input checked="" type="checkbox"/> | The accounts have been subject to review. |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

The entity has a formally constituted audit committee.



Sign here:

Date: 25th February 2010

(Director)

Print name: P. Cooper