Appendix 4D

Half-year report

Name of entity

Federation Limited (previously Centro Retail Limited) comprising **Federation Centres Trust No. 1** (previously Centro Retail Trust), **Federation Centres Trust No. 2** (previously Centro Australia Wholesale Fund) and **Federation Centres Trust No. 3** (previously Centro DPF Holding Trust)**.**

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half-year ended ('current period')
90 114 757 783	✓		**31 December 2012** (Previous corresponding half-year: 31 December 2011)

Results for announcement to the market

	31.12.12 **$'000**	**31.12.11[1]** **$'000**	**% Change**
Revenue	258,813	48,188	n/m
Statutory net profit/(loss) attributable to members of Federation Centres	115,911	(100,057)	n/m
Underlying earnings [2]	106,179	21,969	n/m
Net tangible assets per security ($)	2.22	2.21	

Please refer to the Review of operations within the Directors' report for commentary on the results.

(1) Results shown for the comparative period comprise results and transactions of Federation Limited (the parent) for six months and those of Federation Centres Trust No.1, Federation Centres Trust No.2, Federation Centres Trust No.3 and their controlled entities, and the assets and liabilities acquired by Federation Limited pursuant to the Aggregation, for one month period from 1 December 2011 to 31 December 2011.

(2) Underlying earnings is a financial measure which represents the profit/(loss) under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items. The inclusion of underlying earnings as a measure of profitability of Federation Limited provides investors with the same basis that is used internally for evaluating operating segment performance. Underlying earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of Federation Limited's statutory profit/(loss) to underlying earnings is provided in Note 2 Segment Information of Federation Limited's 31 December 2012 half year financial report.

n/m – not meaningful as explained in Note 1 above

Dividends (distributions)	Amount per security (distribution from Trusts)	Amount per security (dividend from Company)	Record date for determining entitlements to the dividend (in the case of a trust, distribution)
Interim distribution	6.6 cents	-	31 December 2012
Previous corresponding period	-	-	-

FEDERATION LIMITED [1]

Comprising Federation Limited - ABN 90 114 757 783 and its controlled entities including Federation Centres Trust No. 1 – ARSN 104 931 928,
Federation Centres Trust No. 2 – ARSN 122 223 974, and
Federation Centres Trust No. 3 – ARSN 153 269 759,
which are known as the ASX listed stapled group, Federation Centres

Financial Report
For the Half-Year Ended
31 December 2012

Directors of Federation Limited

Bob Edgar (Chairman)
Steven Sewell (Chief Executive Officer & Managing Director)
Clive Appleton
Peter Day
Tim Hammon
Charles Macek
Fraser MacKenzie
Debra Stirling

Secretaries of Federation Limited

Elizabeth Hourigan
Dimitri Kiriacoulacos

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

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[1] Federation Limited was previously Centro Retail Limited, Federation Centres Trust No. 1 was previously Centro Retail Trust, Federation Centres Trust No. 2 was previously Centro Australia Wholesale Fund and Federation Centres Trust No. 3 was previously Centro DPF Holding Trust.

Directors' Report

The Directors of Federation Limited (previously Centro Retail Limited) present the financial report of Federation Centres (previously Centro Retail Australia) for the half-year ended 31 December 2012.

Change of name

At the Extraordinary General Meeting held on 22 January 2013, securityholders approved changing the company name from Centro Retail Limited to Federation Limited, effective 22 January 2013. Federation Limited is the parent of the stapled group Federation Centres. Its ASX code has changed from CRF to FDC. In addition, the names of the other stapled entities: Centro Retail Trust, Centro Australia Wholesale Fund, Centro DPF Holding Trust and their responsible entity Centro Retail Australia Limited were changed to Federation Centres Trust No. 1, Federation Centres Trust No. 2, Federation Centres Trust No. 3 and Federation Centres Limited respectively, effective 22 January 2013.

Federation Centres

The ASX listed Australian Real Estate Investment Trust (A-REIT), Federation Centres (the Group or FDC) was formed by the stapling of Federation Limited (the Company or FL), Federation Centres Trust No. 1 (FCT1), Federation Centres Trust No. 2 (FCT2) and Federation Centres Trust No.3 (FCT3) (collectively known as the Trusts) through schemes of arrangement that were approved by the Supreme Court of New South Wales on 1 December 2011 (the Aggregation).

FDC consists of FL and its controlled entities, which for statutory reporting purposes, include FCT1, FCT2 and FCT3. Although separate entities, the securities of each are stapled to ensure that they are traded as a single interest, and since FDC is a stapled entity, none of the stapled entities exercises control over the other.

In preparing the consolidated accounts of FDC, AASB 3R and AASB 127 require a parent entity to be identified for FDC. FL has been identified as the parent of FDC on the basis that the Directors and management of FDC are employed by FL and its subsidiaries, and accordingly the financial and operating policies of FDC are governed by FL.

Whilst the Aggregation date was 14 December 2011, the date of Aggregation of FDC for accounting purposes is 1 December 2011, being the date that the schemes were approved by the Supreme Court of New South Wales and when all the risks and rewards passed to FDC securityholders. Accordingly, the income statement comparatives in this financial report comprise results and transactions of FL (the parent) for the six months to 31 December 2011 and those of FCT1, FCT2, FCT3 and their controlled entities, and the assets and liabilities acquired by FL pursuant to the Aggregation, for a one month period from 1 December 2011 to 31 December 2011.

By virtue of being a stapled security, the interests of members in FCT1, FCT2 and FCT3 (i.e. the non-parent entities) are presented as non-controlling interest, and described as other stapled entities of Federation Centres in the Income Statements and Balance Sheets.

Directors

The Board of Federation Limited and Federation Centres Limited as Responsible Entity (RE) of the Trusts (together, the FDC Board) consists of the same members. The following persons were members of the FDC Board up to the date of this report unless otherwise stated:

- Bob Edgar (Chairman)
- Steven Sewell (Chief Executive Officer and Managing Director - appointed 20 July 2012[1])
- Clive Appleton
- Peter Day
- Tim Hammon
- Charles Macek
- Fraser MacKenzie
- Debra Stirling

Company Secretaries

The Company Secretaries are Elizabeth Hourigan and Dimitri Kiriacoulacos.

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[1] Mr Sewell was Chief Executive Officer from 22 February 2012, and appointed to the position of Chief Executive Officer and Managing Director on 20 July 2012.

Principal Activities

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

Significant Matters

(a) Name changes for the Group

As mentioned above, effective from 22 January 2013, the name of the Group changed to Federation Centres. Similarly, on 30 January 2013, the names of all non wholly owned syndicates managed by Federation Limited, except Centro MCS 22, changed from Centro MCS to Retail Direct Property, with appropriate identifying numbers. Centro MCS 22 changed its name to Retail Direct Property 22 on 14 February 2013.

(b) Refinancing of facilities

During the period, FDC finalised the restructure of its existing core debt on the following terms:

- An increase of the facility from $1.0 billion to $1.8 billion, comprising:
- $650 million maturing in November 2015
- $625 million maturing in November 2017, and
- Delayed start facilities of $300 million (available June 2013) and $225 million (available December 2013), both with a maturity of November 2017

The covenants and terms are usual and customary for facilities of this nature. There was no change to the original lenders.

(c) Issue of new FDC securities

On 31 July 2012, FDC issued a total of 86.7 million new securities in accordance with the Terms of Issue for the Class Action True Up Securities (CATS). The new securities were issued to various pre-aggregation investors in accordance with the disclosure document issued in connection with Aggregation and final terms of Aggregation approved by stakeholders, with the formation of FDC in December 2011.

In summary, the CATS structure (and this consequent issue of FDC securities) was put in place at Aggregation so as to be able to compensate a portion of FDC securityholders following the approval of any settlement of the CER Class Action Litigation. The settlement was approved in June 2012.

FDC's contribution towards the settlement amount was $85.6 million (excluding costs) of the total settlement of $200 million in respect of all proceedings, with the balance of the total settlement amount contributed by PricewaterhouseCoopers of $67 million; the pre aggregation entity CNPR Limited of $10 million; and $37.4 million available from D&O insurance policy proceeds. The total amount contributed was allocated between the Maurice Blackburn and Slater & Gordon claims.

The new securities, issued on 31 July 2012, are quoted on the ASX and rank equally with existing FDC securities. The new securities represent an additional 6.5% of issued capital, with the total number of issued securities after this new issue being 1.427 billion.

(d) Acquisition of Retail Direct Property 18, Centro MCS 28 and Centro MCS 33

On 31 August 2012, FDC through FCT3 acquired units held by external parties in Retail Direct Property 18 and Retail Direct Property 18 Unit Trust (collectively RDP 18) who elected to exit the syndicate. The total cash consideration paid was $3.4 million. As a result of the acquisition of the additional units, FDC gained control of and now consolidates RDP 18 (61.07% voting interest). RDP 18 owns the following properties: Hilton in South Australia (SA) and The Gateway Shopping Village in Victoria (VIC).

On 5 October 2012, FDC through FCT2 acquired all the units held by external unitholders in Centro MCS 28 (CMCS 28). The total cash consideration paid was $62.8 million. As a result of the acquisition of all the units, FDC now consolidates CMCS 28. CMCS 28 owns a 50% interest in Bankstown in New South Wales (NSW).

On 17 December 2012, FDC through FCT3 acquired all the units held by external unitholders in Centro MCS 33 Trust 1 and Centro MCS 33 Trust 2 (collectively CMCS 33). The total cash consideration paid was $40.2 million. As a result of the acquisition of all the external units, FDC now consolidates CMCS 33. CMCS 33 owns the following properties: Burnie in Tasmania (TAS), Flinders Square in Western Australia (WA), Keilor in VIC, Milton in Queensland (QLD) and a 50% interest in Lutwyche in QLD.

(e) Acquisition of investment properties

FDC acquired Dianella in WA from Retail Direct Property 9 for $54 million on 1 October 2012, and acquired Toormina in NSW from Retail Direct Property 16 for $65.5 million on 14 December 2012.

(f) Going concern

At 31 December 2012, the Group is in a net current liability position of $922.8 million. The net current liability is mainly a result of $922.7 million of debt facilities maturing within the next 12 months.

The Directors are of the opinion that the Group is a going concern on the basis that these maturing facilities will be refinanced using proceeds from available undrawn facilities which have a maturity to November 2017. Additional funds are expected to also become available from the proceeds of contracted asset sales.

Review of Operations

Operational Performance

The FDC portfolio continues to perform in line with expectations, despite the pressured retail trading environment, reflecting the non-discretionary nature of the portfolio which is well diversified not only by shopping centre type, but also by location and mix of retailers with a focus on the non-discretionary spend.

Comparable direct property investment income growth of 3.0% was achieved for the six months ended 31 December 2012 and portfolio sales growth was positive across all categories with total annual retail sales growth of 2.0%.

Demand for quality retail space has continued and the portfolio has not been materially impacted by tenant administrations with FDC's property team maintaining an occupancy level of 99.5% at 31 December 2012. Lease renewals represent the majority of lease deals across the portfolio and for the first half of the FY2013 year the leasing spreads on renewals were 3.5%.

Financial Performance

On a statutory basis FDC generated total revenue of $258.8 million and a net profit of $115.9 million. Underlying earnings for the half-year were $106.2 million.

The following summary segment income statement is extracted from Note 2 of FDC's half-year financial report:

Segment income statement	**Half year ended 31.12.12 $'000**
Direct property investment income	148,465
Managed fund investment income	11,284
Investment income	**159,749**
Services income	18,931
Total segment income	**178,680**
Overheads, net of recoveries	(22,472)
Depreciation and amortisation	(567)
Borrowing costs	(49,462)
Underlying earnings	**106,179**
Non-distributable items:	
Investment property revaluations	22,426
Stamp duty expenses	(22,342)
Other non-distributable items	9,648
Net profit/(loss)	**115,911**

Underlying earnings per security for the period was 7.5 cents per security. Full year guidance on underlying earnings has been increased to within the range of 15.5 to 15.75 cents per security. Underlying earnings in the second half of FY13 will reflect the impact of the properties acquired by FDC in October through December 2012, as well as benefiting from lower borrowing costs from the restructure of FDC's borrowings and new interest rate swaps entered into during the first half of FY13.

FDC announced on 5 December 2012 that a distribution per security of 6.6 cents per security would be paid to investors for the period, reflecting a payout ratio of 89% for the period.

Strong Capital Position

At 31.1%, FDC's balance sheet gearing remains strong. As at 31 December 2012, FDC has approximately $538 million of available capacity for future development and acquisition activities under its facility agreements. This will increase further post the ISPT transaction referred to below. Interest rate risk continues to be managed with the hedging ratio remaining above 90%, consistent with FDC's risk management framework.

On 8 February 2013, FDC entered into an agreement with ISPT for the sale of 50% of four sub-regional shopping centres and a convenience centre for $371.4 million. Proceeds from the sale, net of transaction costs, will initially be applied to reducing debt facilities and materially enhance the balance sheet leverage position and available liquidity.

ISPT is one of Australia's leading unlisted property fund managers with over $8 billion of property assets. It is co-owned by 21 industry super funds and other 'like-minded' organisations and invests retirement savings of more than 50% of Australian workers in property.

Redevelopment and asset strategy building

With strategic hires now in place, FDC has reinforced the resources of the Redevelopment and Asset Strategy team during the period with the team now based in hubs around Perth, Sydney and Melbourne. Core to the objective is to plan and prioritise the myriad of asset enhancement opportunities that exist in the portfolio. During the period the Tuggeranong development in Australian Capital Territories was completed and works continued on Arndale in SA, with plans for redevelopment at Warnbro Fair in WA approved by the Board.

Syndicate Restructure Progressing Well

During the period, approximately $548 million of assets have been acquired by FDC from the syndicate business, including the acquisitions of Toormina in NSW, Dianella and Flinders in WA, Milton in QLD, Burnie in TAS, Keilor in VIC and the remaining 50% externally held interest in Bankstown in NSW and Lutwyche in QLD. A further $120 million has been sold on market by the syndicates.

As at 31 December 2012, 19 syndicates remain with total assets of $1.5 billion. FDC continues its strategy to substantially restructure the syndicate business.

- Five stabilised syndicates, holding $330 million of assets, will continue having rolled over recently with sound fundamentals and investor support. FDC's investment in these syndicates is only $82 million.
- The remaining 14 syndicates, holding assets of $1.2 billion, will wind up when they reach maturity with FDC potentially acquiring approximately $700 million (subject to available capacity), with the remainder sold on the market.

Distributions

On 5 December 2012 the Directors declared an interim distribution of 6.6 cents per FDC stapled security, which translates to interim distributions payable to securityholders of $94.2 million. The payment date of this distribution is 28 February 2013.

Events Occurring After the End of the Reporting Period

(a) Co-ownership agreement entered into with ISPT, in respect of a 50% interest in five shopping centres for $371.4 million

On 8 February 2013, FDC entered into an agreement with ISPT for the sale of 50% of four sub-regional shopping centres and a convenience centre for $371.4 million. As part of the co-ownership arrangement, FDC will continue to provide property management, development and leasing services from its existing fully integrated management platform.

The four sub-regional shopping centres are Mandurah in WA, Cranbourne and Karingal in VIC and Warriewood in NSW. The convenience centre is Halls Head also located in WA.

Subject to the satisfaction of normal conditions typical for a transaction of this nature, the transaction is expected to be completed on or before 31 July 2013. Proceeds from the sale, net of transaction costs, will initially be applied to reducing debt facilities.

(b) FDC credit rating

On 22 February 2013, FDC received a credit rating of A- on its senior secured bank debt and a corporate credit rating of BBB+/stable from Standard & Poor's. The credit ratings provide an opportunity for FDC to diversify its funding sources via the debt capital markets, subject to suitable market conditions.

(c) Disposal of property

On 8 February 2013, FDC entered into an unconditional contract to dispose of Keilor and its adjoining vacant land for $67 million. Settlement is expected on or before 28 February 2013.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2012 and the date hereof that has significantly affected or may significantly affect:

(i) the Group's operations in current and future financial years, or
(ii) the results of those operations in current and future financial years, or
(iii) the Group's state of affairs in current and future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of Amounts to the Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and 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 in Melbourne on 22 February 2013 in accordance with a resolution of the Directors.

Bob Edgar

Chairman

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Auditor's Independence Declaration to the Directors of Federation Limited (formerly known as Centro Retail Limited)

In relation to our review of the half-year financial report of Federation Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

B R Meehan
Partner
Melbourne
21 February 2013

Income Statements
for the half-year ended 31 December 2012

	Notes	Federation Limited and its Controlled Entities 31.12.12 $'000	31.12.11 (1) $'000
REVENUE			
Property ownership revenue		234,917	41,643
Services revenue		14,455	2,779
Distribution revenue		4,304	2,904
Interest revenue		5,137	862
Total Revenue		**258,813**	**48,188**
Share of net profits of associates and joint venture partnerships accounted for using the equity method	4(b)	14,862	3,388
Fair value adjustment on financial assets at fair value through profit or loss	4(c)	(4,845)	(643)
Property revaluation increment for directly owned properties	4(d)	32,964	-
Other income		18,126	1,576
Borrowing costs		(60,846)	(14,205)
Direct property expenses		(61,766)	(10,826)
Employee benefits expenses		(33,867)	(4,863)
Other expenses from ordinary activities		(12,739)	(3,627)
Net movement on mark to market of derivatives		(7,429)	(2,080)
Movement in net assets attributable to puttable interests in consolidated finite life trusts		(6,067)	(687)
Discount on business combination	10(b)	490	2,315
Fair value adjustment on Class Action True Up Securities		-	(65,838)
Stamp duty expenses		(15,979)	(52,755)
Write off of stamp duty capitalised on acquisition of investment property	4(d)	(6,363)	-
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		**115,354**	**(100,057)**
Income tax benefit		557	-
NET PROFIT/(LOSS) AFTER TAX		**115,911**	**(100,057)**
Net profit/(loss) attributable to:			
Federation Limited members		(3,454)	(2,542)
Other stapled entities of Federation Centres		119,365	(97,515)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF FEDERATION CENTRES		**115,911**	**(100,057)**
Basic (loss) per share in Federation Limited (cents)		(0.24)	(0.19)
Diluted (loss) per share in Federation Limited (cents)		(0.24)	(0.19)
Basic profit/(loss) per stapled security in Federation Centres (cents)		8.20	(7.46)
Diluted profit/(loss) per stapled security in Federation Centres (cents)		8.18	(7.46)

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

(1) Results shown for the comparative comprise results and transactions of FL (the parent) for six months and those of FCT1, FCT2, FCT3 and their controlled entities, for the one month period from 1 December 2011 to 31 December 2011.

Statements of Comprehensive Income for the half-year ended 31 December 2012

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	31.12.11 [1] $'000
NET PROFIT/(LOSS)	**115,911**	**(100,057)**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**115,911**	**(100,057)**
Total comprehensive income/(loss) attributable to:		
Federation Limited members	(3,454)	(2,542)
Other stapled entities of Federation Centres	119,365	(97,515)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF FEDERATION CENTRES	**115,911**	**(100,057)**

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

[1] Results shown for the comparative comprise results and transactions of FL (the parent) for six months and those of FCT1, FCT2, FCT3 and their controlled entities, for the one month period from 1 December 2011 to 31 December 2011.

Balance Sheets
as at 31 December 2012

		Federation Limited and its Controlled Entities	
	Notes	31.12.12 $'000	30.06.12 $'000
CURRENT ASSETS			
Cash assets and cash equivalents		106,670	200,478
Receivables and other assets		74,323	127,397
Derivative financial instruments		-	551
Financial assets carried at fair value through profit or loss	4(c)	88,944	78,292
Total current assets		**269,937**	**406,718**
NON-CURRENT ASSETS			
Receivables and other assets		136,145	3,587
Investments accounted for using the equity method	4(b)	287,998	590,834
Financial assets carried at fair value through profit or loss	4(c)	55,029	192,254
Investment property	4(d)	4,650,920	3,701,041
Intangible assets	5	199,735	199,735
Plant and equipment		6,683	3,319
Total non-current assets		**5,336,510**	**4,690,770**
TOTAL ASSETS		**5,606,447**	**5,097,488**
CURRENT LIABILITIES			
Trade and other payables		167,887	165,926
Provisions		96,360	83,001
Interest bearing liabilities	6	923,872	140,111
Derivative financial instruments		4,647	3,565
Total current liabilities		**1,192,766**	**392,603**
NON-CURRENT LIABILITIES			
Provisions		4,841	4,541
Interest bearing liabilities	6	904,513	1,238,662
Derivative financial instruments		11,314	5,266
Puttable interests in consolidated finite life trusts		120,330	106,561
Deferred tax liability		1,681	2,239
Total non-current liabilities		**1,042,679**	**1,357,269**
TOTAL LIABILITIES		**2,235,445**	**1,749,872**
NET ASSETS		**3,371,002**	**3,347,616**

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

Balance Sheets
as at 31 December 2012 (continued)

	Notes	Federation Limited and its Controlled Entities 31.12.12 $'000	30.06.12 $'000
EQUITY			
Equity attributable to members of Federation Limited			
Contributed equity		-	-
Share based payment reserve		2,679	898
Accumulated losses		(29,009)	(25,554)
Total equity attributable to members of Federation Limited		**(26,330)**	**(24,656)**
Equity attributable to other stapled entities of Federation Centres			
Contributed equity	7	3,656,665	3,453,502
Class Action True Up Securities (CATS)		-	203,261
Accumulated losses		(259,333)	(284,491)
Total equity attributable to other members of Federation Centres		**3,397,332**	**3,372,272**
Equity attributable to members of Federation Centres:			
Federation Limited members		(26,330)	(24,656)
Other stapled entities of Federation Centres		3,397,332	3,372,272
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF FEDERATION CENTRES		**3,371,002**	**3,347,616**

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

Statements of Changes in Equity
for the half-year ended 31 December 2012

	Federation Limited and its Controlled Entities				
	Contributed equity	Class Action True up Securities (1)	Accumulated losses	Share base payment reserve	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2011	-	-	-	-	-
Arising on Aggregation	3,453,502	-	-	-	3,453,502
Net loss for the half-year	-	-	(100,057)	-	(100,057)
Total comprehensive loss (2)	-	-	(100,057)	-	(100,057)
At 31 December 2011	**3,453,502**	**-**	**(100,057)**	**-**	**3,353,445**
At 1 July 2012	3,453,502	203,261	(310,045)	898	3,347,616
Net profit for the half-year	-	-	115,911	-	115,911
Total comprehensive income (2)	-	-	115,911	-	115,911
Issue of securities	203,163	(203,261)	-	-	(98)
Share based payment transactions	-	-	-	1,781	1,781
Interim distribution declared	-	-	(94,208)	-	(94,208)
At 31 December 2012	**3,656,665**	**-**	**(288,342)**	**2,679**	**3,371,002**

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

(1) At 30 June 2012, the CATS were presented under equity rather than under liabilities on the basis that they represented an obligation by FDC to issue a fixed number of its own securities. On 31 July 2012, 86,668,507 FDC securities were issued to CATS holders. No further obligations to CATS holders remain. Share issuance costs of $98,000 were incurred to issue the new securities.

(2) For accounting purposes FL is the identified parent of FDC. As a result, under AASB 127, FCT1, FCT2 and FCT3 are considered as non-controlling interests. The analysis of total comprehensive loss between FL and other stapled entities is as follows:

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	31.12.11 $'000
Total comprehensive loss attributable to Federation Limited	(3,454)	(2,542)
Total comprehensive income/(loss) attributable to other stapled entities of Federation Centres	119,365	(97,515)
Total comprehensive income/(loss)	**115,911**	**(100,057)**

Cash Flow Statements
for the half-year ended 31 December 2012

	Notes	Federation Limited and its Controlled Entities 31.12.12 $'000	31.12.11[1] $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		261,493	52,372
Payments to suppliers and employees		(103,050)	(15,015)
Distributions received from associates and managed investments		21,546	2,225
Interest and other income received		4,460	1,671
Interest paid/derivative settlements		(77,399)	(23,481)
Deferred debt costs paid		(7,918)	(10,228)
Net cash inflow from operating activities		**99,132**	**7,544**
CASH FLOWS FROM INVESTING ACTIVITIES			
Arising on Aggregation		-	88,086
Acquisition of syndicates, net of cash acquired	10(c)	(89,026)	-
Proceeds from other investments		12,765	-
Payments for other investments/redemptions		(1,534)	(48,927)
Proceeds from disposal of property investments		27,000	37,961
Acquisition of investment properties		(124,239)	-
Payments for development of property investments		(41,265)	(4,196)
Stamp duty paid		(9,817)	-
Net cash (outflow)/inflow from investing activities		**(226,116)**	**72,924**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		234,866	1,594,975
Repayments of borrowings		(35,650)	(1,514,852)
Receipt of related party loan repayments		39,325	-
Loans to related parties		(113,800)	-
Acquisition of puttable interests in consolidated finite life trusts		(685)	(19,354)
Distributions paid to external securityholders		(90,880)	(248)
Net cash inflow from financing activities		**33,176**	**60,521**
Net (decrease)/ increase in cash and cash equivalents		**(93,808)**	**140,989**
Cash and cash equivalents at the beginning of the half-year		200,478	37
Cash and cash equivalents at the end of the half-year		**106,670**	**141,026**

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

[1] Results shown for the comparative comprise results and transactions of FL (the parent) for six months and those of FCT1, FCT2, FCT3 and their controlled entities, for the one month period from 1 December 2011 to 31 December 2011.

Notes to and Forming Part of the Consolidated Financial Statements for the half-year ended 31 December 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change of name

At the Extraordinary General Meeting held on 22 January 2013, securityholders approved changing the company name from Centro Retail Limited to Federation Limited, effective 22 January 2013. Federation Limited is the parent of the stapled group Federation Centres (formerly Centro Retail Australia) and its ASX code has changed from CRF to FDC. In addition, the names of the other stapled entities: Centro Retail Trust, Centro Australia Wholesale Fund and Centro DPF Holding Trust and their responsible entity Centro Retail Australia Limited were changed to Federation Centres Trust No. 1, Federation Centres Trust No. 2, Federation Centres Trust No. 3 and Federation Centres Limited respectively, effective 22 January 2013.

On 30 January 2013, the names of all non wholly owned syndicates managed by Federation Limited, except Centro MCS 22, changed from Centro MCS to Retail Direct Property, with appropriate identifying numbers. Centro MCS 22 changed its name to Retail Direct Property 22 on 14 February 2013.

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements of the consolidated entities of Federation Centres (the Group or FDC) consisting of Federation Limited, Federation Centres Trust No. 1, Federation Centres Trust No. 2 and Federation Centres Trust No. 3 and their controlled entities.

(a) Basis of Preparation of Financial Statements

This condensed consolidated half-year financial report for the half-year ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

FDC was formed by the stapling of Federation Limited (the Company or FL), Federation Centres Trust No. 1 (FCT1), Federation Centres Trust No. 2 (FCT2), Federation Centres Trust No. 3 (FCT3) (collectively known as the Trusts) through schemes of arrangement that were approved by the Supreme Court of New South Wales on 1 December 2011 (the Aggregation).

The financial statements of FDC reflect the consolidation of FL, FCT1, FCT2, FCT3, and their controlled entities. For the purposes of preparing the consolidated financial statements, FL was identified as the parent entity of FDC as required by AASB 3R *Business Combinations* and AASB 127 *Separate Financial Statements*.

The date of Aggregation for accounting purposes of FDC was 1 December 2011, being the date that the schemes were approved by the Supreme Court of New South Wales and when all the risks and rewards transferred to FDC securityholders. Accordingly the comparative information in this half-year financial report for the Income Statement, Statement of Comprehensive Income and Cash Flow Statement comprises results and transactions of FL (the Parent Company) for six months and those of the Trusts and their controlled entities, pursuant to the scheme of arrangement, for one month period from 1 December 2011 to 31 December 2011.

The Articles of Association of the Company and the Constitutions of the Trusts ensure that shares in the Company and units in the Trusts are "stapled" together and are traded collectively on the Australian Securities Exchange together, under the symbol FDC.

This condensed consolidated half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-year report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by FDC during the half-year period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange.

Going concern

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

At 31 December 2012, the Group is in a net current liability position of $922.8 million. The net current liability is mainly a result of $922.7 million of debt facilities maturing within the next 12 months.

The Directors are of the opinion that the Group is a going concern on the basis that these maturing facilities will be refinanced using proceeds from available undrawn facilities which have a maturity to November 2017. Additional funds are expected to also become available from the proceeds of contracted asset sales.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Adoption of new accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year comparative reporting period except for the following:

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]
These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112. The amendment was effective for reporting period commencing 1 January 2012, and was adopted by the Group on 1 July 2012. The adoption of this amendment had no impact on the net position or net result of the Group.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income
This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The amendment is effective for reporting period commencing 1 July 2012, and was adopted by the Group on 1 July 2012. The adoption of this amendment had no impact on the net position or net result of the Group.

(c) Significant accounting estimates, judgements and assumptions

(i) Investment property values (refer Note 4(d))

Investment properties are carried at their fair value. Valuations are based on either an independent valuation or a Directors' valuation, which is supported by the extrapolation of independent valuations on similar properties. Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Refer to Note 4(d) for further information regarding investment property valuations.

(ii) Fair value of financial instruments

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

(iii) Intangible assets (refer Note 5)

At 31 December 2012, the Group carries a value for goodwill of $199.7 million. The recoverable amount of the goodwill has been determined based on the fair value less costs to sell. The fair value less costs to sell of goodwill is based on the estimated market price of the asset in an arm's length transaction, and is calculated using a discounted cash flow model using assumptions that would be made by other market participants. This method is consistent with that used to support the fair value of goodwill under the most recent market transaction, being the sale price under the Implementation Agreement that was executed as part of the formation of FDC.

As at 31 December 2012, the fair value less costs to sell supports the carrying amount of goodwill. Additionally, a reasonable possible change to the key assumptions underpinning the fair value calculation would not give rise to impairment. No impairment has been recognised for the half-year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Aggregation to form Federation Centres

On 1 December 2011, the Supreme Court of New South Wales approved the schemes of arrangement necessary to effect the formation of FDC and lodged with the Australian Securities and Investments Commission (ASIC) on 2 December 2011. Trading of FDC securities commenced on 5 December 2011 on a deferred settlement basis. The legal Aggregation Implementation date was 14 December 2011.

- *Parent company of FDC*

In preparing the consolidated accounts of FDC, AASB 3R and AASB 127 require a parent to be identified for FDC. Federation Limited has been identified as the parent of FDC on the basis that the Directors and management of FDC are employed by FL and its subsidiaries, and accordingly the financial and operating policies of FDC are governed by FL.

- *Date of Aggregation*

For accounting purposes, the date of Aggregation was determined to be 1 December 2011. This was the date that all substantive conditions precedent under the Implementation Agreement to effect the formation of FDC through Aggregation were satisfied and when all the risks and rewards passed to FDC securityholders. The comparative results of the half-year accounts of FDC therefore reflect the results of the accounting parent, FL, for the half-year ended 31 December 2011, combined with the results of FCT1, FCT2, FCT3 and their controlled entities from 1 December 2011 only.

- *Accounting for the formation of FDC as a common control transaction*

The formation of FDC is a combination of businesses under common control because FL and FCT1 (previously stapled as Centro Retail Trust or CER), FCT2 and FCT3 were all controlled by the same party since 2008, and the control was not considered transitory. The pooling of interest method has been applied in accounting for the formation of FDC.

2. SEGMENT INFORMATION

AASB 8 *Operating Segments* requires a 'management approach' to identifying and presenting segment information, that is, segment information is presented on the same basis as that used for internal reporting purposes. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the Chief Operating Decision Maker or CODM) in assessing performance and in determining the allocation of resources. The comparatives comprise results and transactions of FL (the parent) for six months and those of FCT1, FCT2, FCT3 and their controlled entities, and the assets and liabilities acquired by FL pursuant to the Aggregation, for one month period from 1 December 2011 to 31 December 2011.

Operating segments

Operating segments have been identified as investment activities and services business activities as follows:

- *Investment activities*

  FDC has investments in direct ownership of properties in Australia as well as unlisted funds. The CODM reviews its investments based on its percentage ownership held irrespective of whether it controls the investment or not.

- *Services business activities*

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

The CODM monitors segment performance using segment income. Segment income for investment activities is the Group's percentage share of net operating income from properties, syndicates and other investments. The CODM also monitors the Group's performance using underlying earnings – which is consistent with the performance measure used in the Australian REIT sector. Underlying earnings is a financial measure which represents the profit/(loss) under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers, capital transactions and other non-core items. The inclusion of underlying earnings as a measure of profitability of FDC provides investors with the same basis that is used internally for evaluating operating segment performance. Underlying earnings is used by the CODM and the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare.

Overheads comprise corporate office overhead costs incurred. Borrowing costs include interest expense on borrowings, interest income and amortisation of deferred debt costs. Both overheads and borrowings costs are not allocated to individual segments, but are included in order to arrive at underlying earnings and facilitate reconciliation to the Group's net profit for the half-year.

Accounting policies

The accounting policies used by the Group in reporting segment information are the same as those detailed in Note 1 of the full year financial report 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 direct property investment income represents FDC's ownership share of the net operating income from its investments and services business income represents revenue generated from services provided to Retail Direct Property Syndicates. This format of reporting is regularly used by the CODM to make operational decisions about allocating resources to operating segments.

2. SEGMENT INFORMATION (Continued)

The segment information comprises six months segment result for FDC. The comparative comprise results and transactions of FL (the parent) for six months and those of FCT1, FCT2, FCT3 and their controlled entities, and the assets and liabilities acquired by FL pursuant to the Aggregation, for one month period from 1 December 2011 to 31 December 2011.

	Federation Limited and its Controlled Entities	
Segment income statement	**31.12.12 $'000**	**31.12.11 $'000**
Direct property investment income	148,465	29,073
Managed fund investment income	11,284	4,959
Investment income	**159,749**	**34,032**
Property management, development and leasing	7,129	1,059
Funds management	11,802	2,199
Services income	**18,931**	**3,258**
Total segment income	**178,680**	**37,290**
Overheads, net of recoveries	(22,472)	(2,961)
Depreciation and amortisation	(567)	(99)
Borrowing costs	(49,462)	(12,261)
Underlying earnings	**106,179**	**21,969**
Non-distributable items:		
Investment property revaluations [1]	22,426	-
Recovery of related party balances previously impaired	16,561	-
Net profits in consolidated syndicates, net of declared distributions	6,957	(1,466)
Deferred tax benefit	557	-
Discount on acquisition of puttable interests and syndicate investments	490	1,998
Stamp duty expenses	(22,342)	(52,755)
Net mark to market movements on derivatives	(7,146)	(2,123)
Fair value adjustment on financial assets carried at fair value through profit or loss	(4,845)	(643)
Fair value adjustment on Class Action True Up Securities	-	(65,838)
Other non-distributable items	(2,926)	(1,199)
Net profit/(loss)	**115,911**	**(100,057)**

(1) Includes revaluations of properties accounted for as equity accounted investments.

2. SEGMENT INFORMATION (Continued)

Reconciliation of total segment income to the Income Statement

The following is a reconciliation of total segment income to total revenue per the Income Statement. Segment income is the share of net operating income of investments properties and distributions received from managed fund investments. Therefore, to reconcile to total revenue per the income statement, we deduct the distributions received, intra-group revenues, add back expenses deducted in determining net operating income from properties and add back interest revenue not included in segment income, as shown below:

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	**31.12.11 $'000**
Total segment income	**178,680**	**37,290**
Less:		
Net property income from equity accounted investments not shown in revenue per the income statement	(22,308)	(5,063)
Distribution income from consolidated managed fund investments included in managed fund investment income	(6,404)	(2,053)
Intra-group services income from consolidated managed funds eliminated on consolidation	(5,344)	(480)
Add:		
Revenue from consolidated direct property investments that are equity accounted in segment income	8,616	1,305
Net expenses directly attributable to direct property investments deducted in determining segment income	63,442	11,128
Property ownership revenue from consolidated managed fund investments	36,994	5,199
Interest revenue not included in segment income	5,137	862
Total revenue per income statement	**258,813**	**48,188**

Segment balance sheet

The CODM reviews the financial position of the Group using a Balance Sheet prepared under an alternative basis of preparation. This provides the CODM with a snapshot of FDC's actual economic interests in all of its investments, excluding interests held by external parties (classified as puttable interests) on a line by line basis.

The segment balance sheet is adjusted for the following items:

(a) Retail Direct Property Syndicate investments are recognised as "Managed fund investments" regardless of the level of ownership held by Federation Centres. The investment value is calculated based on the ownership interest attributable to Federation Centres multiplied by the net asset value per unit for each RDP Syndicate.

(b) Investments held in joint ventures and associates are reported on a "look-through" or gross basis, to reflect the gross property value of the underlying investment property. Any borrowings and interest rate swap derivatives of the equity accounted investments are also grossed up and separately recorded on the segment balance sheet of FDC.

2. SEGMENT INFORMATION (Continued)

Set out below is the Balance Sheet of FDC prepared in accordance with Australian Accounting Standards together with the adjustments required to arrive at the segment balance sheet prepared on the alternative basis of presentation as reviewed by the CODM.

As at 31 December 2012	Statutory basis $'000	Reverse consolidation of RDP Syndicates $'000	Reverse eliminations of RDP Syndicates $'000	Recognise Equity Accounted Investments at Gross Values $'000	Segment balance sheet $'000
Current assets					
Cash	106,670	(21,163)	(1,917)	-	83,590
Managed fund investments	88,944	-	-	-	88,944
Other	74,323	(9,547)	25,277	-	90,053
Total current assets	**269,937**	**(30,710)**	**23,360**	-	**262,587**
Non-current assets					
Investment property	4,650,920	(611,800)	(91,600)	-	3,947,520
Equity accounted investments	287,998	(59,700)	91,600	150,724	470,622
Managed fund investments	55,029	-	237,313	-	292,342
Intangible assets	199,735	-	-	-	199,735
Other	142,828	-	-	(117,387)	25,441
Total non-current assets	**5,336,510**	**(671,500)**	**237,313**	**33,337**	**4,935,660**
Total assets	**5,606,447**	**(702,210)**	**260,673**	**33,337**	**5,198,247**
Current liabilities					
Borrowings	923,872	(137,970)	10,150	(158)	795,894
Other	268,894	(23,250)	10,964	-	256,608
Total current liabilities	**1,192,766**	**(161,220)**	**21,114**	**(158)**	**1,052,502**
Non-current liabilities					
Borrowings	904,513	(180,488)	-	32,789	756,814
Puttable interests in consolidated					
finite life trusts	120,330	(120,330)	-	-	-
Other	17,836	(240,172)	239,559	706	17,929
Total non-current liabilities	**1,042,679**	**(540,990)**	**239,559**	**33,495**	**774,743**
Total liabilities	**2,235,445**	**(702,210)**	**260,673**	**33,337**	**1,827,245**
Net assets	**3,371,002**	**-**	**-**	**-**	**3,371,002**

2. SEGMENT INFORMATION (Continued)

(c) SEGMENT INFORMATION (Continued)

As at 30 June 2012	Statutory basis $'000	Reverse consolidation of RDP Syndicates $'000	Reverse eliminations of RDP Syndicates $'000	Recognise Equity Accounted Investments at Gross Values $'000	Segment balance sheet $'000
Current assets					
Cash	200,478	(17,287)	(809)	-	182,382
Managed fund investments	78,292	-	-	-	78,292
Other	127,948	(9,001)	19,625	-	138,572
Total current assets	**406,718**	**(26,288)**	**18,816**	**-**	**399,246**
Non-current assets					
Investment property	3,701,041	(579,150)	(90,520)	-	3,031,371
Equity accounted investments	590,834	(37,860)	68,320	151,678	772,972
Managed fund investments	192,254	-	216,728	-	408,982
Intangible assets	199,735	-	-	-	199,735
Other	6,906	-	(4)	(3,587)	3,315
Total non-current assets	**4,690,770**	**(617,010)**	**194,524**	**148,091**	**4,416,375**
Total assets	**5,097,488**	**(643,298)**	**213,340**	**148,091**	**4,815,621**
Current liabilities					
Borrowings	140,111	(49,189)	(14,350)	113,800	190,372
Other	252,492	(21,160)	9,766	677	241,775
Total current liabilities	**392,603**	**(70,349)**	**(4,584)**	**114,477**	**432,147**
Non-current liabilities					
Borrowings	1,238,662	(247,553)	(91)	33,000	1,024,018
Puttable interests in consolidated finite life trusts	106,561	(106,561)	-	-	-
Other	12,046	(218,835)	218,015	614	11,840
Total non-current liabilities	**1,357,269**	**(572,949)**	**217,924**	**33,614**	**1,035,858**
Total liabilities	**1,749,872**	**(643,298)**	**213,340**	**148,091**	**1,468,005**
Net assets	**3,347,616**	**-**	**-**	**-**	**3,347,616**

3. DISTRIBUTIONS

On 5 December 2012, the Directors declared a distribution of 6.6 cents for payment on 28 February 2013 to holders of stapled securities at the close of business on 31 December 2012. The details of the distribution are as follows:

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	31.12.11 $'000
Interim distribution of 6.6 cents per stapled security comprising:		
Interim distribution from the Trusts of 6.6 cents (2011: $nil)	94,208	-
Interim dividend from the Company of nil cents (2011:$nil)	-	-
Distribution payable	**94,208**	-

4. INVESTMENTS

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	30.06.12 $'000
Included in the Balance Sheet as:		
Non-current assets classified as held for sale (4a)	-	-
Investments accounted for using the equity method (4b)	287,998	590,834
Financial assets carried at fair value through profit or loss (4c)	143,973	270,546
Investment property (4d)	4,650,920	3,701,041
	5,082,891	**4,562,421**

	31.12.12 $'000	31.12.11 $'000
(a) Movements for the half-year of non-current assets held for sale:		
Opening balance at the beginning of the half-year	-	-
Arising on Aggregation	-	113,669
Disposal during the half-year	-	(37,961)
Closing balance	**-**	**75,708**

4. INVESTMENTS (Continued)

(b) Investments accounted for using the equity method

		Federation Limited and its Controlled Entities					
		Group entity interest		Carrying amount		Share of net profit/(loss)	
	Valuation Type	31.12.12 %	30.06.12 %	31.12.12 $'000	30.06.12 $'000	31.12.12 $'000	31.12.11 $'000
Bankstown [1]	n/a	-	50.0	-	285,000	4,968	1,770
Roselands [2]	Directors	50.0	50.0	168,063	168,063	4,856	896
Perth City Central [5]	n/a	-	-	-	-	-	14
Lutwyche [1]	n/a	-	50.0	-	26,000	1,201	219
Tuggeranong Hyperdome [4]	Independent	50.0	50.0	47,613	39,036	2,015	289
Victoria Gardens Shopping Centre [4]	Directors	50.0	50.0	54,672	54,135	2,246	86
Emerald Village [3]	Independent	50.0	50.0	10,150	11,000	(310)	114
Emerald Market [3]	Independent	50.0	50.0	7,500	7,600	(114)	-
				287,998	**590,834**	**14,862**	**3,388**

(1) Properties now consolidated by FDC following the acquisition of 100% of the units in the syndicates that previously held the other 50% interest in these properties.

(2) 50% owned directly and 50% owned by a non-consolidated Retail Direct Property Syndicate.

(3) 50% owned through a consolidated Retail Direct Property Syndicate and 50% owned by a non-consolidated Retail Direct Property Syndicate.

(4) 50% owned directly and 50% owned by an external party.

(5) Investment was sold in January 2012.

		Federation Limited and its Controlled Entities	
		31.12.12 $'000	31.12.11 $'000
Movements for the half-year for investments accounted for using the equity method:			
Opening balance at the beginning of the half-year		590,834	-
Arising on Aggregation		-	583,589
Share of net profits of equity accounted investments		14,862	3,388
Distribution of net income from equity accounted investments		(15,416)	(3,538)
Additional investment during the half-year		8,898	420
Acquired on business combination	10(d)	312,891	-
Transfer to investment properties	4(d)	(624,071)	-
Closing balance		**287,998**	**583,859**

4. INVESTMENTS (Continued)

	Federation Limited and its Controlled Entities 31.12.12 $'000	30.06.12 $'000
(c) Financial assets carried at fair value through profit or loss		
Current assets [1]		
Retail Direct Property 4	-	11,376
Retail Direct Property 8	68	68
Retail Direct Property 9	6,444	-
Retail Direct Property 11	5,387	5,387
Retail Direct Property 16	82	1,930
Retail Direct Property 17	49	87
Retail Direct Property 19 UT	5,888	-
Retail Direct Property 19 N/ZI	200	200
Retail Direct Property 20	3,548	-
Retail Direct Property 21	48,070	48,188
Retail Direct Property 22	-	6,579
Retail Direct Property 23	172	4,477
Retail Direct Property 34	19,036	-
	88,944	**78,292**
Non-current assets		
Retail Direct Property 4	8,696	-
Retail Direct Property 5	13,188	12,977
Retail Direct Property 9	-	7,556
Retail Direct Property 10	6,640	6,640
Retail Direct Property 14	12,534	12,645
Retail Direct Property 15	6,859	7,903
Retail Direct Property 18 [2]	-	8,647
Retail Direct Property 19 UT	-	8,452
Retail Direct Property 20	-	3,447
Centro MCS 28 [2]	-	63,008
Centro MCS 33 [2]	-	32,701
Retail Direct Property 34	-	20,917
External investments	7,112	7,361
	55,029	**192,254**
Total financial assets carried at fair value through profit or loss	**143,973**	**270,546**

[1] The investments carried at fair value through profit or loss are classified as current as the Responsible Entity of these investments has indicated its intention to wind-up the funds within the next twelve months.

[2] FDC obtained control of Retail Direct Property 18, Centro MCS 28 and Centro MCS 33 on 31 August 2012, 5 October 2012 and 17 December 2012 respectively, refer to Note 10.

4. INVESTMENTS (Continued)

		Federation Limited and its Controlled Entities	
	Notes	31.12.12 $'000	31.12.11 $'000
(c) Financial assets carried at fair value through profit or loss (Continued)			
Movements for the half-year of financial assets carried at fair value through profit or loss:			
Opening balance at the beginning of the half-year		270,546	-
Arising on Aggregation		-	304,525
Fair value losses during the half-year arising on valuation of financial assets carried at fair value through profit or loss		(4,845)	(643)
Disposals		(784)	-
Return of capital during the half-year		(13,697)	-
Obtained control during the half-year and now consolidated	10	(107,247)	-
Closing balance		**143,973**	**303,882**

4. INVESTMENTS (Continued)

	Valuation Type	Federation Limited and its Controlled Entities 31.12.12 $'000	30.06.12 $'000
(d) Investment property			
Albany	Directors	26,800	26,800
Albury (1)	Independent	55,350	54,800
Armidale	Directors	39,000	38,800
Arndale	Directors	118,000	100,546
Bankstown (4)	Directors	575,000	-
Box Hill South	Directors	107,500	105,000
Brandon Park(1)	Independent	114,200	111,000
Buranda	Independent	33,300	34,300
Burnie (4)	Independent	17,000	-
Cranbourne	Directors	125,200	124,000
Dianella (5)	Independent	54,000	-
Flinders Square (4)	Independent	22,700	-
Gladstone Home (1) (6)	n/a	-	26,000
Glenorchy (1),	Directors	18,500	19,000
Goulburn	Independent	50,000	48,500
Halls Head	Directors	28,600	28,000
Hilton (4)	Independent	18,000	-
Indooroopilly (1)	Independent	46,800	43,800
Karingal	Directors	185,000	182,000
Karratha (2)	Directors	99,100	98,120
Keilor (4) (includes the adjoining Keilor land)	Independent	67,000	8,800
Lavington	Independent	59,000	59,000
Lutwyche (4)	Independent	52,000	-
Maddington (1)	Independent	96,100	93,500
Mandurah	Directors	256,000	248,450
Mildura	Independent	90,520	88,000
Milton (4)	Independent	18,000	-
Monier Village (1)	Independent	11,200	11,700
Mornington	Independent	55,500	55,000
Mount Gambier	Directors	29,000	29,000
Nepean (1)	Independent	112,000	107,500
North Shore	Independent	18,000	18,000
Oakleigh (1)	Directors	43,500	43,000
Oxenford (1)	Directors	23,000	22,800
Raymond Terrace (1)	Directors	25,900	25,600
Somerville	Directors	38,500	38,500
Springwood	Directors	49,000	49,000
Taigum	Directors	77,700	77,700
Carried forward		2,855,970	2,016,216

4. INVESTMENTS (Continued)

	Valuation Type	Federation Limited and its Controlled Entities 31.12.12 $'000	30.06.12 $'000
(d) Investment property (continued)			
Brought forward		2,855,970	2,016,216
Toormina [5]	Independent	65,500	-
Toombul	Directors	212,700	212,700
Tweed	Independent	70,000	76,000
Victoria Park	Directors	21,000	21,500
Warnbro	Directors	52,500	51,300
Warriewood	Directors	140,000	138,000
Warrnambool	Directors	12,100	12,100
Warwick	Independent	131,000	128,000
Westside	Directors	35,500	35,000
Whitehorse (Box Hill North)	Directors	61,000	61,000
Whitsundays	Independent	47,000	48,550
Wodonga	Directors	44,000	44,000
Woodlands [1]	Directors	14,450	14,450
Goldfields Plaza	Directors	21,000	20,700
Katherine Oasis Shopping Centre	Directors	25,200	25,200
Sunshine Marketplace [1]	Directors	92,000	91,000
The Glen [3]	Independent	213,750	207,425
The Gateway Shopping Village [4]	Independent	30,400	-
Galleria [3]	Independent	338,000	333,000
Colonnades [3]	Independent	152,950	150,000
Tweed Supermarket [1]	Directors	14,900	14,900
		4,650,920	**3,701,041**

(1) Owned through consolidated Retail Direct Property Syndicates.

(2) 50% owned directly and 50% owned through consolidated Retail Direct Property Syndicates.

(3) Represents FDC's 50% ownership in a jointly controlled asset. The other 50% of the property is held by an external party.

(4) These properties are now consolidated following gaining control of Retail Direct Property 18, and the acquisition of Centro MCS 28 and Centro MCS 33 during the period (see Note 10).

(5) FDC acquired Dianella and Toormina on 1 October 2012 and 14 December 2012 respectively.

(6) Gladstone Home was disposed of on 29 September 2012.

4. INVESTMENTS (Continued)

(d) Investment property (continued)

		31.12.12 $'000	31.12.11 $'000
Movements for the half-year of investment property:			
Opening balance at the beginning of the half-year		3,701,041	-
Arising on Aggregation		-	4,194,190
Acquisition of investment property		124,239	-
Stamp duty capitalised on acquisition of investment property		6,363	
Disposal of investment property		(26,000)	-
Investment properties arising from acquisition of syndicates	10(d)	162,869	-
Transferred from equity accounted investments	4(b)	624,071	-
Capital expenditure during the half-year		33,135	4,197
Property revaluation increment for the half-year		32,964	-
Write off of stamp duty capitalised on acquisition of investment property		(6,363)	-
Straight-lining of rent adjustment		(669)	(44)
Tenant allowance amortisation		(730)	(258)
Closing balance		**4,650,920**	**4,198,085**

Investment property valuation basis

Investment properties are carried at fair value. Members of the Australian Property Institute were engaged to independently value the portfolio, as indicated above, as at 31 December 2012. The Board of Directors of Federation Centres have reviewed these valuations and determined that they are appropriate to use as 31 December 2012. Directors' valuations are based on the assumptions on growth rates, occupancy and capitalisation rates used in the independent valuations of similar properties, adjusted for any factors specific to the actual property.

A movement in the adopted property capitalisation rates of 0.25%, across the investment property portfolio would impact net assets by approximately $161.1 million and impact net tangible assets attributable to members of Federation Limited by approximately $0.11 per stapled security.

5. INTANGIBLE ASSETS

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	**30.06.12 $'000**
Goodwill	**199,735**	**199,735**

	31.12.12 $'000	**31.12.11 $'000**
Movements for the half-year of goodwill:		
Balance at the beginning of the half-year	199,735	-
Arising on Aggregation	-	199,735
Closing balance	**199,735**	**199,735**

Goodwill represents the acquired value of the Services Business, which provides property management, development, leasing and funds management services to the Group and various managed funds.

Impairment tests for intangible assets

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

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	**30.06.12 $'000**
Funds management	82,523	82,523
Property, leasing and development	117,212	117,212
Total	**199,735**	**199,735**

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

The recoverable amount of the goodwill has been determined based on the fair value less costs to sell. The fair value less costs to sell of goodwill is based on the estimated market price of the asset in an arm's length transaction, and is calculated using a discounted cash flow model using assumptions that would be made by other market participants. This method is consistent with that used to support the fair value of goodwill under the most recent market transaction, being the sale price under the Implementation Agreement that was executed as part of the formation of FDC.

As at 31 December 2012, the fair value less costs to sell supports the carrying amount of goodwill. Additionally, a reasonable possible change to the key assumptions underpinning the fair value calculation would not give rise to impairment. No impairment has been recognised for the half-year.

6. INTEREST BEARING LIABILITIES

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	30.06.12 $'000
Interest bearing liabilities	1,841,750	1,390,887
Deferred debt costs and fair value adjustments [1]	(13,365)	(12,114)
Total interest bearing liabilities	**1,828,385**	**1,378,773**
Classified as follows		
Current	923,872	140,111
Non-current	904,513	1,238,662
Total interest bearing liabilities	**1,828,385**	**1,378,773**

[1] Comprises the unamortised value of fair value adjustments to interest bearing liabilities on acquisition of certain RDP Syndicates, and costs incurred and deferred on the Balance Sheet as deferred debt costs under interest bearing liabilities. These costs are amortised to the Income Statement as part of borrowing costs using the effective interest rate method.

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	30.06.12 $'000
(a) Financing arrangements		
The Group has access to the following lines of credit:		
Total facilities available [1]	2,388,325	1,874,426
Facilities utilised at the end of the half-year	1,841,750	1,390,887
Total facilities not utilised at the end of the half-year	**546,575**	**483,539**

[1] Excludes delayed start facilities of $300 million available from June 2013, and $225 million from December 2013 for the purpose of refinancing maturing facilities.

(b) Defaults on debt obligations

At 31 December 2012, the Group had no defaults on debt obligations.

(c) Breaches of lending covenants

At 31 December 2012, the Group had no breaches of lending covenants.

(d) Assets pledged as security

Security provided is standard for loans of this nature including mortgages or real property, mortgages over shares and units in each property owner, fixed and floating charges and guarantees.

6. INTEREST BEARING LIABILITIES (Continued)

(e) Maturity profile of interest bearing liabilities as at 31 December 2012

	Federation Limited and its Controlled Entities				
	Less than 1 year [(2)]	1 to 3 years	Greater than 3 years	Total	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Interest bearing liabilities [(1)]	922,745	832,405	86,600	1,841,750	1,828,385

[(1)] Maturity profile represents contractual cash outflows and excludes the amortisation profile of deferred debt costs and fair value adjustments.

[(2)] The facilities due in less than one year will be refinanced using proceeds from available undrawn facilities which have a maturity to November 2017. Additional funds are expected to also become available from the proceeds of contracted asset sales.

(f) Hedging policy for interest rate risk

Federation Centres' interest rate risk arises from its variable interest rate borrowings. Policies and limits are implemented in respect of the use of derivative instruments to hedge the cash flows subject to interest rate risks. The proportion of hedging reduces with term to maturity. FDC's hedging policy has been approved by the Board and is monitored by management and regularly reported to the Board. FDC's hedging policy does not permit derivatives to be entered into for speculative purposes.

(g) Interest rate risk sensitivity

The Group manages its cash flow interest rate risk exposure by using floating-to-fixed interest rate swaps. Under the terms of floating-to-fixed interest rate swaps, the Group agrees to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed notional principal amount.

As at the balance date, the Group (which includes consolidated RDP Syndicates) had the following exposure to cash flow interest rate risk:

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	30.06.12 $'000
Total interest bearing liabilities	1,828,385	1,378,773
Add: Deferred debt costs and fair value adjustments	13,365	12,114
Less: Fixed rate borrowings	(548,504)	(371,300)
Variable rate borrowings	1,293,246	1,019,587
Less: Related party loan receivables at variable rate	(21,238)	(44,180)
Net variable rate borrowings exposed to cash flow interest rate risk	1,272,008	975,407
Less: Notional principal of outstanding interest rate swap contracts	(1,127,075)	(696,828)
Net exposure to cash flow interest rate risk	**144,933**	**278,579**

Federation Limited and its Controlled Entities' Sensitivity

While interest rates can move up or down, a shift in the forward interest rate curve of +/- 25bps, assuming the net exposure remains unchanged for the next 12 months, will increase/decrease the Group's cash interest cost for the next 12 months by $0.4 million. This sensitivity analysis should not be considered a projection.

7. CONTRIBUTED EQUITY

	Federation Limited and its Controlled Entities 31.12.12 Number'000	30.06.12 Number'000
Number of stapled securities issued:		
Opening balance at the beginning of the half-year	**1,340,723**	-
Arising on Aggregation	-	1,340,723
Issue of FDC securities on settlement of Class Action True Up Securities on 31 July 2012	86,669	-
Closing balance	**1,427,392**	**1,340,723**

	31.12.12 $'000	30.06.12 $'000
Paid up capital		
– Ordinary	**3,656,665**	**3,453,502**

(a) Ordinary stapled securities

An ordinary stapled security comprises one share in FL, and one unit in each of FCT1, FCT2 and FCT3. Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Group or Trusts in proportion to the number of securities held.

8. EARNINGS PER SHARE

The following net profit/(loss) amounts are used in the numerator in calculating earnings per share:

	Federation Limited and its Controlled Entities 31.12.12 $'000	30.06.12 $'000
Net profit/(loss) attributable members of Federation Limited	(3,454)	(2,542)
Net profit/(loss) attributable members of Federation Centres	115,911	(100,057)

The weighted average number of securities used in the denominator is follows:

	Federation Limited and its Controlled Entities 31.12.12 Number '000	30.06.12 Number '000
Weighted average number of securities used in calculation of basic earnings per share	1,412,790	1,340,723
Adjusted for weighted average number of employee performance rights	4,042	-
Weighted average number of securities used in calculation of diluted earnings per share	1,416,832	1,340,723

9. NET TANGIBLE ASSET BACKING

	Federation Limited and its Controlled Entities	
	31.12.12 $'000	**30.06.12 $'000**
Net assets attributable to members of Federation Centres	3,371,002	3,347,616
Less: Intangible assets	(199,735)	(199,735)
Net tangible assets attributable to members of Federation Centres	3,171,267	3,147,881
	Number '000	**Number '000**
Number of securities outstanding at the end of the period	1,427,392	1,340,723
Issue of FDC securities on settlement of Class Action True Up Securities on 31 July 2012	-	86,669
Adjusted number of securities outstanding at the end of the period used in the calculation of net tangible asset backing per security	1,427,392	1,427,392
	$	**$**
Net tangible asset backing per security [1]	2.22	2.21

[1] Net tangible asset backing per security at 30 June 2012 has been shown adjusted for the issue of FDC securities on settlement of the CATS on 31 July 2012

10. ACQUISITION OF SYNDICATES

(a) Summary of acquisitions

Retail Direct Property 18

On 31 August 2012, as part of the rollover process of Retail Direct Property 18 [1] and Retail Direct Property 18 Unit Trust (collectively RDP 18), FDC acquired 243,400 units in Retail Direct Property 18 and 2,820,000 units in RDP 18 Unit Trust from unitholders who elected to exit the syndicate. The acquisition of units by FDC in conjunction with the partial redemption of units by RDP 18 increased FDC's total ownership in Retail Direct Property 18 from 17.53% to 61.07% and ownership in Retail Direct Property 18 Unit Trust 18 from 29.19% to 67.84%, which resulted in FDC obtaining control of RDP 18, with effect from 31 August 2012. As a result, FDC now consolidates the results of RDP 18 from 31 August 2012.

Prior to the acquisition, FDC accounted for its interest in RDP 18 at fair value through profit or loss. RDP 18 contributed consolidated revenue of $1.8 million and contributed $1.6 million to net profit during the half-year since acquisition. If the acquisition had taken place at the beginning of the half-year, contribution to consolidated revenue would have been $2.7 million and contribution to net profit would have been $1.8 million.

Centro MCS 28

On 28 September 2012, as part of the rollover process of Centro MCS 28 (CMCS 28), FDC issued a Call Option Notice electing to "call" (or buy) all Syndicate Investors' Units, in accordance with its right under the Syndicate Flexible Exit Mechanism (FEM) provisions. On 5 October 2012, FDC acquired 66,102,793 units in CMCS 28 from its unitholders under the FEM provisions. FDC's ownership in CMCS 28 increased from 30.39% to 100%, which resulted in FDC obtaining control of CMCS 28 with effect from 5 October 2012. As a result, FDC now consolidates the results of CMCS 28 from 5 October 2012.

CMCS 28 contributed consolidated revenue of $13.8 million and contributed $3.5 million to net profit during the half-year since acquisition. If the acquisition had taken place at the beginning of the half-year, contribution to consolidated revenue would have been $27.7 million and contribution to net profit would have been $4.0 million.

Centro MCS 33

On 17 December 2012, as part of the rollover process of Centro MCS 33 Trust 1 and Centro MCS 33 Trust 2 (collectively CMCS 33), FDC issued a Call Option Notice electing to "call" (or buy) all Syndicate Investors' Units, in accordance with its right under the Syndicate FEM provisions. On 17 December 2012, FDC acquired 53,172,785 units in CMCS 33 from its unitholders under FEM provisions. FDC's ownership in CMCS 33 increased from 40.81% to 100%, which resulted in FDC obtaining control of CMCS 33 with effect from 17 December 2012. As a result, FDC now consolidates the results of CMCS 33 from 17 December 2012.

CMCS 33 contributed consolidated revenue of $0.5 million and contributed $0.3 million to net profit during the half-year since acquisition. If the acquisition had taken place at the beginning of the half-year, contribution to consolidated revenue would have been $12.2 million and contribution to net profit would have been $4.6 million.

[1] Retail Direct Property 18 and Retail Direct Property 18 Unit Trust were previously Centro MCS Syndicate 18 and Centro MCS Syndicate 18 Unit Trust respectively.

10. ACQUISITION OF SYNDICATES (Continued)

(b) Details of the fair value of assets and liabilities acquired of RDP 18, CMCS 28 and CMCS 33 are as follows:

	Federation Limited and its Controlled Entities			
	$'000	$'000	$'000	$'000
	RDP 18	**CMCS 28**	**CMCS 33**	**Total**
Cash paid	3,410	62,820	40,182	106,412
Fair value through profit or loss balance given up	8,510	64,028	34,709	107,247
Total purchase consideration	11,920	126,848	74,891	213,659
Fair value of net identifiable assets acquired attributable to securityholders of FDC (refer (d) below)	11,920	126,848	75,381	214,149
Discount on acquisition	-	-	(490)	(490)

The discount on acquisition arose from the difference between the fair value of the assets given up carried at net asset backing (NAB) which is less than the fair value of the net assets acquired.

(c) Purchase consideration

The cash inflow on acquisition is as follows:				
Cash consideration paid	(3,410)	(62,820)	(40,182)	(106,412)
Cash balance acquired	3,783	7,127	2,161	13,071
Cash balance from equity accounted investments now consolidated	-	3,676	639	4,315
Net cash inflow/(outflow)	**373**	**(52,017)**	**(37,382)**	**(89,026)**

10. ACQUISITION OF SYNDICATES (Continued)

(d) Assets and liabilities acquired

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

	Federation Limited and its Controlled Entities							
	RDP 18		CMCS 28		CMCS 33		Total	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Current assets								
Cash and cash equivalents	3,783	3,783	7,127	7,127	2,161	2,161	13,071	13,071
Receivables	753	753	985	985	1,380	1,380	3,118	3,118
Total current assets	**4,536**	**4,536**	**8,112**	**8,112**	**3,541**	**3,541**	**16,189**	**16,189**
Non-current assets								
Investment property	45,869	45,869	-	-	117,000	117,000	162,869	162,869
Investment accounted for using the equity method	-	-	285,180	286,891	26,000	26,000	311,180	312,891
Total non-current assets	**45,869**	**45,869**	**285,180**	**286,891**	**143,000**	**143,000**	**474,049**	**475,760**
Total assets	**50,405**	**50,405**	**293,292**	**295,003**	**146,541**	**146,541**	**490,238**	**491,949**
Current liabilities								
Payables	585	585	1,973	1,973	1,738	1,738	4,296	4,296
Provisions	1,727	1,727	4,700	4,700	-	-	6,427	6,427
Interest bearing liabilities	24,353	24,353	-	-	69,422	69,422	93,775	93,775
Total current liabilities	**26,665**	**26,665**	**6,673**	**6,673**	**71,160**	**71,160**	**104,498**	**104,498**
Non-current liabilities								
Interest bearing liabilities	-	-	156,389	161,482	-	-	156,389	161,482
Total non-current liabilities	**-**	**-**	**156,389**	**161,482**	**-**	**-**	**156,389**	**161,482**
Total liabilities	**26,665**	**26,665**	**163,062**	**168,155**	**71,160**	**71,160**	**260,887**	**265,980**
Net assets	**23,740**	**23,740**	**130,230**	**126,848**	**75,381**	**75,381**	**229,351**	**225,969**
Less fair value of net assets attributable to external non-controlling interests acquired		**(11,820)**		**-**		**-**		**(11,820)**
Net assets related to members of FDC acquired		**11,920**		**126,848**		**75,381**		**214,149**

11. CONTINGENT LIABILITIES

(a) Guarantees

Bank guarantees totalling $10 million have been arranged by the Group to guarantee obligations under Australian Financial Services Licences and Responsible Entity requirements.

Bank guarantees totalling $4.2 million have been arranged by the Group to guarantee obligations relating to the corporate office leased at 35 Collins Street, Melbourne Victoria.

(b) Other Contingent liabilities

The Victorian and Western Australian State Revenue Offices are investigating or have made assessments in relation to the acquisition of certain property interests and the establishment of certain funds. The total value of these assessments and investigations, including duty, penalties and interest, is estimated at $93 million. An appropriate provision has been included in the Balance Sheet.

(c) Contingent Commitments

FDC is a co-investor in some of its managed funds. In recognition of the potential liquidity requirements of co-investors in its unlisted managed funds, FDC has provided exit mechanisms to investors at the then net asset backing of the relevant fund. A summary of these exit mechanisms are detailed below.

(i) Retail Direct Property 37 (RDP 37) includes a limited liquidity mechanism for investors. RDP 37 investors have a limited exit opportunity annually from 30 June 2009 onwards. Based on current net asset backing and external ownership interest, this arrangement may result in FDC acquiring annually up to one million units in RDP 37 at the then net asset backing. Based on 31 December 2012 values, the gross commitment to FDC would be approximately $0.7 million per annum. The syndicate term ends on 31 May 2013.

(ii) Retail Direct Property Syndicates managed by FDC have fixed investment periods. The constitutions of certain syndicates provide investors in those syndicates with a 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 FDC at the then net asset value. In the 12 months ending 31 December 2013, FDC may be obligated to acquire up to $51.6 million of externally owned units in syndicates (based on 31 December 2012 net asset backing).

12. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

(a) Co-ownership agreement entered into with ISPT, in respect of a 50% interest in five shopping centres for $371.4 million.

On 8 February 2013, FDC entered into an agreement with ISPT for the sale of 50% of four sub-regional shopping centres and a convenience centre for $371.4 million. As part of the co-ownership arrangement, FDC will continue to provide property management, development and leasing services from its existing fully integrated management platform.

The four sub-regional shopping centres are Mandurah in WA, Cranbourne and Karingal in VIC and Warriewood in NSW. The convenience centre is Halls Head also located in WA.

Subject to the satisfaction of normal conditions typical for a transaction of this nature, the transaction is expected to be completed on or before 31 July 2013. Proceeds from the sale, net of transaction costs, will initially be applied to reducing debt facilities.

ISPT is one of Australia’s leading unlisted property fund managers with over $8 billion of property assets. It is co-owned by 21 industry super funds and other ‘like-minded’ organizations and invests retirement savings of more than 50% of Australian workers in property.

(b) FDC credit rating

On 22 February 2013, FDC received a credit rating of A- on its senior secured bank debt and a corporate credit rating of BBB+/stable from Standard & Poor’s. The credit ratings provide an opportunity for FDC to diversify its funding sources via the debt capital markets, subject to suitable market conditions.

(c) Disposal of property

On 8 February 2013, FDC entered into an unconditional contract to dispose of Keilor and its adjoining vacant land for $67 million. Settlement is expected on or before 28 February 2013.

Except for the matters discussed above, no other matter or circumstance has arisen in the interval between 31 December 2012 and the date hereof that has significantly affected or may significantly affect:

(i) the Group's operations in current and future financial years, or
(ii) the results of those operations in current and future financial years, or
(iii) the Group's state of affairs in current and future financial years.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes of Federation Centres (the Group) set out on pages 6 to 37 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001, the Constitutions of the Trusts and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Bob Edgar
Chairman

Signed in Melbourne, 22 February 2013

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

To the members of Federation Limited (formerly known as Centro Retail Limited)

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Federation Centres (the 'Group'), which comprises the balance sheets as at 31 December 2012, the income statements, the statements of comprehensive income, statements of changes in equity and cash flow statements for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Federation Limited (the 'Company') and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Federation 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 Federation Centres is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst a Young

Ernst & Young

B R Meehan
Partner
Melbourne
22 February 2013

Control gained over entities having material effect

Name of entity (or group of entities)	On 31 August 2012, FDC obtained control of RDP 18. On 5 October 2012, FDC obtained control of CMCS 28. On 17 December 2012, FDC obtained control of CMCS 33.
Consolidated profit after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	$5,372,364.16
Date from which such profit has been calculated	As above
Loss after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period [1]	($3,008,659.99)

[1] Corresponding period is 1 month from 1 December 2011 being the date from which FDC was formed, to 31 December 2011.

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	28 February 2013
Record date to determine entitlements to the dividend (distribution) (i.e. on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	31 December 2012
If it is a final dividend, has it been declared?	N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim distribution to ordinary security holders:			
Current year			
Distribution from Trust	6.6¢	-	-¢
Dividend from Company	-¢	-	-¢
Total distribution	6.6¢		
Previous year			
Distribution from Trust	-¢	-	-¢
Dividend from Company	-¢	-	-¢
Total distribution	-¢		

The dividend or distribution plans shown below are in operation.

Distribution Reinvestment Plan

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions).

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

Group's share of associates' and joint venture entities:	**Current period**	Previous corresponding period
	$A'000	$A'000
Profit before tax	14,862	**3,388**
Income tax	**-**	**-**
Profit after tax	**14,862**	**3,388**
Extraordinary items net of tax	**-**	**-**
Net profit	**14,862**	**3,388**
Adjustments	**-**	**-**
Share of net profit of associates and joint venture entities	**14,862**	**3,388**

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 (5 October 2012)	**50%**	50%	**4,968**	1,770
Emerald Market	**50%**	50%	**(114)**	-
Emerald Village	**50%**	50%	**(310)**	114
Lutwyche (17 December 2012)	**50%**	50%	**1,201**	219
Roselands	**50%**	50%	**4,856**	896
Tuggeranong Hyperdome	**50%**	50%	**2,015**	289
Perth City Central	**-**	50%	**-**	14
Victoria Gardens Shopping Centre	**50%**	50%	**2,246**	86
Total			**14,862**	3,388

Compliance statement

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

(Tick one)

☐	The accounts have been audited.	☑	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

The entity has a formally constituted audit committee.

Sign here: Date: 22 February 2013

(Chairman)

Print name: Bob Edgar