

4 July 2012



MARKET UPDATE

30 JUNE 2012 PROPERTY VALUATIONS

Centro Retail Australia ('CRF') today announced a \$76 million valuation increase for the six months ended 30 June 2012 for its \$6.6 billion managed property portfolio. CRF's owned portfolio of 41 shopping centres, valued at \$3.8 billion, recorded a \$50 million or 1.3% increase on December book value.

External Valuations	CRF	Total Managed Portfolio ¹
Number of properties externally valued	27	50
% of total assets by book value	61.5%	55.4%
Internal Valuations		
Number of properties internally valued	14	33
% of total assets by book value	38.5%	44.6%
Total Valuations		
June 2012 valuation (\$m)	3,804.3	6,592.5
Prior book value (\$m)	3,754.3	6,516.2
Aggregate movement in value (\$m) ²	50.0 ³	76.3 ³
Variance over prior book value % ²	1.3%	1.2%
Valuation Cap Rates		
June 2012 weighted average cap rate	7.39%	7.53%
Prior weighted average cap rate	7.44%	7.51%
¹ Managed portfolio excludes Tuggeranong		
² Valuation changes are based on a comparable analysis of properties held over the 6 month period		
³ Unaudited figure and represents CRF's share of the revalued assets		

All properties in CRF's managed portfolio were revalued as at 30 June 2012, with independent valuations conducted on more than 60% (by value) of CRF's directly owned assets.

CRF Chief Executive Officer, Mr Steven Sewell said, "We have witnessed strong demand for quality Australian retail property as demonstrated by the recent sale of our 50% interests in Galleria, The Glen and Colonnades at a 3.7% premium to book value. The sale of these interests and other recent sub regional and convenience based centre transactions provides support for the overall valuation of our portfolio."

"Of the 1.3% valuation increase in the CRF directly owned portfolio, approximately 60% is attributable to net operating income growth, with the remaining 40% movement attributable to the five basis point compression in weighted average capitalisation rate from 7.44% to 7.39%," he added.

CRF's net asset value, after taking into consideration capital expenditure during the period, will increase by approximately \$24 million as a result of the positive revaluation of the CRF directly owned property portfolio.

DEBT REPAYMENT AND INTEREST RATE RESTRUCTURE

Following last week's settlement of the sale of 50% interests in Galleria, The Glen and Colonnades for \$690.4 million, \$600 million of the net sales proceeds have been used to partially repay CRF's core debt facility, effective 27 June 2012, with a further \$85 million utilised to meet CRF's class action settlement obligation.

In total, debt repayments of \$660 million have occurred from asset sales since the establishment of CRF in December 2011, therefore interest rate swaps with a notional value of \$660 million were terminated on 28 June 2012. The total cost of the termination was \$16.9 million.

Following the termination of the interest rate swaps, CRF was approximately 91% hedged as at 30 June 2012. In addition to terminating the excess hedges, CRF has entered into three new forward start interest rate swaps which will commence at the maturity of certain existing hedge contracts.

Centro Retail Australia

Core Facility Hedges as at 30 June 2012

<i>Hedge Contracts</i>	<i>Amount (A\$m)</i>	<i>Start Date</i>	<i>Maturity</i>	<i>Fixed Rate (%)</i>
Core Facility				
Core	340.0	20-Dec-11	20-Dec-12	3.81%
Core	30.0	20-Dec-11	21-Nov-14	3.90%
New Swap 1	435.0	20-Dec-12	23-Nov-15	3.28%
New Swap 2 ¹	115.0	14-Jun-13	23-Nov-15	3.27%
New Swap 3	410.0	13-Dec-13	21-Nov-14	3.29%

¹ Amortising swap, with reducing notional to \$35 million effective 21 Nov 2014

CRF confirms all other derivative contracts as previously disclosed remain unchanged.

CRF INVESTOR REGISTER – CONTINUING TO “NORMALISE”

The transformation of the share register of the company is continuing, with a large number of “non-traditional” REIT investors (i.e. former CNP headstock lenders, various hedge funds and Centro DPF), substantially reducing their holdings in CRF from approximately 80% at the time of CRF's establishment to a current estimate of approximately 20%, prior to any issuance of securities in relation to the Class Action True-up Securities (CATS).

The company confirms that approximately 87 million additional CRF securities will be issued to CATS holders for nil consideration as provided for in the 2011 Disclosure Document. As previously advised, this issuance of CRF securities, to take effect on 31 July 2012, will result in dilution of approximately 6.5% to both NAV and NTA per security.

As previously indicated, CRF was included in the FTSE EPRA/NAREIT Global Real Estate Index with effect from 18 June 2012. This has resulted in more traditional domestic and international institutional REIT investors continuing to increase their holdings in CRF.

POSITIVE MOMENTUM

CRF Chief Executive Officer, Mr Steven Sewell said, "Since its establishment in December 2011, CRF has received positive support from both investors and retailers, as it is one of the few substantial internalised AREITS with a key focus on ownership, management and development of its existing portfolio of Australian shopping centres.

"With a significantly improved balance sheet position, after settlement of the sale of the partial interests in the three regional malls, the company is well positioned to execute on both the earnings enhancing debt restructure process underway and substantial redevelopment opportunities that exist across the portfolio."

The company is in the process of compiling its full year financial results which are scheduled to be announced to the market on 28th August 2012.

About Centro Retail Australia (ASX: CRF)

CRF was established in December 2011 and is a fully vertically integrated Australian Real Estate Trust specialising in the ownership and management of Australian shopping centres. CRF has \$6.6 billion of shopping centres under management and employs over 600 people, with offices in Melbourne, Sydney, Brisbane, Perth and Adelaide. CRF provides a full suite of property services including retail development, property management, leasing, financial, sustainability and fund administration. For more information, please visit the CRF website at crfinvestor.com.au.

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CRF Valuations by Property

Property	CRF ownership (%)	Jun-12 valuation by ownership	Variance to book value by ownership	% Change	Jun-12 capitalisation rate	Dec-11 capitalisation rate
Centro Colonnades	50.0%	150.0	0.8	0.5%	7.25%	7.25%
Centro Galleria	50.0%	333.0	22.9	7.4%	5.64%	6.00%
Centro The Glen	50.0%	207.4	1.1	0.5%	6.00%	6.25%
Centro Bankstown	50.0%	285.0	6.4	2.3%	6.75%	6.75%
Centro Roselands	50.0%	168.1	3.8	2.3%	7.00%	7.00%
Tuggeranong Hyperdome	50.0%	157.1	-0.4	-0.3%	7.25%	7.50%
Centro Goulburn	100.0%	48.5	0.5	1.0%	8.75%	8.75%
Centro Armidale	100.0%	38.8	-0.6	-1.5%	8.50%	8.50%
Centro Arndale	100.0%	100.5	3.4	3.5%	8.25%	8.25%
Centro Box Hill South	100.0%	105.0	-3.8	-3.5%	8.00%	7.75%
Centro Buranda	100.0%	34.3	0.0	0.0%	7.75%	7.75%
Centro Whitsunday	100.0%	48.6	-0.1	-0.1%	8.50%	8.50%
Centro Cranbourne	100.0%	124.0	2.4	2.0%	7.50%	7.50%
Centro Karingal	100.0%	182.0	1.8	1.0%	7.25%	7.25%
Centro Lavington	100.0%	59.0	0.0	0.0%	8.00%	8.00%
Centro Mildura	100.0%	88.0	0.0	0.0%	8.00%	8.00%
Centro Mandurah	100.0%	248.5	11.1	4.7%	7.25%	7.25%
Centro Mornington	100.0%	55.0	-0.1	-0.2%	7.50%	7.50%
Centro Mount Gambier	100.0%	29.0	-5.5	-15.9%	9.25%	9.50%
Centro Nepean	100.0%	107.5	4.5	4.4%	7.50%	7.50%
Centro Somerville	100.0%	38.5	0.0	0.0%	8.50%	8.25%
Centro Springwood	100.0%	49.0	-3.0	-5.8%	8.50%	8.00%
Centro Taigum	100.0%	77.7	-2.3	-2.9%	7.75%	7.50%
Centro Toombul	100.0%	212.7	-1.5	-0.7%	8.00%	8.00%
Centro Tweed	100.0%	76.0	2.8	3.8%	8.25%	8.25%
Centro Warriewood	100.0%	138.0	3.4	2.5%	7.25%	7.25%
Centro Westside	100.0%	35.0	0.4	1.2%	9.50%	9.50%
Centro Box Hill North	100.0%	61.0	-0.9	-1.5%	8.00%	8.00%
Centro Wodonga	100.0%	44.0	1.3	3.0%	9.00%	9.00%
Centro Warwick	100.0%	128.0	0.2	0.2%	7.75%	7.75%
Centro Karratha	50.0%	49.1	1.5	3.1%	7.75%	7.75%
Victoria Gardens Shopping Centre	50.0%	87.8	4.4	5.2%	7.00%	7.00%
Centro Albany (WA)	100.0%	26.8	-0.1	-0.4%	8.50%	8.50%
Goldfields Plaza	100.0%	20.7	1.0	5.1%	9.00%	9.00%
Centro Halls Head	100.0%	28.0	-1.3	-4.4%	8.00%	8.00%
Katherine Oasis Shopping Centre	100.0%	25.2	0.5	2.0%	9.25%	9.00%
Centro North Shore	100.0%	18.0	0.5	2.9%	8.00%	8.00%
Centro Victoria Park	100.0%	21.5	-1.5	-6.5%	8.00%	8.00%
Centro Warnbro	100.0%	51.3	0.0	0.0%	7.75%	7.75%
Centro Warrnambool	100.0%	12.1	0.6	5.2%	8.75%	8.75%
Centro Lutwyche	50.0%	26.0	-4.0	-13.3%	8.75%	8.00%
Keilor Land	100.0%	8.8	0.0	0.0%	n.a.	n.a.