

# SCENTRE GROUP

## SGX Announcement

23 August 2016

Singapore Exchange  
2 Shenton Way  
#02-02 SGX Centre  
Singapore 068804

## Scentre Group Half-Year Results

In relation to the half-year for the 6 months ended 30 June 2016, attached are the following:

- Appendix 4D and Half-Year Results;
- Media Release; and
- Results Presentation.

These documents were lodged by Scentre Group with the Australian Securities Exchange today.

Contact:

**Company Secretary**  
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Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496  
SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1 ABN 55 191 750 378 ARSN 090 849 746  
RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536  
RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652  
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**Scentre Group <sup>1</sup> : Appendix 4D**  
**For the half-year ended 30 June 2016**

(previous corresponding period being the half-year ended 30 June 2015)

**Results for Announcement to the Market:**

|                                                                       |      |       | <b>2016</b> | <b>2015</b> |
|-----------------------------------------------------------------------|------|-------|-------------|-------------|
| Revenue (\$million)                                                   | down | -5.2% | 1,275.7     | 1,345.2     |
| Profit after tax attributable to members of Scentre Group (\$million) | up   | 6.6%  | 1,154.0     | 1,082.6     |

|                                                                                                       | <b>2016</b> | <b>2015</b> |
|-------------------------------------------------------------------------------------------------------|-------------|-------------|
| Funds from operations (FFO) attributable to members of Scentre Group (\$million)                      | 616.7       | 604.2       |
| FFO per security attributable to members of Scentre Group (cents per stapled security) <sup>(i)</sup> | 11.61       | 11.38       |

<sup>(i)</sup> The number of securities on issue as at 30 June 2016 was 5,324,296,678 (30 June 2015: 5,324,296,678). In calculating the FFO per stapled security 5,311,595,241 (30 June 2015: 5,311,595,241) weighted average securities was used. This excluded 12,701,437 securities held by the Scentre Executive Option Plan Trust which have been consolidated and eliminated in accordance with accounting standards.

**Distributions for Scentre Group**

|                                                                                                              | Cents per<br>stapled security <sup>(ii)</sup> |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Dividend/distributions for the period ended 30 June 2016                                                     | 10.65                                         |
| Interim dividend/distributions in respect of Scentre Group earnings to be paid on 31 August 2016 comprising: | 10.65                                         |
| - dividend in respect of a Scentre Group Limited share                                                       | Nil                                           |
| - distribution in respect of a Scentre Group Trust 1 unit                                                    | 3.50                                          |
| - distribution in respect of a Scentre Group Trust 2 unit                                                    | 7.15                                          |
| - distribution in respect of a Scentre Group Trust 3 unit                                                    | Nil                                           |

<sup>(ii)</sup> The number of securities entitled to distributions on the record date, 15 August 2016 was 5,324,296,678.

Details of the full year components of distributions will be provided in the Annual Tax Statements which will be sent to members in July 2017.

The distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the distributions was 5pm, 15 August 2016 and the distribution will be paid on 31 August 2016. The Group does not operate a distribution reinvestment plan.

**Additional information**

Commentary on the results is contained in the media release and results presentation released to the Australian Securities Exchange (ASX).

<sup>[1]</sup> Scentre Group comprises Scentre Group Limited ABN 66 001 671 496 (SGL); Scentre Group Trust 1 ARSN 090 849 746 (SGT1); Scentre Group Trust 2 ARSN 146 934 536 (SGT2) and Scentre Group Trust 3 ARSN 146 934 652 (SGT3) and their respective controlled entities.

# SCENTRE GROUP HALF-YEAR FINANCIAL REPORT

For the half-year ended 30 June 2016



SCENTRE GROUP

Owner and Operator of *Westfield* in Australia and New Zealand

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**SCENTRE GROUP**  
**INCOME STATEMENT**  
for the half-year ended 30 June 2016

|                                                                                                     | Note  | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|-----------------------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b>Revenue</b>                                                                                      |       |                        |                        |
| Property revenue                                                                                    | 5     | 1,014.0                | 1,090.5                |
| Property development and project management revenue                                                 |       | 233.4                  | 226.6                  |
| Property management income                                                                          |       | 28.3                   | 28.1                   |
|                                                                                                     |       | <b>1,275.7</b>         | <b>1,345.2</b>         |
| <b>Share of after tax profit of equity accounted entities</b>                                       |       |                        |                        |
| Property revenue                                                                                    |       | 102.2                  | 79.6                   |
| Property revaluations                                                                               |       | 44.9                   | 32.2                   |
| Property expenses, outgoings and other costs                                                        |       | (23.4)                 | (17.9)                 |
| Net interest expense                                                                                |       | (0.2)                  | (0.2)                  |
| Tax expense                                                                                         |       | (8.3)                  | (3.1)                  |
|                                                                                                     | 13(a) | <b>115.2</b>           | <b>90.6</b>            |
| <b>Expenses</b>                                                                                     |       |                        |                        |
| Property expenses, outgoings and other costs                                                        |       | (221.9)                | (240.8)                |
| Property development and project management costs                                                   |       | (183.7)                | (193.4)                |
| Property management costs                                                                           |       | (5.1)                  | (5.1)                  |
| Overheads                                                                                           |       | (41.7)                 | (44.2)                 |
|                                                                                                     |       | <b>(452.4)</b>         | <b>(483.5)</b>         |
| Interest income                                                                                     |       | 4.6                    | 3.7                    |
| Currency gain                                                                                       | 6     | 16.9                   | 119.7                  |
| Financing costs                                                                                     | 7     | (90.1)                 | (399.5)                |
| Gain/(loss) in respect of capital transactions                                                      | 8     | -                      | -                      |
| Property revaluations                                                                               |       | 345.9                  | 402.6                  |
| <b>Profit before tax</b>                                                                            |       | <b>1,215.8</b>         | <b>1,078.8</b>         |
| Tax benefit/(expense)                                                                               | 9     | (44.9)                 | 18.0                   |
| <b>Profit after tax for the period</b>                                                              |       | <b>1,170.9</b>         | <b>1,096.8</b>         |
| <b>Profit after tax for the period attributable to:</b>                                             |       |                        |                        |
| - Members of Scentre Group                                                                          |       | 1,154.0                | 1,082.6                |
| - External non controlling interests                                                                |       | 16.9                   | 14.2                   |
| <b>Profit after tax for the period</b>                                                              |       | <b>1,170.9</b>         | <b>1,096.8</b>         |
| <b>Net profit attributable to members of Scentre Group analysed by amounts attributable to:</b>     |       |                        |                        |
| Scentre Group Limited (SGL) members                                                                 |       | 62.8                   | 65.5                   |
| Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) members |       | 1,091.2                | 1,017.1                |
| <b>Net profit attributable to members of Scentre Group</b>                                          |       | <b>1,154.0</b>         | <b>1,082.6</b>         |
|                                                                                                     |       | cents                  | cents                  |
| <b>Basic earnings per stapled security</b>                                                          | 3(a)  | <b>21.73</b>           | <b>20.38</b>           |
| <b>Diluted earnings per stapled security</b>                                                        | 3(a)  | <b>21.66</b>           | <b>20.32</b>           |

**SCENTRE GROUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the half-year ended 30 June 2016

|                                                                                                                                                                               | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Profit after tax for the period</b>                                                                                                                                        | <b>1,170.9</b>         | <b>1,096.8</b>         |
| <b>Other comprehensive income</b>                                                                                                                                             |                        |                        |
| <i>Movement in foreign currency translation reserve <sup>(i)</sup></i>                                                                                                        |                        |                        |
| - Realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting | 6.1                    | (108.8)                |
| - Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations                               | -                      | (66.1)                 |
| <b>Total comprehensive income for the period</b>                                                                                                                              | <b>1,177.0</b>         | <b>921.9</b>           |
| <b>Total comprehensive income attributable to:</b>                                                                                                                            |                        |                        |
| - Members of Scentre Group                                                                                                                                                    | 1,160.1                | 907.7                  |
| - External non controlling interests                                                                                                                                          | 16.9                   | 14.2                   |
| <b>Total comprehensive income for the period</b>                                                                                                                              | <b>1,177.0</b>         | <b>921.9</b>           |
| <b>Total comprehensive income attributable to members of Scentre Group analysed by amounts attributable to:</b>                                                               |                        |                        |
| SGL members                                                                                                                                                                   | 63.0                   | 64.3                   |
| SGT1, SGT2 and SGT3 members <sup>(ii)</sup>                                                                                                                                   | 1,097.1                | 843.4                  |
| <b>Total comprehensive income attributable to members of Scentre Group</b>                                                                                                    | <b>1,160.1</b>         | <b>907.7</b>           |

<sup>(i)</sup> This may be subsequently transferred to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by SGT1, SGT2 and SGT3 may be transferred to the profit and loss depending on how the foreign operations are sold.

<sup>(ii)</sup> Total comprehensive income attributable to members of SGT1, SGT2 and SGT3 comprises profit after tax for the period of \$1,091.2 million (30 June 2015: \$1,017.1 million), realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting of \$5.9 million (30 June 2015: loss of \$107.6 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of nil (30 June 2015: \$66.1 million).

**SCENTRE GROUP**  
**BALANCE SHEET**  
as at 30 June 2016

|                                                                                             | Note  | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|---------------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b>Current assets</b>                                                                       |       |                        |                        |
| Cash and cash equivalents                                                                   |       | 208.7                  | 142.7                  |
| Trade debtors                                                                               |       | 14.2                   | 25.4                   |
| Derivative assets                                                                           |       | -                      | 0.7                    |
| Receivables                                                                                 |       | 208.6                  | 205.0                  |
| Investment properties                                                                       | 11    | 426.1                  | 417.3                  |
| Other current assets                                                                        |       | 39.6                   | 41.5                   |
| <b>Total current assets</b>                                                                 |       | <b>897.2</b>           | <b>832.6</b>           |
| <b>Non current assets</b>                                                                   |       |                        |                        |
| Investment properties                                                                       | 11    | 28,306.2               | 27,655.0               |
| Equity accounted investments                                                                | 13(b) | 2,411.2                | 2,332.7                |
| Derivative assets                                                                           |       | 946.2                  | 787.8                  |
| Plant and equipment                                                                         |       | 22.7                   | 22.9                   |
| Deferred tax assets                                                                         |       | 68.6                   | 82.6                   |
| Other non current assets                                                                    |       | 133.4                  | 127.7                  |
| <b>Total non current assets</b>                                                             |       | <b>31,888.3</b>        | <b>31,008.7</b>        |
| <b>Total assets</b>                                                                         |       | <b>32,785.5</b>        | <b>31,841.3</b>        |
| <b>Current liabilities</b>                                                                  |       |                        |                        |
| Trade creditors                                                                             |       | 219.5                  | 233.3                  |
| Payables and other creditors                                                                |       | 897.3                  | 901.8                  |
| Interest bearing liabilities                                                                | 14    | 1,590.7                | 1,713.1                |
| Other financial liabilities                                                                 |       | 440.9                  | 1,154.9                |
| Tax payable                                                                                 |       | 5.6                    | 43.2                   |
| Derivative liabilities                                                                      |       | 8.3                    | 18.9                   |
| <b>Total current liabilities</b>                                                            |       | <b>3,162.3</b>         | <b>4,065.2</b>         |
| <b>Non current liabilities</b>                                                              |       |                        |                        |
| Payables and other creditors                                                                |       | 37.0                   | 37.1                   |
| Interest bearing liabilities                                                                | 14    | 9,849.8                | 9,429.6                |
| Other financial liabilities                                                                 |       | 561.9                  | -                      |
| Deferred tax liabilities                                                                    |       | 192.5                  | 179.9                  |
| Derivative liabilities                                                                      |       | 458.2                  | 223.3                  |
| <b>Total non current liabilities</b>                                                        |       | <b>11,099.4</b>        | <b>9,869.9</b>         |
| <b>Total liabilities</b>                                                                    |       | <b>14,261.7</b>        | <b>13,935.1</b>        |
| <b>Net assets</b>                                                                           |       | <b>18,523.8</b>        | <b>17,906.2</b>        |
| <b>Equity attributable to members of SGL</b>                                                |       |                        |                        |
| Contributed equity                                                                          | 15(b) | 674.4                  | 674.4                  |
| Reserves                                                                                    |       | 27.5                   | 21.1                   |
| Retained profits                                                                            |       | 103.2                  | 40.4                   |
| <b>Total equity attributable to members of SGL</b>                                          |       | <b>805.1</b>           | <b>735.9</b>           |
| <b>Equity attributable to SGT1, SGT2 and SGT3 members</b>                                   |       |                        |                        |
| Contributed equity                                                                          | 15(b) | 9,820.8                | 9,820.8                |
| Reserves                                                                                    |       | 122.2                  | 116.3                  |
| Retained profits                                                                            |       | 7,502.7                | 6,966.6                |
| <b>Total equity attributable to SGT1, SGT2 and SGT3 members</b>                             |       | <b>17,445.7</b>        | <b>16,903.7</b>        |
| <b>Equity attributable to external non controlling interests</b>                            |       |                        |                        |
| Contributed equity                                                                          |       | 92.7                   | 94.0                   |
| Retained profits                                                                            |       | 180.3                  | 172.6                  |
| <b>Total equity attributable to external non controlling interests</b>                      |       | <b>273.0</b>           | <b>266.6</b>           |
| <b>Total equity</b>                                                                         |       | <b>18,523.8</b>        | <b>17,906.2</b>        |
| <b>Equity attributable to members of Scentre Group analysed by amounts attributable to:</b> |       |                        |                        |
| SGL members                                                                                 |       | 805.1                  | 735.9                  |
| SGT1, SGT2 and SGT3 members                                                                 |       | 17,445.7               | 16,903.7               |
| <b>Total equity attributable to members of Scentre Group</b>                                |       | <b>18,250.8</b>        | <b>17,639.6</b>        |

# SCENTRE GROUP

## STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2016

|                                                                                                   | Contributed<br>Equity<br>\$million | Reserves<br>\$million | Retained<br>Profits<br>\$million | 30 Jun 16<br>Total<br>\$million | Contributed<br>Equity<br>\$million | Reserves<br>\$million | Retained<br>Profits<br>\$million | 30 Jun 15<br>Total<br>\$million |
|---------------------------------------------------------------------------------------------------|------------------------------------|-----------------------|----------------------------------|---------------------------------|------------------------------------|-----------------------|----------------------------------|---------------------------------|
| <b>Changes in equity attributable to members of Scentre Group</b>                                 |                                    |                       |                                  |                                 |                                    |                       |                                  |                                 |
| Balance at the beginning of the period                                                            | 10,495.2                           | 137.4                 | 7,007.0                          | 17,639.6                        | 10,495.2                           | 279.6                 | 5,396.1                          | 16,170.9                        |
| - Profit after tax for the period <sup>(i)</sup>                                                  | -                                  | -                     | 1,154.0                          | 1,154.0                         | -                                  | -                     | 1,082.6                          | 1,082.6                         |
| - Other comprehensive income <sup>(i)(ii)</sup>                                                   | -                                  | 6.1                   | -                                | 6.1                             | -                                  | (174.9)               | -                                | (174.9)                         |
| Transactions with owners in their capacity as owners                                              |                                    |                       |                                  |                                 |                                    |                       |                                  |                                 |
| - Movement in employee share plan benefits reserve                                                | -                                  | 6.2                   | -                                | 6.2                             | -                                  | 5.2                   | -                                | 5.2                             |
| - Dividend/distribution paid or provided for                                                      | -                                  | -                     | (555.1)                          | (555.1)                         | -                                  | -                     | (541.8)                          | (541.8)                         |
| <b>Closing balance of equity attributable to members of Scentre Group</b>                         | <b>10,495.2</b>                    | <b>149.7</b>          | <b>7,605.9</b>                   | <b>18,250.8</b>                 | <b>10,495.2</b>                    | <b>109.9</b>          | <b>5,936.9</b>                   | <b>16,542.0</b>                 |
| <b>Changes in equity attributable to external non controlling interests</b>                       |                                    |                       |                                  |                                 |                                    |                       |                                  |                                 |
| Balance at the beginning of the period                                                            | 94.0                               | -                     | 172.6                            | 266.6                           | 94.0                               | -                     | 163.9                            | 257.9                           |
| Profit after tax for the period attributable to external non controlling interests <sup>(i)</sup> | -                                  | -                     | 16.9                             | 16.9                            | -                                  | -                     | 14.2                             | 14.2                            |
| Dividend/distribution paid or provided for                                                        | -                                  | -                     | (6.8)                            | (6.8)                           | -                                  | -                     | (6.3)                            | (6.3)                           |
| Decrease in external non controlling interest                                                     | (1.3)                              | -                     | (2.4)                            | (3.7)                           | -                                  | -                     | -                                | -                               |
| <b>Closing balance of equity attributable to external non controlling interests</b>               | <b>92.7</b>                        | <b>-</b>              | <b>180.3</b>                     | <b>273.0</b>                    | <b>94.0</b>                        | <b>-</b>              | <b>171.8</b>                     | <b>265.8</b>                    |
| <b>Total equity</b>                                                                               | <b>10,587.9</b>                    | <b>149.7</b>          | <b>7,786.2</b>                   | <b>18,523.8</b>                 | <b>10,589.2</b>                    | <b>109.9</b>          | <b>6,108.7</b>                   | <b>16,807.8</b>                 |
| <b>Closing balance of equity attributable to:</b>                                                 |                                    |                       |                                  |                                 |                                    |                       |                                  |                                 |
| SGL members                                                                                       | 674.4                              | 27.5                  | 103.2                            | 805.1                           | 674.4                              | 24.4                  | (80.2)                           | 618.6                           |
| SGT1, SGT2 and SGT3 members                                                                       | 9,820.8                            | 122.2                 | 7,502.7                          | 17,445.7                        | 9,820.8                            | 85.5                  | 6,017.1                          | 15,923.4                        |
| <b>Closing balance of equity attributable to members of Scentre Group</b>                         | <b>10,495.2</b>                    | <b>149.7</b>          | <b>7,605.9</b>                   | <b>18,250.8</b>                 | <b>10,495.2</b>                    | <b>109.9</b>          | <b>5,936.9</b>                   | <b>16,542.0</b>                 |

<sup>(i)</sup> Total comprehensive income for the period amounts to a gain of \$1,177.0 million (30 June 2015: \$921.9 million).

<sup>(ii)</sup> Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting of \$5.9 million (30 June 2015: loss of \$107.6 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of nil (30 June 2015: \$66.1 million).

**SCENTRE GROUP**  
**CASH FLOW STATEMENT**  
for the half-year ended 30 June 2016

|                                                                                               | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|-----------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Cash flows from operating activities</b>                                                   |                        |                        |
| Receipts in the course of operations (including Goods and Services Tax (GST))                 | 1,494.6                | 1,561.2                |
| Payments in the course of operations (including GST)                                          | (519.0)                | (559.4)                |
| Dividends/distributions received from equity accounted investments                            | 47.6                   | 41.1                   |
| Income and withholding taxes paid                                                             | (59.9)                 | (50.0)                 |
| GST paid                                                                                      | (106.0)                | (105.5)                |
| Payments of financing costs (excluding interest capitalised)                                  | (278.8)                | (303.2)                |
| Interest received                                                                             | 4.6                    | 3.7                    |
| <b>Net cash flows from operating activities</b>                                               | <b>583.1</b>           | <b>587.9</b>           |
| <b>Cash flows from investing activities</b>                                                   |                        |                        |
| Capital expenditure on property investments                                                   | (332.2)                | (209.6)                |
| Proceeds from the disposition of property investments <sup>(i)</sup>                          | -                      | 973.3                  |
| Purchase of plant and equipment                                                               | (7.9)                  | (7.5)                  |
| Financing costs capitalised to qualifying development projects and construction in progress   | (8.4)                  | (4.6)                  |
| Net outflows for investments in equity accounted entities                                     | (3.0)                  | -                      |
| Acquisition of securities                                                                     | (3.5)                  | -                      |
| Cash held by entities sold during the period                                                  | -                      | (0.1)                  |
| Cash reclassified to equity accounted from consolidated <sup>(ii)</sup>                       | -                      | (0.1)                  |
| <b>Net cash flows from/(used in) investing activities</b>                                     | <b>(355.0)</b>         | <b>751.4</b>           |
| <b>Cash flows used in financing activities</b>                                                |                        |                        |
| Net proceeds from/(repayment of) interest bearing liabilities and other financial liabilities | 399.1                  | (786.6)                |
| Dividends/distributions paid                                                                  | (555.1)                | (541.8)                |
| Dividends/distributions paid by controlled entities to external non controlling interests     | (6.9)                  | (5.9)                  |
| <b>Net cash flows used in financing activities</b>                                            | <b>(162.9)</b>         | <b>(1,334.3)</b>       |
| Net increase in cash and cash equivalents held                                                | 65.2                   | 5.0                    |
| Add opening cash and cash equivalents brought forward                                         | 142.7                  | 189.0                  |
| Effects of exchange rate changes on opening cash and cash equivalents brought forward         | 0.8                    | (2.6)                  |
| <b>Cash and cash equivalents at the end of the period <sup>(iii)</sup></b>                    | <b>208.7</b>           | <b>191.4</b>           |

<sup>(i)</sup> In 2015, proceeds from the disposition of property investments of \$973.3 million included \$1,004.9 million for the sale of investment properties less \$31.6 million for working capital included in the net assets disposed.

<sup>(ii)</sup> In 2015, certain investments in New Zealand have been reclassified from consolidated to equity accounted following the sale of 49% interest in these entities.

<sup>(iii)</sup> Cash and cash equivalents comprises cash \$208.7 million (30 June 2015: \$191.4 million) net of bank overdraft of nil (30 June 2015: nil).

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### for the half-year ended 30 June 2016

#### 1 Corporate information

This financial report of Scentre Group (Group), comprising Scentre Group Limited (Parent Company) and its controlled entities, for the half-year ended 30 June 2016 was approved in accordance with a resolution of the Board of Directors of the Parent Company.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

#### 2 Basis of preparation of the financial report

This half-year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

This half-year financial report should be read in conjunction with the annual financial report of Scentre Group as at 31 December 2015.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

##### (a) Basis of accounting

This half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Regulations 2001 and AASB 134 'Interim Financial Reporting'.

This half-year financial report has been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying value of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair value attributable to the risks that are being hedged.

For the purpose of preparing this half-year financial report, the half-year has been treated as a discrete reporting period.

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2015 except for the changes required due to amendments to the accounting standards noted below.

This financial report is presented in Australian dollars.

##### (b) New accounting standards and interpretations

The Group has adopted the following new or amended standards which became applicable on 1 January 2016:

- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101; and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.

The adoption of these amended standards has no material impact on the financial statements of the Group.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 30 June 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

- IFRS 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2018)

This standard amends AASB 10 - Consolidated Financial Statements and AASB 128 - Investments in Associates and Joint Ventures to address an inconsistency between the requirements in AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

- IFRS 16 Leases (effective from 1 January 2019)

This standard contains requirements about lease classification and recognition, measurement and presentation and disclosures of leases for lessees and lessors.

The Group is currently assessing the impact of these recently issued or amended standards.

##### (c) Rounding

In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this half-year financial report have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

|                                                                                | 30 Jun 16<br>cents | 30 Jun 15<br>cents |
|--------------------------------------------------------------------------------|--------------------|--------------------|
| <b>3 Earnings per security</b>                                                 |                    |                    |
| <b>(a) Summary of earnings per security</b>                                    |                    |                    |
| <i>Earnings per security</i>                                                   |                    |                    |
| Basic earnings per stapled security attributable to members of Scentre Group   | 21.73              | 20.38              |
| Diluted earnings per stapled security attributable to members of Scentre Group | 21.66              | 20.32              |

### (b) Income and security data

The following reflects the income data used in the calculations of basic and diluted earnings per stapled security:

|                                                                                 | \$million | \$million |
|---------------------------------------------------------------------------------|-----------|-----------|
| Earnings used in calculating basic earnings per stapled security <sup>(i)</sup> | 1,154.0   | 1,082.6   |
| Adjustment to earnings on options which are considered dilutive                 | -         | -         |
| Earnings used in calculating diluted earnings per stapled security              | 1,154.0   | 1,082.6   |

<sup>(i)</sup> Refer to the income statement for details of the profit after tax attributable to members of the Group.

The following reflects the security data used in the calculations of basic and diluted earnings per stapled security:

|                                                                                                                      | No. of<br>securities | No. of<br>securities |
|----------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Weighted average number of ordinary securities used in calculating basic earnings per stapled security               | 5,311,595,241        | 5,311,595,241        |
| Weighted average number of potential employee performance rights which, if securities were issued, would be dilutive | 15,876,979           | 16,017,410           |
| Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security    | 5,327,472,220        | 5,327,612,651        |

## 4 Segment reporting

The Group's operational segment comprises the property investment and property and project management segments.

### (i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments, and other operational expenses. A geographic analysis of net property investment income is also provided.

### (ii) Property and project management

Property and project management includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

Transactions such as the change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, property revaluations, taxation, gain/(loss) in respect of capital transactions and overheads are not allocated to the above segments but are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues and expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar, the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (a) Operating segments of Scentre Group for the half-year ended 30 June 2016

The following segment information comprises the earnings of Scentre Group's Australian and New Zealand operations for the half-year ended 30 June 2016.

#### (i) Income and expenses

|                                                                       | Operational                      |                                              | Total          |
|-----------------------------------------------------------------------|----------------------------------|----------------------------------------------|----------------|
|                                                                       | Property investment<br>\$million | Property and project management<br>\$million |                |
| <b>30 June 2016</b>                                                   |                                  |                                              |                |
| <b>Revenue</b>                                                        |                                  |                                              |                |
| Property revenue                                                      | 1,116.2                          | -                                            | 1,116.2        |
| Property development and project management revenue                   | -                                | 233.4                                        | 233.4          |
| Property management income                                            | -                                | 28.3                                         | 28.3           |
|                                                                       | <b>1,116.2</b>                   | <b>261.7</b>                                 | <b>1,377.9</b> |
| <b>Expenses</b>                                                       |                                  |                                              |                |
| Property expenses, outgoings and other costs                          | (245.3)                          | -                                            | (245.3)        |
| Property development and project management costs                     | -                                | (183.7)                                      | (183.7)        |
| Property management costs                                             | -                                | (5.1)                                        | (5.1)          |
|                                                                       | <b>(245.3)</b>                   | <b>(188.8)</b>                               | <b>(434.1)</b> |
| <b>Segment result</b>                                                 | <b>870.9</b>                     | <b>72.9</b>                                  | <b>943.8</b>   |
| Overheads                                                             |                                  |                                              | (41.7)         |
| Interest income                                                       |                                  |                                              | 4.9            |
| Currency gain                                                         |                                  |                                              | 16.9           |
| Financing costs                                                       |                                  |                                              | (90.6)         |
| Property revaluations                                                 |                                  |                                              | 390.8          |
| Tax expense                                                           |                                  |                                              | (53.2)         |
| External non controlling interests                                    |                                  |                                              | (16.9)         |
| <b>Net profit attributable to members of the Group <sup>(i)</sup></b> |                                  |                                              | <b>1,154.0</b> |

<sup>(i)</sup> Net profit attributable to members of the Group was \$1,154.0 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of \$16.9 million was \$1,170.9 million.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (a) Operating segments of Scentre Group for the half-year ended 30 June 2016 (continued)

##### (ii) Assets and liabilities of Scentre Group

|                                                                            | Operational                         |                                                    | Total<br>\$million |
|----------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|--------------------|
|                                                                            | Property<br>investment<br>\$million | Property and<br>project<br>management<br>\$million |                    |
| <b>As at 30 June 2016</b>                                                  |                                     |                                                    |                    |
| Total operational segment assets                                           | 31,587.7                            | 458.7                                              | 32,046.4           |
| Total group assets                                                         |                                     |                                                    | 854.1              |
| Total operational segment liabilities                                      | 1,062.6                             | 305.5                                              | 1,368.1            |
| Total group liabilities                                                    |                                     |                                                    | 13,008.6           |
| Net assets                                                                 |                                     |                                                    | 18,523.8           |
| Equity accounted investments included in - operational segment assets      | 2,526.2                             | -                                                  | 2,526.2            |
| Equity accounted investments included in - operational segment liabilities | 38.2                                | -                                                  | 38.2               |
| Additions to segment non current assets during the period                  | 324.2                               | -                                                  | 324.2              |

##### (iii) Geographic information - Total revenue

|                                                     | Australia<br>\$million | New Zealand<br>\$million | Total <sup>(i)</sup><br>\$million |
|-----------------------------------------------------|------------------------|--------------------------|-----------------------------------|
| <b>30 June 2016</b>                                 |                        |                          |                                   |
| Property revenue                                    | 1,033.0                | 83.2                     | 1,116.2                           |
| Property development and project management revenue | 232.1                  | 1.3                      | 233.4                             |
| Property management revenue                         | 26.1                   | 2.2                      | 28.3                              |
| <b>Total revenue</b>                                | <b>1,291.2</b>         | <b>86.7</b>              | <b>1,377.9</b>                    |

<sup>(i)</sup> Australia and New Zealand revenue of \$1,377.9 million compares to revenue of \$1,275.7 million on the income statement and property revenue of \$102.2 million included in the share of equity accounted profit.

##### (iv) Geographic information - Net property income

|                                                     | Australia<br>\$million | New Zealand<br>\$million | Total<br>\$million |
|-----------------------------------------------------|------------------------|--------------------------|--------------------|
| <b>30 June 2016</b>                                 |                        |                          |                    |
| Shopping centre base rent and other property income | 1,056.2                | 84.5                     | 1,140.7            |
| Amortisation of tenant allowances                   | (23.2)                 | (1.3)                    | (24.5)             |
| Property revenue                                    | 1,033.0                | 83.2                     | 1,116.2            |
| Property expenses, outgoings and other costs        | (224.7)                | (20.6)                   | (245.3)            |
| <b>Net property income</b>                          | <b>808.3</b>           | <b>62.6</b>              | <b>870.9</b>       |

##### (v) Geographic information - Property investment assets and non current assets

|                                   | Australia<br>\$million | New Zealand<br>\$million | Total<br>\$million |
|-----------------------------------|------------------------|--------------------------|--------------------|
| <b>As at 30 June 2016</b>         |                        |                          |                    |
| <b>Property investment assets</b> | <b>29,808.4</b>        | <b>1,779.3</b>           | <b>31,587.7</b>    |
| Non current assets                | 29,602.7               | 1,217.4                  | 30,820.1           |
| Group non current assets          |                        |                          | 1,068.2            |
| <b>Total non current assets</b>   |                        |                          | <b>31,888.3</b>    |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (a) Operating segments of Scentre Group for the half-year ended 30 June 2016 (continued)

##### (vi) Reconciliation of segment results

The Group's operating segments income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

| <b>30 June 2016</b>                                    | <b>Consolidated</b> | <b>Equity</b>    | <b>Total</b>     |
|--------------------------------------------------------|---------------------|------------------|------------------|
|                                                        | <b>\$million</b>    | <b>\$million</b> | <b>\$million</b> |
| <b>Revenue</b>                                         |                     |                  |                  |
| Property revenue                                       | 1,014.0             | 102.2            | 1,116.2          |
| Property development and project management revenue    | 233.4               | -                | 233.4            |
| Property management income                             | 28.3                | -                | 28.3             |
|                                                        | <b>1,275.7</b>      | <b>102.2</b>     | <b>1,377.9</b>   |
| <b>Expenses</b>                                        |                     |                  |                  |
| Property expenses, outgoings and other costs           | (221.9)             | (23.4)           | (245.3)          |
| Property development and project management costs      | (183.7)             | -                | (183.7)          |
| Property management costs                              | (5.1)               | -                | (5.1)            |
|                                                        | <b>(410.7)</b>      | <b>(23.4)</b>    | <b>(434.1)</b>   |
| <b>Segment result</b>                                  | <b>865.0</b>        | <b>78.8</b>      | <b>943.8</b>     |
| Overheads                                              | (41.7)              | -                | (41.7)           |
| Interest income                                        | 4.6                 | 0.3              | 4.9              |
| Currency gain                                          | 16.9                | -                | 16.9             |
| Financing costs                                        | (90.1)              | (0.5)            | (90.6)           |
| Property revaluations                                  | 345.9               | 44.9             | 390.8            |
| Tax expense                                            | (44.9)              | (8.3)            | (53.2)           |
| External non controlling interests                     | (16.9)              | -                | (16.9)           |
| <b>Net profit attributable to members of the Group</b> | <b>1,038.8</b>      | <b>115.2</b>     | <b>1,154.0</b>   |
| <b>As at 30 June 2016</b>                              |                     |                  |                  |
| Cash and cash equivalents                              | 208.7               | 13.1             | 221.8            |
| Shopping centre investments                            | 27,665.8            | 2,433.3          | 30,099.1         |
| Development projects and construction in progress      | 640.4               | 74.1             | 714.5            |
| Investment properties held for sale                    | 426.1               | -                | 426.1            |
| Deferred tax assets                                    | 68.6                | -                | 68.6             |
| Other assets                                           | 1,364.7             | 5.7              | 1,370.4          |
| <b>Total assets</b>                                    | <b>30,374.3</b>     | <b>2,526.2</b>   | <b>32,900.5</b>  |
| Interest bearing liabilities                           | 11,440.5            | 15.1             | 11,455.6         |
| Other financial liabilities                            | 1,002.8             | -                | 1,002.8          |
| Deferred tax liabilities                               | 192.5               | 61.7             | 254.2            |
| Other liabilities                                      | 1,625.9             | 38.2             | 1,664.1          |
| <b>Total liabilities</b>                               | <b>14,261.7</b>     | <b>115.0</b>     | <b>14,376.7</b>  |
| <b>Net assets</b>                                      | <b>16,112.6</b>     | <b>2,411.2</b>   | <b>18,523.8</b>  |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (b) Operating segments of Scentre Group for the half-year ended 30 June 2015

The following segment information comprises the earnings of Scentre Group's Australian and New Zealand operations for the half-year ended 30 June 2015.

#### (i) Income and expenses

|                                                                       | Operational                      |                                              | Total          |
|-----------------------------------------------------------------------|----------------------------------|----------------------------------------------|----------------|
|                                                                       | Property investment<br>\$million | Property and project management<br>\$million |                |
| <b>30 June 2015</b>                                                   |                                  |                                              |                |
| <b>Revenue</b>                                                        |                                  |                                              |                |
| Property revenue                                                      | 1,170.1                          | -                                            | 1,170.1        |
| Property development and project management revenue                   | -                                | 226.6                                        | 226.6          |
| Property management income                                            | -                                | 28.1                                         | 28.1           |
|                                                                       | <b>1,170.1</b>                   | <b>254.7</b>                                 | <b>1,424.8</b> |
| <b>Expenses</b>                                                       |                                  |                                              |                |
| Property expenses, outgoings and other costs                          | (258.7)                          | -                                            | (258.7)        |
| Property development and project management costs                     | -                                | (193.4)                                      | (193.4)        |
| Property management costs                                             | -                                | (5.1)                                        | (5.1)          |
|                                                                       | <b>(258.7)</b>                   | <b>(198.5)</b>                               | <b>(457.2)</b> |
| <b>Segment result</b>                                                 | <b>911.4</b>                     | <b>56.2</b>                                  | <b>967.6</b>   |
| Overheads                                                             |                                  |                                              | (44.2)         |
| Interest income                                                       |                                  |                                              | 4.0            |
| Currency gain                                                         |                                  |                                              | 119.7          |
| Financing costs                                                       |                                  |                                              | (400.0)        |
| Property revaluations                                                 |                                  |                                              | 434.8          |
| Tax benefit                                                           |                                  |                                              | 14.9           |
| External non controlling interests                                    |                                  |                                              | (14.2)         |
| <b>Net profit attributable to members of the Group <sup>(i)</sup></b> |                                  |                                              | <b>1,082.6</b> |

<sup>(i)</sup> Net profit attributable to members of the Group was \$1,082.6 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of \$14.2 million was \$1,096.8 million.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (b) Operating segments of Scentre Group for the half-year ended 30 June 2015 (continued)

##### (ii) Assets and liabilities of Scentre Group

|                                                                            | Operational                         |                                                    | Total<br>\$million |
|----------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|--------------------|
|                                                                            | Property<br>investment<br>\$million | Property and<br>project<br>management<br>\$million |                    |
| <b>As at 31 December 2015</b>                                              |                                     |                                                    |                    |
| Total operational segment assets                                           | 30,821.7                            | 455.3                                              | 31,277.0           |
| Total group assets                                                         |                                     |                                                    | 670.9              |
| Total operational segment liabilities                                      | 1,115.0                             | 294.5                                              | 1,409.5            |
| Total group liabilities                                                    |                                     |                                                    | 12,632.2           |
| Net assets                                                                 |                                     |                                                    | 17,906.2           |
| Equity accounted investments included in - operational segment assets      | 2,439.3                             | -                                                  | 2,439.3            |
| Equity accounted investments included in - operational segment liabilities | 35.8                                | -                                                  | 35.8               |
| Additions to segment non current assets during the period                  | 580.9                               | -                                                  | 580.9              |

##### (iii) Geographic information - Total revenue

|                                                     | Australia<br>\$million | New Zealand<br>\$million | Total <sup>(i)</sup><br>\$million |
|-----------------------------------------------------|------------------------|--------------------------|-----------------------------------|
| <b>30 June 2015</b>                                 |                        |                          |                                   |
| Property revenue                                    | 1,053.7                | 116.4                    | 1,170.1                           |
| Property development and project management revenue | 226.6                  | -                        | 226.6                             |
| Property management revenue                         | 26.9                   | 1.2                      | 28.1                              |
| <b>Total revenue</b>                                | <b>1,307.2</b>         | <b>117.6</b>             | <b>1,424.8</b>                    |

<sup>(i)</sup> Australia and New Zealand revenue of \$1,424.8 million compares to revenue of \$1,345.2 million on the income statement and property revenue of \$79.6 million included in the share of equity accounted profit.

##### (iv) Geographic information - Net property income

|                                                     | Australia<br>\$million | New Zealand<br>\$million | Total<br>\$million |
|-----------------------------------------------------|------------------------|--------------------------|--------------------|
| <b>30 June 2015</b>                                 |                        |                          |                    |
| Shopping centre base rent and other property income | 1,070.6                | 117.1                    | 1,187.7            |
| Amortisation of tenant allowances                   | (16.9)                 | (0.7)                    | (17.6)             |
| Property revenue                                    | 1,053.7                | 116.4                    | 1,170.1            |
| Property expenses, outgoings and other costs        | (229.2)                | (29.5)                   | (258.7)            |
| <b>Net property income</b>                          | <b>824.5</b>           | <b>86.9</b>              | <b>911.4</b>       |

##### (v) Geographic information - Property investment assets and non current assets

|                                   | Australia<br>\$million | New Zealand<br>\$million | Total<br>\$million |
|-----------------------------------|------------------------|--------------------------|--------------------|
| <b>As at 31 December 2015</b>     |                        |                          |                    |
| <b>Property investment assets</b> | <b>29,128.2</b>        | <b>1,693.5</b>           | <b>30,821.7</b>    |
| Non current assets                | 28,927.6               | 1,156.3                  | 30,083.9           |
| Group non current assets          |                        |                          | 924.8              |
| <b>Total non current assets</b>   |                        |                          | <b>31,008.7</b>    |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 4 Segment reporting (continued)

#### (b) Operating segments of Scentre Group for the half-year ended 30 June 2015 (continued)

##### (vi) Reconciliation of segment results

The Group's operating segments income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

|                                                        | Consolidated    | Equity<br>Accounted | Total           |
|--------------------------------------------------------|-----------------|---------------------|-----------------|
| 30 June 2015                                           | \$million       | \$million           | \$million       |
| <b>Revenue</b>                                         |                 |                     |                 |
| Property revenue                                       | 1,090.5         | 79.6                | 1,170.1         |
| Property development and project management revenue    | 226.6           | -                   | 226.6           |
| Property management income                             | 28.1            | -                   | 28.1            |
|                                                        | <b>1,345.2</b>  | <b>79.6</b>         | <b>1,424.8</b>  |
| <b>Expenses</b>                                        |                 |                     |                 |
| Property expenses, outgoings and other costs           | (240.8)         | (17.9)              | (258.7)         |
| Property development and project management costs      | (193.4)         | -                   | (193.4)         |
| Property management costs                              | (5.1)           | -                   | (5.1)           |
|                                                        | <b>(439.3)</b>  | <b>(17.9)</b>       | <b>(457.2)</b>  |
| <b>Segment result</b>                                  | <b>905.9</b>    | <b>61.7</b>         | <b>967.6</b>    |
| Overheads                                              | (44.2)          | -                   | (44.2)          |
| Interest income                                        | 3.7             | 0.3                 | 4.0             |
| Currency gain                                          | 119.7           | -                   | 119.7           |
| Financing costs                                        | (399.5)         | (0.5)               | (400.0)         |
| Property revaluations                                  | 402.6           | 32.2                | 434.8           |
| Tax benefit/(expense)                                  | 18.0            | (3.1)               | 14.9            |
| External non controlling interests                     | (14.2)          | -                   | (14.2)          |
| <b>Net profit attributable to members of the Group</b> | <b>992.0</b>    | <b>90.6</b>         | <b>1,082.6</b>  |
| <b>As at 31 December 2015</b>                          |                 |                     |                 |
| Cash and cash equivalents                              | 142.7           | 10.3                | 153.0           |
| Shopping centre investments                            | 27,161.1        | 2,351.7             | 29,512.8        |
| Development projects and construction in progress      | 493.9           | 70.7                | 564.6           |
| Investment properties held for sale                    | 417.3           | -                   | 417.3           |
| Other assets                                           | 1,293.6         | 6.6                 | 1,300.2         |
| <b>Total assets</b>                                    | <b>29,508.6</b> | <b>2,439.3</b>      | <b>31,947.9</b> |
| Interest bearing liabilities                           | 11,142.7        | 14.8                | 11,157.5        |
| Other financial liabilities                            | 1,154.9         | -                   | 1,154.9         |
| Deferred tax liabilities                               | 179.9           | 56.0                | 235.9           |
| Other liabilities                                      | 1,457.6         | 35.8                | 1,493.4         |
| <b>Total liabilities</b>                               | <b>13,935.1</b> | <b>106.6</b>        | <b>14,041.7</b> |
| <b>Net assets</b>                                      | <b>15,573.5</b> | <b>2,332.7</b>      | <b>17,906.2</b> |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

|                                                                                                                                                                                                                                                | Note | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------|------------------------|
| <b>5 Property revenue</b>                                                                                                                                                                                                                      |      |                        |                        |
| Shopping centre base rent and other property income                                                                                                                                                                                            |      | 1,036.8                | 1,107.1                |
| Amortisation of tenant allowances                                                                                                                                                                                                              |      | (22.8)                 | (16.6)                 |
|                                                                                                                                                                                                                                                |      | <b>1,014.0</b>         | <b>1,090.5</b>         |
| <b>6 Currency gain</b>                                                                                                                                                                                                                         |      |                        |                        |
| Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting                                                                                                                         | 10   | 16.9                   | (11.2)                 |
| Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations                                                                                          | 10   | -                      | 130.9                  |
|                                                                                                                                                                                                                                                |      | <b>16.9</b>            | <b>119.7</b>           |
| <b>7 Financing costs</b>                                                                                                                                                                                                                       |      |                        |                        |
| Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)                                                                                                                  |      | (243.5)                | (259.8)                |
| Financing costs capitalised to qualifying development projects and construction in progress                                                                                                                                                    |      | 8.4                    | 4.6                    |
| Financing costs                                                                                                                                                                                                                                |      | (235.1)                | (255.2)                |
| Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting                                                                                                                                                    | 10   | 189.4                  | (84.2)                 |
| Finance leases interest expense                                                                                                                                                                                                                |      | (1.1)                  | (1.6)                  |
| Interest expense on other financial liabilities                                                                                                                                                                                                |      | (33.9)                 | (42.3)                 |
| Net fair value loss on other financial liabilities                                                                                                                                                                                             | 10   | (9.4)                  | (16.2)                 |
|                                                                                                                                                                                                                                                |      | <b>(90.1)</b>          | <b>(399.5)</b>         |
| <b>8 Gain/(loss) in respect of capital transactions</b>                                                                                                                                                                                        |      |                        |                        |
| Asset dispositions                                                                                                                                                                                                                             |      |                        |                        |
| - proceeds from asset dispositions <sup>(i)</sup>                                                                                                                                                                                              |      | -                      | 973.3                  |
| - less: carrying value of assets disposed and other capital costs                                                                                                                                                                              |      | -                      | (973.3)                |
| Gain/(loss) in respect of asset dispositions                                                                                                                                                                                                   |      | -                      | -                      |
| <sup>(i)</sup> In 2015, proceeds from the disposition of property investments of \$973.3 million included \$1,004.9 million for the sale of investment properties less \$31.6 million for working capital included in the net assets disposed. |      |                        |                        |
| <b>9 Taxation</b>                                                                                                                                                                                                                              |      |                        |                        |
| Current tax expense - underlying operations                                                                                                                                                                                                    |      | (32.5)                 | (32.5)                 |
| Deferred tax benefit/(expense)                                                                                                                                                                                                                 | 10   | (12.4)                 | 50.5                   |
|                                                                                                                                                                                                                                                |      | <b>(44.9)</b>          | <b>18.0</b>            |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

|                                                                                                                                                       | Note | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------|------------------------|
| <b>10 Significant items</b>                                                                                                                           |      |                        |                        |
| The following significant items are relevant in explaining the financial performance of the business:                                                 |      |                        |                        |
| Property revaluations                                                                                                                                 |      | 345.9                  | 402.6                  |
| Equity accounted property revaluations                                                                                                                |      | 44.9                   | 32.2                   |
| Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting                                | 6    | 16.9                   | (11.2)                 |
| Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations | 6    | -                      | 130.9                  |
| Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting                                                           | 7    | 189.4                  | (84.2)                 |
| Net fair value loss on other financial liabilities                                                                                                    | 7    | (9.4)                  | (16.2)                 |
| Deferred tax benefit/(expense)                                                                                                                        | 9    | (12.4)                 | 50.5                   |
| Equity accounted deferred tax expense                                                                                                                 | 13   | (3.4)                  | (0.7)                  |

|                                                   |    | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|---------------------------------------------------|----|------------------------|------------------------|
| <b>11 Investment properties</b>                   |    |                        |                        |
| <b>Current</b>                                    |    |                        |                        |
| Shopping centre investments                       | 23 | 426.1                  | 417.3                  |
|                                                   |    | <b>426.1</b>           | <b>417.3</b>           |
| <b>Non Current</b>                                |    |                        |                        |
| Shopping centre investments                       |    | 27,665.8               | 27,161.1               |
| Development projects and construction in progress |    | 640.4                  | 493.9                  |
|                                                   |    | <b>28,306.2</b>        | <b>27,655.0</b>        |
|                                                   |    | <b>28,732.3</b>        | <b>28,072.3</b>        |

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre takes into account the latest independent valuations generally prepared annually, with updates taking into account any changes in capitalisation rate, underlying income and valuations of comparable centres. In determining the fair value the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgements in relation to future rental income, capitalisation rate and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress that meets the definition of an investment property, takes into account the expected costs to complete, the stage of completion, expected underlying income and yield of the developments. From time to time, during a development, the Directors may commission an independent valuation of the development project. On completion, the development projects are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties.

|                                                  | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|--------------------------------------------------|------------------------|------------------------|
| <b>12 Details of shopping centre investments</b> |                        |                        |
| Consolidated Australian shopping centres         | 27,511.2               | 27,009.7               |
| Consolidated New Zealand shopping centres        | 154.6                  | 151.4                  |
| <b>Total consolidated shopping centres</b>       | <b>27,665.8</b>        | <b>27,161.1</b>        |
| Equity accounted Australian shopping centres     | 1,350.3                | 1,325.5                |
| Equity accounted New Zealand shopping centres    | 1,083.0                | 1,026.2                |
| <b>Total equity accounted shopping centres</b>   | <b>2,433.3</b>         | <b>2,351.7</b>         |
|                                                  | <b>30,099.1</b>        | <b>29,512.8</b>        |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 13 Details of equity accounted investments

|                                                                                                           | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|-----------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>(a) Details of the Group's share of equity accounted entities' net profit and comprehensive income</b> |                        |                        |
| Shopping centre base rent and other property income                                                       | 103.9                  | 80.6                   |
| Amortisation of tenant allowances                                                                         | (1.7)                  | (1.0)                  |
| Property revenue                                                                                          | 102.2                  | 79.6                   |
| Interest income                                                                                           | 0.3                    | 0.3                    |
| Revenue                                                                                                   | 102.5                  | 79.9                   |
| Property expenses, outgoings and other costs                                                              | (23.4)                 | (17.9)                 |
| Financing costs                                                                                           | (0.5)                  | (0.5)                  |
| Expenses                                                                                                  | (23.9)                 | (18.4)                 |
| Share of profit before property revaluations and tax expense of equity accounted entities                 | 78.6                   | 61.5                   |
| Property revaluations                                                                                     | 44.9                   | 32.2                   |
| Share of profit before tax of equity accounted entities                                                   | 123.5                  | 93.7                   |
| Current tax expense                                                                                       | (4.9)                  | (2.4)                  |
| Deferred tax expense                                                                                      | (3.4)                  | (0.7)                  |
| Tax expense                                                                                               | (8.3)                  | (3.1)                  |
| <b>Share of after tax profit of equity accounted entities</b>                                             | <b>115.2</b>           | <b>90.6</b>            |
| Other comprehensive income <sup>(i)</sup>                                                                 | 9.5                    | (24.4)                 |
| <b>Share of total comprehensive income of equity accounted entities</b>                                   | <b>124.7</b>           | <b>66.2</b>            |

<sup>(i)</sup> Relates to the net exchange difference on translation of equity accounted foreign operations.

|                                                                                              | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>(b) Details of the Group's share of equity accounted entities' assets and liabilities</b> |                        |                        |
| Cash and cash equivalents                                                                    | 13.1                   | 10.3                   |
| Shopping centre investments                                                                  | 2,433.3                | 2,351.7                |
| Development projects and construction in progress                                            | 74.1                   | 70.7                   |
| Other assets                                                                                 | 5.7                    | 6.6                    |
| <b>Total assets</b>                                                                          | <b>2,526.2</b>         | <b>2,439.3</b>         |
| Payables                                                                                     | (38.2)                 | (35.8)                 |
| Interest bearing liabilities - finance leases                                                | (15.1)                 | (14.8)                 |
| Deferred tax liabilities                                                                     | (61.7)                 | (56.0)                 |
| <b>Total liabilities</b>                                                                     | <b>(115.0)</b>         | <b>(106.6)</b>         |
| <b>Net assets <sup>(i)</sup></b>                                                             | <b>2,411.2</b>         | <b>2,332.7</b>         |

<sup>(i)</sup> The Group's equity accounted investments include investments in Australia and New Zealand. The Group's investment in its New Zealand equity accounted entities is represented by equity of \$438.6 million (31 December 2015: \$394.8 million) and long term loans of \$619.2 million (31 December 2015: \$606.4 million). Inter-entity interest charges on the loans amounted to \$12.1 million (30 June 2015: \$8.7 million).

### (c) Equity accounted entities economic interest

| Name of investments                           | Type of equity | Balance date | Economic interest |           |
|-----------------------------------------------|----------------|--------------|-------------------|-----------|
|                                               |                |              | 30 Jun 16         | 31 Dec 15 |
| <b>Australian investments <sup>(i)</sup></b>  |                |              |                   |           |
| Mt Druitt <sup>(ii)</sup>                     | Trust units    | 30 Jun       | 50.0%             | 50.0%     |
| Southland <sup>(ii)</sup>                     | Trust units    | 30 Jun       | 50.0%             | 50.0%     |
| Tea Tree Plaza <sup>(ii)</sup>                | Trust units    | 30 Jun       | 50.0%             | 50.0%     |
| <b>New Zealand investments <sup>(i)</sup></b> |                |              |                   |           |
| Albany                                        | Shares         | 31 Dec       | 51.0%             | 51.0%     |
| Manukau                                       | Shares         | 31 Dec       | 51.0%             | 51.0%     |
| Newmarket                                     | Shares         | 31 Dec       | 51.0%             | 51.0%     |
| Riccarton                                     | Shares         | 31 Dec       | 51.0%             | 51.0%     |
| St Lukes                                      | Shares         | 31 Dec       | 51.0%             | 51.0%     |

<sup>(i)</sup> All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

<sup>(ii)</sup> Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been made out so as to include the accounts for a period coinciding with the financial year of the Parent Company being 31 December.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

|                                           | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|-------------------------------------------|------------------------|------------------------|
| <b>14 Interest bearing liabilities</b>    |                        |                        |
| <b>Current</b>                            |                        |                        |
| <b>Unsecured</b>                          |                        |                        |
| Commercial paper                          |                        |                        |
| - A\$ denominated                         | 666.9                  | 787.1                  |
| Bank loans                                |                        |                        |
| - A\$ denominated                         | 16.0                   | 6.0                    |
| Notes payable                             |                        |                        |
| - A\$ denominated <sup>(i)</sup>          | 907.3                  | 919.5                  |
| Finance leases                            | 0.5                    | 0.5                    |
|                                           | <b>1,590.7</b>         | <b>1,713.1</b>         |
| <b>Non current</b>                        |                        |                        |
| <b>Unsecured</b>                          |                        |                        |
| Bank loans                                |                        |                        |
| - A\$ denominated                         | -                      | 65.0                   |
| - NZ\$ denominated                        | 502.2                  | 497.8                  |
| Notes payable                             |                        |                        |
| - US\$ denominated                        | 3,153.9                | 3,225.4                |
| - £ denominated                           | 1,429.3                | 1,618.1                |
| - A\$ denominated                         | 582.7                  | 583.2                  |
| - € denominated                           | 3,929.9                | 3,189.3                |
| Finance leases                            | 39.3                   | 38.8                   |
| <b>Secured</b>                            |                        |                        |
| Bank loans and mortgages                  |                        |                        |
| - A\$ denominated                         | 212.5                  | 212.0                  |
|                                           | <b>9,849.8</b>         | <b>9,429.6</b>         |
| <b>Total interest bearing liabilities</b> | <b>11,440.5</b>        | <b>11,142.7</b>        |

<sup>(i)</sup> Subsequent to 30 June 2016, the domestic medium term notes were redeemed.

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt.

|                                                        | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|--------------------------------------------------------|------------------------|------------------------|
| <b>(a) Summary of financing facilities</b>             |                        |                        |
| Committed financing facilities available to the Group: |                        |                        |
| Total financing facilities at the end of the period    | 15,172.9               | 14,754.7               |
| Total interest bearing liabilities                     | (11,440.5)             | (11,142.7)             |
| Total bank guarantees                                  | (35.4)                 | (35.0)                 |
| Available financing facilities <sup>(i)</sup>          | 3,697.0                | 3,577.0                |
| Cash                                                   | 208.7                  | 142.7                  |
| Financing resources available at the end of the period | <b>3,905.7</b>         | <b>3,719.7</b>         |

<sup>(i)</sup> Total available financing facilities at the end of the financial period of \$3,697.0 million (31 December 2015: \$3,577.0 million) is in excess of the Group's net current liabilities of \$2,265.1 million (31 December 2015: \$3,232.6 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed and floating rate notes and both secured and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial and non-financial requirements. These facilities exclude the property linked notes liability of \$1,002.8 million (31 December 2015: \$1,154.9 million). Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 14 Interest bearing liabilities (continued)

|                                                                                                                               | Committed<br>financing<br>facilities<br>30 Jun 16<br>\$million | Total<br>interest<br>bearing<br>liabilities<br>30 Jun 16<br>\$million | Committed<br>financing<br>facilities<br>31 Dec 15<br>\$million | Total<br>interest<br>bearing<br>liabilities<br>31 Dec 15<br>\$million |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities</b> |                                                                |                                                                       |                                                                |                                                                       |
| Year ending December 2016 <sup>(i)</sup>                                                                                      | 907.8                                                          | 1,590.7                                                               | 920.0                                                          | 1,713.1                                                               |
| Year ending December 2017                                                                                                     | 100.5                                                          | 0.5                                                                   | 150.5                                                          | 93.5                                                                  |
| Year ending December 2018                                                                                                     | 896.8                                                          | 596.8                                                                 | 1,696.9                                                        | 925.8                                                                 |
| Year ending December 2019                                                                                                     | 2,258.7                                                        | 1,311.8                                                               | 2,681.7                                                        | 1,322.7                                                               |
| Year ending December 2020                                                                                                     | 2,824.7                                                        | 1,333.6                                                               | 3,025.1                                                        | 1,107.1                                                               |
| Year ending December 2021                                                                                                     | 2,571.5                                                        | 1,194.2                                                               | 1,386.7                                                        | 1,086.7                                                               |
| Year ending December 2022                                                                                                     | 946.2                                                          | 746.2                                                                 | 840.8                                                          | 840.8                                                                 |
| Year ending December 2023                                                                                                     | 1,545.6                                                        | 1,545.6                                                               | 804.2                                                          | 804.2                                                                 |
| Year ending December 2024                                                                                                     | 894.8                                                          | 894.8                                                                 | 895.2                                                          | 895.2                                                                 |
| Year ending December 2025                                                                                                     | 1,476.8                                                        | 1,476.8                                                               | 1,510.3                                                        | 1,510.3                                                               |
| Due thereafter                                                                                                                | 749.5                                                          | 749.5                                                                 | 843.3                                                          | 843.3                                                                 |
|                                                                                                                               | <b>15,172.9</b>                                                | <b>11,440.5</b>                                                       | <b>14,754.7</b>                                                | <b>11,142.7</b>                                                       |
| Total financing facilities and interest bearing liabilities are comprised of:                                                 |                                                                |                                                                       |                                                                |                                                                       |
| Notes payable                                                                                                                 | 10,003.1                                                       | 10,003.1                                                              | 9,535.5                                                        | 9,535.5                                                               |
| Bank loans facilities                                                                                                         | 4,900.0                                                        | 502.2                                                                 | 4,949.9                                                        | 562.8                                                                 |
| Commercial paper and uncommitted facilities <sup>(i)</sup>                                                                    | -                                                              | 682.9                                                                 | -                                                              | 793.1                                                                 |
| Secured bank loans and mortgages                                                                                              | 230.0                                                          | 212.5                                                                 | 230.0                                                          | 212.0                                                                 |
| Finance leases                                                                                                                | 39.8                                                           | 39.8                                                                  | 39.3                                                           | 39.3                                                                  |
|                                                                                                                               | <b>15,172.9</b>                                                | <b>11,440.5</b>                                                       | <b>14,754.7</b>                                                | <b>11,142.7</b>                                                       |

<sup>(i)</sup> Drawings on the Group's commercial paper program and uncommitted facility are in addition to the Group's committed facilities and are classified as current interest bearing liabilities. These drawings may be refinanced by non current unsecured bank loan facilities.

The Group consolidates Carindale Property Trust and the borrowings in this Trust are secured by a mortgage over the Trust's interest in Westfield Carindale. The recorded fair value of the Carindale centre is \$792.6 million (31 December 2015: \$767.5 million) compared to borrowings of \$212.5 million (31 December 2015: \$212.0 million).

The secured and unsecured bank loans, uncommitted facility and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial and non-financial requirements.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 15 Contributed Equity

|  | 30 Jun 16<br>Securities | 31 Dec 15<br>Securities |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

#### (a) Number of securities on issue

|                                                               |               |               |
|---------------------------------------------------------------|---------------|---------------|
| Balance at the beginning and end of the period <sup>(i)</sup> | 5,311,595,241 | 5,311,595,241 |
|---------------------------------------------------------------|---------------|---------------|

<sup>(i)</sup> The number of securities on issue as at 30 June 2016 was 5,324,296,678 (31 December 2015: 5,324,296,678). The Scentre Executive Option Plan Trust holds 12,701,437 (31 December 2015: 12,701,437) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up the Parent Company, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of any of the Parent Company, SGT1, SGT2 and SGT3 (as the case may be).

|                                         | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|-----------------------------------------|------------------------|------------------------|
| <b>(b) Amount of contributed equity</b> |                        |                        |
| of the Parent Company                   | 674.4                  | 674.4                  |
| of SGT1, SGT2 and SGT3 <sup>(i)</sup>   | 9,820.8                | 9,820.8                |
| of the Group                            | <b>10,495.2</b>        | <b>10,495.2</b>        |

<sup>(i)</sup> Comprises SGT1 \$1,650.8 million (31 December 2015: \$1,650.8 million), SGT2 \$8,158.5 million (31 December 2015: \$8,158.5 million) and SGT3 \$11.5 million (31 December 2015: \$11.5 million).

### 16 Dividends/Distributions

|  | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|--|------------------------|------------------------|
|--|------------------------|------------------------|

#### (a) Interim dividends/distributions for the period

Dividend/distribution in respect of the 6 months to 30 June 2016  
- to be paid on 31 August 2016

|                                                                                              |              |              |
|----------------------------------------------------------------------------------------------|--------------|--------------|
| SGL: nil                                                                                     | -            | -            |
| SGT1: 3.50 cents per unit                                                                    | 185.9        | -            |
| SGT2: 7.15 cents per unit                                                                    | 379.8        | -            |
| SGT3: nil                                                                                    | -            | -            |
| Dividend/distribution in respect of the 6 months to 30 June 2015<br>- paid on 31 August 2015 |              |              |
| SGL: nil                                                                                     | -            | -            |
| SGT1: 4.20 cents per unit                                                                    | -            | 223.1        |
| SGT2: 6.25 cents per unit                                                                    | -            | 332.0        |
| SGT3: nil                                                                                    | -            | -            |
| Scentre Group 10.65 cents (30 June 2015: 10.45 cents) per stapled security                   | <b>565.7</b> | <b>555.1</b> |

Interim dividend/distributions will be paid on 31 August 2016. The record date for the entitlement to these distributions was 5pm, 15 August 2016. The Group does not operate a distribution reinvestment plan.

|  | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|--|------------------------|------------------------|
|--|------------------------|------------------------|

#### (b) Dividends/Distributions paid

Dividend/distributions in respect of the six months to 31 December 2015

|                           |       |   |
|---------------------------|-------|---|
| SGT1: 4.35 cents per unit | 231.1 | - |
| SGT2: 6.10 cents per unit | 324.0 | - |

Dividend/distributions in respect of the six months to 31 December 2014

|                           |              |              |
|---------------------------|--------------|--------------|
| SGL: 2.85 cents per share | -            | 151.4        |
| SGT1: 2.85 cents per unit | -            | 151.4        |
| SGT2: 4.50 cents per unit | -            | 239.0        |
|                           | <b>555.1</b> | <b>541.8</b> |

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

|                                         | 30 Jun 16   | 31 Dec 15   |
|-----------------------------------------|-------------|-------------|
|                                         | \$          | \$          |
| <b>17 Net tangible asset backing</b>    |             |             |
| Net tangible asset backing per security | <b>3.44</b> | <b>3.32</b> |

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 5,311,595,241 (31 December 2015: 5,311,595,241).

|                                                                                                                                           | 30 Jun 16    | 31 Dec 15    |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                                           | \$million    | \$million    |
| <b>18 Capital expenditure commitments</b>                                                                                                 |              |              |
| The following is prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments. |              |              |
| Estimated capital expenditure committed at balance date but not provided for in relation to development projects:                         |              |              |
| Due within one year                                                                                                                       | 444.6        | 532.2        |
| Due between one and five years                                                                                                            | 40.8         | 113.6        |
|                                                                                                                                           | <b>485.4</b> | <b>645.8</b> |

### 19 Contingent liabilities

The following is prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

|                        |             |             |
|------------------------|-------------|-------------|
| Performance guarantees | 81.5        | 89.1        |
|                        | <b>81.5</b> | <b>89.1</b> |

Entities within Scentre Group have provided guarantees in respect of certain Westfield Corporation joint venture operations in the United Kingdom, borrowing facilities and derivatives counterparties. Under the Restructure and Merger Implementation Deed, Scentre Group and Westfield Corporation have cross indemnified each other for any claims that may be made or payment that may be required under such contracts or guarantees.

The Group's obligation in respect of performance guarantees may be called on at anytime dependant upon the performance or non performance of certain third parties.

From time to time, in the normal course of business, the Group is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

# SCENTRE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2016

### 20 Fair value of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

|                                              |                      | Fair value             |                        | Carrying amount        |                        |
|----------------------------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
|                                              | Fair Value Hierarchy | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
| <b>Consolidated assets</b>                   |                      |                        |                        |                        |                        |
| Cash and cash equivalents                    |                      | 208.7                  | 142.7                  | 208.7                  | 142.7                  |
| Trade debtors <sup>(i)</sup>                 |                      | 14.2                   | 25.4                   | 14.2                   | 25.4                   |
| Receivables <sup>(i)</sup>                   |                      | 208.6                  | 205.0                  | 208.6                  | 205.0                  |
| Derivative assets <sup>(ii)</sup>            | Level 2              | 946.2                  | 788.5                  | 946.2                  | 788.5                  |
| <b>Consolidated liabilities</b>              |                      |                        |                        |                        |                        |
| Payables <sup>(i)</sup>                      |                      | 1,153.8                | 1,172.2                | 1,153.8                | 1,172.2                |
| Interest bearing liabilities <sup>(ii)</sup> |                      |                        |                        |                        |                        |
| - Fixed rate debt                            | Level 2              | 9,786.2                | 8,922.1                | 9,307.0                | 8,839.0                |
| - Floating rate debt                         | Level 2              | 2,136.5                | 2,305.5                | 2,133.5                | 2,303.7                |
| Other financial liabilities <sup>(ii)</sup>  | Level 3              | 1,002.8                | 1,154.9                | 1,002.8                | 1,154.9                |
| Derivative liabilities <sup>(ii)</sup>       | Level 2              | 466.5                  | 242.2                  | 466.5                  | 242.2                  |

<sup>(i)</sup> These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

<sup>(ii)</sup> These financial assets and liabilities are subject to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

### Determination of fair value

The Group uses the following hierarchy for determining and disclosing the fair value of its financial instruments. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

In assessing the fair value of the Group's financial instruments, consideration is given to the available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

During the half-year ended 30 June 2016, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

|                                                                         | Property linked<br>notes <sup>(i)</sup><br>30 Jun 16<br>\$million | Property linked<br>notes <sup>(i)</sup><br>31 Dec 15<br>\$million |
|-------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Level 3 fair value movement</b>                                      |                                                                   |                                                                   |
| Balance at the beginning of the period                                  | 1,154.9                                                           | 1,409.1                                                           |
| Repayment of other financial liabilities                                | (161.5)                                                           | (279.7)                                                           |
| Net fair value loss included in financing costs in the income statement | 9.4                                                               | 25.5                                                              |
| Balance at the end of the period                                        | <b>1,002.8</b>                                                    | <b>1,154.9</b>                                                    |

<sup>(i)</sup> The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres.

Investment properties are considered Level 3.

### 21 Investment in Carindale Property Trust

For the half-year ended 30 June 2016, the Group has acquired additional securities in Carindale Property Trust (CPT) increasing the Group's interest in CPT to 50.67% (31 December 2015: 50.0%).

### 22 Property Linked Notes

In June 2016, the Group agreed to redeem approximately \$600 million of the \$1.2 billion Property Linked Notes (Notes) (included in other financial liabilities in the balance sheet) held by PGGM Private Real Estate Fund and to extend the review dates of the remaining Notes.

On 30 June 2016, the Group redeemed \$161.5 million of Notes linked to Westfield Tea Tree Plaza, effectively increasing the Group's economic interest in the centre by 25%. Notes linked to Westfield Belconnen, Westfield Burwood and Westfield Hornsby will be redeemed on 31 December 2016 and will effectively increase the Group's economic interest in these centres by 25%, 25% and 5% respectively.

The review dates for the remaining Notes linked to economic interests in Westfield Parramatta (12.5%), Westfield Southland (12.5%) and Westfield Hornsby (20%) have been extended to 31 December 2021, 2022 and 2023, respectively.

## **SCENTRE GROUP**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the half-year ended 30 June 2016

#### **23 Subsequent events**

In November 2015, the Group entered into an agreement for the sale of Westfield Queensgate and Westfield Chartwell to Diversified NZ Property Fund Limited subject to the approval of the Overseas Investment Office, New Zealand (OIO). Approval by the OIO was received on 1 August 2016 and settlement of the transaction occurred on 22 August 2016.

In August 2016, the Group, jointly with Cbus Property, purchased the David Jones 77 Market Street building in Sydney's CBD for \$360 million. The Group's share of the purchase price is \$182.5 million with Cbus Property paying the balance of \$177.5 million.

## SCENTRE GROUP

### DIRECTORS' DECLARATION

The Directors of Scentre Group Limited (Company) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and Notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the financial position as at 30 June 2016 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the *Corporations Act 2001*.

Made on 23 August 2016 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM  
Chairman



Michael Ihlein  
Director

## Independent auditor's report to the members of Scentre Group Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Scentre Group Limited (the Company), which comprises the balance sheet as at 30 June 2016, the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement 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 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 as 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 30 June 2016 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 Scentre Group Limited and the entities it controlled during the period, 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 Scentre Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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*.



Graham Ezzy  
Partner  
Sydney  
23 August 2016



Ernst & Young

# SCENTRE GROUP

## DIRECTORS' REPORT

The Directors of Scentre Group Limited (Parent Company) submit the following report for the half-year ended 30 June 2016 (Financial Period).

Scentre Group is a stapled entity which comprises the Parent Company, Scentre Group Trust 1, Scentre Group Trust 2, Scentre Group Trust 3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

### 1. Directors

At the date of this report, the Board comprised the following Directors. The independence status of, and the period of office held by, each Director is as follows.

| Name              | Position Held                              | Independent<br>(Y/N) | Date appointed   |
|-------------------|--------------------------------------------|----------------------|------------------|
| Brian Schwartz AM | Chairman/Non-Executive Director            | Y                    | 6 May 2009       |
| Peter Allen       | Chief Executive Officer/Executive Director | N                    | 25 May 2011      |
| Andrew Harmos     | Non-Executive Director                     | Y                    | 30 June 2014     |
| Michael Ihlein    | Non-Executive Director                     | Y                    | 30 June 2014     |
| Carolyn Kay       | Non-Executive Director                     | Y                    | 24 February 2016 |
| Aliza Knox        | Non-Executive Director                     | Y                    | 7 May 2015       |
| Steven Lowy AM    | Non-Executive Director                     | N                    | 28 June 1989     |
| Margaret Seale    | Non-Executive Director                     | Y                    | 24 February 2016 |

During the Financial Period, Mr Frank Lowy AC and Mr Richard Egerton-Warburton AO LVO retired from the Scentre Group Board at the conclusion of the Parent Company's Annual General Meeting on 5 May 2016. Mr Brian Schwartz succeeded Mr Lowy as Chairman.

### 2. Review and results of operations

#### 2.1 Operating environment

As at 30 June 2016, the Group's portfolio comprised 40 centres in Australia and New Zealand with a combined value of \$30.8 billion.

As at 30 June 2016, the Group's portfolio was more than 99.5% leased. Net property income for the Financial Period was \$870.9 million. Comparable net operating income growth across the portfolio was 2.6%. Comparable specialty retail sales for the Financial Period increased by 2.5%.

#### 2.2 Development activities

During the Financial Period, the Group completed \$855 million of projects (Group share: \$170 million) including Casey Central, Westfield Marion Fresh Food and the third party design and construction project at Pacific Fair. Work also continues on the \$310 million Warringah Mall development (Group share: \$155 million) which is expected to be completed in November 2016.

In 2016, the Group has commenced \$605 million (Group share: \$480 million) of developments including projects at Chermside and North Lakes in Brisbane and Whitford City in Perth. The development projects at Chermside and Whitford City are expected to be completed in 2017 and the stage 2 Link Mall project at North Lakes is expected to be completed in November 2016. The Group is also undertaking pre development activities on future development opportunities in excess of \$3 billion.

#### 2.3 Financing

During the Financial Period, the Group has raised €500 million (A\$745 million) from a bond issue. Proceeds from the issue were used to repay borrowings under the Group's revolving bank facilities. The Group also agreed to redeem approximately \$600 million of Property Linked Notes (Notes) issued to PGGM Private Real Estate Fund and to extend the review dates of the remaining Notes.

As at 30 June 2016, the Group had available financing facilities of \$3.3 billion with gearing of 33.2% after adjusting for the early redemption of \$900 million domestic medium term notes in July 2016, the sale of two New Zealand assets and the acquisition of 77 Market Street, Sydney from David Jones.

#### 2.4 Financial results

The Group reported profit after tax of \$1,170.9 million for the half-year ended 30 June 2016 which includes funds from operations (FFO) of \$616.7 million (or 11.61 cents per security), property revaluation gains of \$390.8 million, \$24.5 million of tenant allowances amortisation, market to market gains on derivatives and property linked notes of \$196.9 million, deferred tax expense of \$15.8 million and FFO attributable to external non-controlling interests of \$6.8 million.

The distribution for the half-year ended 30 June 2016 is 10.65 cents per security which will be paid on 31 August 2016.

# SCENTRE GROUP

## DIRECTORS' REPORT (continued)

### 2. Review and results of operations (continued)

#### 2.4 Financial results (continued)

The Group's profit after tax, FFO and distribution are as follows: <sup>(i)</sup>

|                                                                                                                                                         | 30 Jun 16<br>\$million | 30 Jun 15<br>\$million |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Net property income                                                                                                                                     | 870.9                  | 911.4                  |
| Net project and management income                                                                                                                       | 72.9                   | 56.2                   |
| Overheads                                                                                                                                               | (41.7)                 | (44.2)                 |
| Net financing costs                                                                                                                                     | (231.8)                | (253.3)                |
| Interest on other financial liabilities                                                                                                                 | (33.9)                 | (42.3)                 |
| Mark to market on derivatives and property linked notes                                                                                                 | 196.9                  | (111.6)                |
| Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations   | -                      | 130.9                  |
| Property revaluations                                                                                                                                   | 390.8                  | 434.8                  |
| Tax benefit/(expense)                                                                                                                                   | (53.2)                 | 14.9                   |
| <b>Profit after tax</b>                                                                                                                                 | <b>1,170.9</b>         | <b>1,096.8</b>         |
| Adjusted for:                                                                                                                                           |                        |                        |
| - Property revaluations                                                                                                                                 | (390.8)                | (434.8)                |
| - Amortisation of tenant allowances                                                                                                                     | 24.5                   | 17.6                   |
| - Net fair value loss/(gain) and associated credit risk on currency derivatives that do not qualify for hedge accounting                                | (16.9)                 | 11.2                   |
| - Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations | -                      | (130.9)                |
| - Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting                                                           | (189.4)                | 84.2                   |
| - Net fair value loss on other financial liabilities                                                                                                    | 9.4                    | 16.2                   |
| - Deferred tax expense/(benefit)                                                                                                                        | 15.8                   | (49.8)                 |
| - FFO attributable to external non controlling interests <sup>(ii)</sup>                                                                                | (6.8)                  | (6.3)                  |
| <b>FFO</b>                                                                                                                                              | <b>616.7</b>           | <b>604.2</b>           |
| Less: amount retained                                                                                                                                   | (51.0)                 | (49.1)                 |
| <b>Dividend/distributions</b>                                                                                                                           | <b>565.7</b>           | <b>555.1</b>           |

<sup>(i)</sup> The Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from equity accounted entities on a gross basis.

<sup>(ii)</sup> FFO attributable to external non controlling interests of \$6.8 million (30 June 2015: \$6.3 million) consists of profit after tax attributable to external non controlling interests of \$16.9 million (30 June 2015: \$14.2 million) less FFO adjustments of \$10.1 million (30 June 2015: \$7.9 million).

|                                    | 30 Jun 16<br>cents | 30 Jun 15<br>cents |
|------------------------------------|--------------------|--------------------|
| FFO per security <sup>(iii)</sup>  | 11.61              | 11.38              |
| Dividend/distribution per security | 10.65              | 10.45              |

<sup>(iii)</sup> In calculating the FFO per stapled security 5,311,595,241 (30 June 2015: 5,311,595,241) weighted average number of securities was used.

A key measure of the financial performance of the Group is FFO. FFO is a widely recognised measure of the performance of real estate investment groups by the property industry and is a useful measure of operating performance.

The Group's measure of FFO is based upon the National Association of Real Estate Investment Trusts' (NAREIT) definition, adjusted to reflect the Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and IFRS.

The Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances from the reported profit after tax and non controlling interests.

#### 2.5 Outlook

The Group maintains its forecast FFO growth for the 12 months ending 31 December 2016 of approximately 3% to 23.25 cents per security and forecast distribution of 21.3 cents per security.

### 3. Principal activities

The principal activities of the Group for the Financial Period were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its Australian and New Zealand portfolio of retail properties. There were no significant changes in the nature of those activities during the Financial Period.

## SCENTRE GROUP

### DIRECTORS' REPORT (continued)

#### 4. Subsequent events

In November 2015, the Group entered into an agreement for the sale of Westfield Queensgate and Westfield Chartwell to Diversified NZ Property Fund Limited subject to the approval of the Overseas Investment Office, New Zealand (OIO). Approval by the OIO was received on 1 August 2016 and settlement of the transaction occurred on 22 August 2016.

In July 2016, the Group redeemed \$900 million of domestic medium term notes.

In August 2016, the Group, jointly with Cbus Property, purchased the David Jones 77 Market Street building in Sydney's CBD for \$360 million. The Group's share of the purchase price is \$182.5 million with Cbus Property paying the balance of \$177.5 million.

#### 5. Rounding

The Parent Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

#### 6. Synchronisation of financial year

Carindale Property Trust is a consolidated entity of the Parent Company, and has a financial year ending on 30 June. By an order dated 27 June 2005 made by the Australian Securities and Investments Commission, the Directors of the Parent Company have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust coincides with the financial year of the Parent Company.

#### 7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

#### 8. Auditor's independence declaration

The Directors have obtained the following independence declaration from the auditor, Ernst & Young.



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

#### Auditor's Independence Declaration to the Directors of Scentre Group Limited

As lead auditor for the review of Scentre Group Limited for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scentre Group Limited and the entities it controlled during the Financial Period.

Ernst & Young

23 August 2016

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

Graham Ezzy  
Partner

This report is made on 23 August 2016 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM  
Chairman

Michael Ihlein  
Director

# DIRECTORY

## **Scentre Group**

Scentre Group Limited  
ABN 66 001 671 496

## **Scentre Group Trust 1**

ARSN 090 849 746  
(responsible entity Scentre Management Limited  
ABN 41 001 670 579, AFS Licence No 230329)

## **Scentre Group Trust 2**

ARSN 146 934 536  
(responsible entity RE1 Limited  
ABN 80 145 743 862, AFS Licence No 380202)

## **Scentre Group Trust 3**

ARSN 146 934 652  
(responsible entity RE2 Limited  
ABN 41 145 744 065, AFS Licence No 380203)

## **Registered Office**

Level 30  
85 Castlereagh Street  
Sydney NSW 2000  
Telephone: +61 2 9358 7000  
Facsimile: +61 2 9028 8500

## **New Zealand Office**

Level 2, Office Tower  
277 Broadway  
Newmarket, Auckland 1023  
Telephone: +64 9 978 5050  
Facsimile: +64 9 978 5070

## **Secretaries**

Maureen T McGrath  
Paul F Giugni

## **Auditor**

Ernst & Young  
200 George Street  
Sydney NSW 2000

## **Investor Information**

Scentre Group  
Level 30  
85 Castlereagh Street  
Sydney NSW 2000  
Telephone: +61 2 9358 7877  
Facsimile: +61 2 9028 8500  
E-mail: [investor@scentregroup.com](mailto:investor@scentregroup.com)  
Website: [www.scentregroup.com](http://www.scentregroup.com)

## **Principal Share Registry**

Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney NSW 2000  
GPO Box 2975  
Melbourne VIC 3001  
Telephone: +61 3 9946 4471  
Enquiries: 1300 730 458  
Facsimile: +61 3 9473 2500  
E-mail: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com](http://www.computershare.com)

## **ADR Registry**

Bank of New York Mellon  
Depositary Receipts Division  
101 Barclay St  
22nd Floor  
New York, New York 10286  
Telephone: +1 212 815 2293  
Facsimile: +1 212 571 3050  
Website: [www.adrbny.com](http://www.adrbny.com)  
Code: SCTRY

## **Listing**

Australian Securities Exchange – SCG

## **Website**

[www.scentregroup.com](http://www.scentregroup.com)

## SCENTRE GROUP

### ADDITIONAL INFORMATION

as at 30 June 2016

#### Australian Capital Gains Tax Considerations

A Scentre Group stapled security comprises four separate assets for capital gains tax purposes. For capital gains tax purposes securityholders need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

| Relative Net Tangible Assets (NTA) of entities in Scentre Group | 30 Jun 16 | 31 Dec 15 |
|-----------------------------------------------------------------|-----------|-----------|
| Scentre Group Limited                                           | 4.42%     | 4.17%     |
| Scentre Group Trust 1                                           | 35.56%    | 34.83%    |
| Scentre Group Trust 2                                           | 59.89%    | 60.87%    |
| Scentre Group Trust 3                                           | 0.13%     | 0.13%     |

**SCENTRE GROUP**  
**PROPERTY PORTFOLIO**  
as at 30 June 2016

**APPENDIX 1**

|                                                                 | Appendix | 30 Jun 16<br>\$million | 31 Dec 15<br>\$million |
|-----------------------------------------------------------------|----------|------------------------|------------------------|
| <b>DETAILS OF PROPERTY PORTFOLIO</b>                            |          |                        |                        |
| Australian shopping centres                                     | 1A       | 28,861.5               | 28,335.2               |
| New Zealand shopping centres                                    | 1B       | 1,237.6                | 1,177.6                |
| <b>Total consolidated and equity accounted shopping centres</b> |          | <b>30,099.1</b>        | <b>29,512.8</b>        |

## PROPERTY PORTFOLIO - AUSTRALIA

as at 30 June 2016

|                                     | Ownership Interest |   | Ownership Interest |   | Carrying Amount |           | Retail Capitalisation Rates |   |
|-------------------------------------|--------------------|---|--------------------|---|-----------------|-----------|-----------------------------|---|
|                                     | 30 Jun 16          | % | 31 Dec 15          | % | 30 Jun 16       | \$million | 30 Jun 16                   | % |
| Australian shopping centres         |                    |   |                    |   |                 |           |                             |   |
| <b>AUSTRALIAN CAPITAL TERRITORY</b> |                    |   |                    |   |                 |           |                             |   |
| Belconnen                           | 100.0              | C | 100.0              | C | 850.0           |           | 6.00%                       |   |
| Woden                               | 50.0               | C | 50.0               | C | 312.5           |           | 6.25%                       |   |
| <b>NEW SOUTH WALES</b>              |                    |   |                    |   |                 |           |                             |   |
| Bondi Junction                      | 100.0              | C | 100.0              | C | 2,723.2         |           | 4.75%                       |   |
| Burwood                             | 100.0              | C | 100.0              | C | 970.2           |           | 5.50%                       |   |
| Chatswood                           | 100.0              | C | 100.0              | C | 1,136.8         |           | 5.25%                       |   |
| Hornsby                             | 100.0              | C | 100.0              | C | 943.8           |           | 6.00%                       |   |
| Hurstville                          | 50.0               | C | 50.0               | C | 355.0           |           | 6.25%                       |   |
| Kotara <sup>(i)</sup>               | 100.0              | C | 100.0              | C | 805.0           |           | 5.75%                       |   |
| Liverpool                           | 50.0               | C | 50.0               | C | 467.6           |           | 6.25%                       |   |
| Miranda                             | 50.0               | C | 50.0               | C | 1,080.3         |           | 5.25%                       |   |
| Mt Druitt                           | 50.0               | E | 50.0               | E | 264.0           |           | 6.75%                       |   |
| Parramatta                          | 50.0               | C | 50.0               | C | 881.7           |           | 5.50%                       |   |
| Penrith                             | 50.0               | C | 50.0               | C | 620.0           |           | 5.50%                       |   |
| Sydney <sup>(iii)</sup>             | 100.0              | C | 100.0              | C | 4,210.9         |           | 4.62%                       |   |
| Tuggerah                            | 100.0              | C | 100.0              | C | 728.0           |           | 6.00%                       |   |
| Warringah Mall <sup>(ii)</sup>      | 50.0               | C | 50.0               | C | 584.7           |           | 6.00%                       |   |
| <b>QUEENSLAND</b>                   |                    |   |                    |   |                 |           |                             |   |
| Carindale <sup>(iv)</sup>           | 50.0               | C | 50.0               | C | 792.6           |           | 5.25%                       |   |
| Chermside <sup>(iii)</sup>          | 100.0              | C | 100.0              | C | 1,703.0         |           | 5.50%                       |   |
| Garden City                         | 100.0              | C | 100.0              | C | 1,445.0         |           | 5.50%                       |   |
| Helensvale                          | 50.0               | C | 50.0               | C | 232.5           |           | 5.75%                       |   |
| North Lakes <sup>(iii)</sup>        | 50.0               | C | 50.0               | C | 238.3           |           | 6.25%                       |   |
| <b>SOUTH AUSTRALIA</b>              |                    |   |                    |   |                 |           |                             |   |
| Marion                              | 50.0               | C | 50.0               | C | 657.5           |           | 5.75%                       |   |
| Tea Tree Plaza                      | 50.0               | E | 50.0               | E | 359.3           |           | 6.00%                       |   |
| West Lakes                          | 50.0               | C | 50.0               | C | 245.0           |           | 6.00%                       |   |
| <b>VICTORIA</b>                     |                    |   |                    |   |                 |           |                             |   |
| Airport West                        | 50.0               | C | 50.0               | C | 187.0           |           | 6.50%                       |   |
| Doncaster                           | 50.0               | C | 50.0               | C | 960.0           |           | 5.25%                       |   |
| Fountain Gate                       | 100.0              | C | 100.0              | C | 1,725.0         |           | 5.25%                       |   |
| Geelong                             | 50.0               | C | 50.0               | C | 246.0           |           | 6.00%                       |   |
| Knox                                | 50.0               | C | 50.0               | C | 525.0           |           | 6.25%                       |   |
| Plenty Valley                       | 50.0               | C | 50.0               | C | 181.5           |           | 6.00%                       |   |
| Southland                           | 50.0               | E | 50.0               | E | 727.0           |           | 5.63%                       |   |
| <b>WESTERN AUSTRALIA</b>            |                    |   |                    |   |                 |           |                             |   |
| Carousel                            | 100.0              | C | 100.0              | C | 1,080.0         |           | 5.50%                       |   |
| Innaloo                             | 100.0              | C | 100.0              | C | 328.1           |           | 6.25%                       |   |
| Whitford City                       | 50.0               | C | 50.0               | C | 295.0           |           | 6.25%                       |   |
| <b>Total Australian portfolio</b>   |                    |   |                    |   | <b>28,861.5</b> |           | <b>5.48%</b> <sup>(v)</sup> |   |
| Consolidated                        |                    |   |                    |   | 27,511.2        |           |                             |   |
| Equity accounted                    |                    |   |                    |   | 1,350.3         |           |                             |   |
| <b>Total Australian portfolio</b>   |                    |   |                    |   | <b>28,861.5</b> |           |                             |   |

C Consolidated

E Equity accounted

<sup>(i)</sup> Developments completed during the period.<sup>(ii)</sup> Properties currently under redevelopment.

<sup>(iii)</sup> Sydney comprises Sydney Central Plaza, the Sydney City retail complex and office towers. The weighted average capitalisation rate of Westfield Sydney is 4.84%, comprising retail 4.62% (Sydney City 4.50% and Sydney Central Plaza 5.00%) and office 5.46%. As at 31 December 2015, the weighted average capitalisation rate of Sydney is 4.84%, comprising retail 4.62% (Sydney City 4.50% and Sydney Central Plaza 5.00%) and office 5.47%.

<sup>(iv)</sup> 50% interest in this shopping centre is consolidated and 24.67% (31 December 2015: 25%) is shown as non controlling interest.

<sup>(v)</sup> Weighted average capitalisation rate including non-retail assets.

## SCENTRE GROUP

## APPENDIX 1B

## PROPERTY PORTFOLIO - NEW ZEALAND

as at 30 June 2016

|                                           | Ownership Interest |   | Ownership Interest |   | Carrying Amount | Retail Capitalisation Rates | Carrying Amount | Retail Capitalisation Rates |
|-------------------------------------------|--------------------|---|--------------------|---|-----------------|-----------------------------|-----------------|-----------------------------|
|                                           | 30 Jun 16          |   | 31 Dec 15          |   | 30 Jun 16       | 30 Jun 16                   | 31 Dec 15       | 31 Dec 15                   |
|                                           | %                  |   | %                  |   | NZ\$ million    | %                           | NZ\$ million    | %                           |
| New Zealand shopping centres              |                    |   |                    |   |                 |                             |                 |                             |
| Albany                                    | 51.0               | E | 51.0               | E | 262.1           | 6.25%                       | 261.1           | 6.25%                       |
| Manukau                                   | 51.0               | E | 51.0               | E | 180.5           | 7.25%                       | 179.5           | 7.25%                       |
| Newmarket                                 | 51.0               | E | 51.0               | E | 141.8           | 6.63%                       | 135.1           | 6.75%                       |
| Riccarton                                 | 51.0               | E | 51.0               | E | 291.7           | 6.75%                       | 271.3           | 7.00%                       |
| St Lukes                                  | 51.0               | E | 51.0               | E | 255.0           | 6.50%                       | 247.4           | 6.63%                       |
| WestCity                                  | 100.0              | C | 100.0              | C | 161.5           | 8.38%                       | 161.5           | 8.38%                       |
| <b>Total New Zealand portfolio</b>        |                    |   |                    |   | <b>1,292.6</b>  | <b>6.87%<sup>(i)</sup></b>  | <b>1,255.9</b>  | <b>6.98%<sup>(i)</sup></b>  |
| Exchange rate                             |                    |   |                    |   | 1.0444          |                             | 1.0665          |                             |
| <b>Total New Zealand portfolio in A\$</b> |                    |   |                    |   | <b>1,237.6</b>  |                             | <b>1,177.6</b>  |                             |
| Consolidated                              |                    |   |                    |   | 154.6           |                             | 151.4           |                             |
| Equity accounted                          |                    |   |                    |   | 1,083.0         |                             | 1,026.2         |                             |
| <b>Total New Zealand portfolio</b>        |                    |   |                    |   | <b>1,237.6</b>  |                             | <b>1,177.6</b>  |                             |

C Consolidated

E Equity accounted

<sup>(i)</sup> Weighted average capitalisation rate including non-retail assets.

# SCENTRE GROUP

## ASX Announcement

23 August 2016

### SCENTRE GROUP REPORTS HALF YEAR RESULTS WITH FUNDS FROM OPERATIONS OF \$617 MILLION

Scentre Group (ASX: SCG) today announced its results for the six months to 30 June 2016, with Funds From Operations (FFO) of \$617 million representing 11.61 cents per security and distribution of 10.65 cents per security. The Group is on track to deliver its full year forecast FFO growth of approximately 3% with forecast FFO of 23.25 cents per security and forecast distribution of 21.3 cents per security.

Scentre Group Chief Executive Officer, Peter Allen said: “We are pleased with these half year results which reflect the benefits of focussing on the highest quality shopping centres in Australia and New Zealand. Our portfolio is well positioned to continue to deliver long term growth”.

Earlier this month the Group announced that, jointly with Cbus Property, it had purchased the David Jones Market Street building in Sydney’s CBD. On completion, Scentre Group will own the redeveloped retail site adding an additional 10,000 square metres of luxury retail space.

“Having completed the acquisition of the adjacent David Jones building, we have the unique opportunity to expand Westfield Sydney, which has the highest specialty sales productivity in Australia, reinforcing the precinct as Sydney’s luxury retail destination” Mr Allen said.

Scentre Group is the pre-eminent Australia and New Zealand focused retail property group. It owns and operates interests in 40 Westfield shopping centres, including 16 of the top 25 performing centres in Australia, and has assets under management of \$43.3 billion. Scentre Group has a strong balance sheet with gearing of 33.7% at 30 June 2016.

#### Operational Performance

Comparable net property income increased 2.6% for the six months, driven primarily by contracted rent increases. The forecast range of 2.5% - 3.0% growth for the full year is maintained.

Comparable specialty sales in the portfolio grew 4% for the twelve months and 2.5% for the six months to 30 June 2016, with average specialty sales increasing to \$11,000 per square metre. Strong sales growth was seen in the jewellery, leisure and health & beauty categories.

“Our shopping centres continue to experience strong demand from retailers, demonstrating the benefits of the high sales productivity across the portfolio” Mr Allen said.

The Group continues to focus on curating an offering that will resonate with shoppers in each of its centres with the integration of food, fashion, leisure, technology and entertainment experiences.

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1

ABN 55 191 750 378 ARSN 090 849 746

RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536

RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · [scentregroup.com](http://scentregroup.com)

# SCENTRE GROUP

## Development Activity

During the half, the Group commenced \$605 million (SCG share: \$480 million) of developments including projects at Westfield Chermside, Queensland, Westfield North Lakes, Queensland and Westfield Whitford City, Western Australia.

“Following the commencement of these projects, the Group’s development pipeline continues to be in excess of \$3 billion. These projects will create incremental earnings and additional value for the business as we continue to deliver project yields of more than 7% and total returns in excess of 15%”.

“I am pleased to announce today the new \$80 million (SCG share: \$40 million) development at Westfield Whitford City which will comprise an Events cinema, including Gold Class, restaurants, cafes and family entertainment. The new development will open in 2017” Mr Allen said.

During the half, the Group has successfully completed \$855 million (SCG share: \$170 million) of developments including Casey Central, the Westfield Marion Fresh Food precinct and the third party design and construction project at Pacific Fair.

Current developments are all progressing well, with Westfield Warringah and Westfield North Lakes on track to open in November 2016 and Westfield Chermside to open during the second quarter of 2017.

## Capital Management

During the six months to 30 June, the Group issued €500 million (\$745 million) of bonds and in July 2016 redeemed \$900 million of domestic bonds. Following this redemption, the Group has no debt maturities until July 2018.

In June 2016, Scentre Group announced its agreement to redeem approximately \$600 million of property linked notes, effectively increasing the Group’s economic interest in four high quality regional shopping centres in Australia.

Following the sale of Queensgate and Chartwell in New Zealand and the acquisition of the David Jones 77 Market Street building, the pro forma gearing was 33.2% at 30 June 2016.

## Outlook

The Group maintains its forecast FFO growth for the 12 months ending 31 December 2016 of approximately 3% to 23.25 cents per security and forecast distribution of 21.3 cents per security.

Contacts:

### Company Secretary

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+61 2 9358 7439

### Corporate Affairs / Media

Julia Clarke  
+61 2 9358 7426

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1

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Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · [scentregroup.com](http://scentregroup.com)

# SCENTRE GROUP

Owner and Operator of *Westfield* in Australia and New Zealand

## Half Year Results to 30 June 2016



Scentre Group Limited ABN 66 001 671 496  
All amounts in Australian dollars unless otherwise specified

The financial information included in this release is based on the Scentre Group's IFRS financial statements. Non IFRS financial information included in this release has not been audited or reviewed. This release contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

| Overview                    | 6 months to 30 June 2016              |
|-----------------------------|---------------------------------------|
| Assets Under Management     | \$43.3bn                              |
| Profit                      | \$1,154m                              |
| Funds from Operations (FFO) | \$617m                                |
| FFO per security            | 11.61 cents                           |
| Distribution per security   | 10.65 cents                           |
| Comparable NOI growth       | 2.6%                                  |
| Gearing                     | 33.7% (pro forma 33.2% <sup>1</sup> ) |

| Outlook                            | 2016 Full Year Forecast   |
|------------------------------------|---------------------------|
| Funds from Operations per security | Approximately 23.25 cents |
|                                    | Approximately 3% growth   |
| Distribution per security          | 21.3 cents                |
|                                    | 2% growth                 |
| Comparable NOI growth              | 2.5 – 3.0%                |

## Overview

Scentre Group is the pre-eminent Australia & New Zealand focused shopping centre A-REIT. It owns and operates interests in 40 Westfield shopping centres, including 16 of the top 25 performing centres in Australia<sup>2</sup> and has assets under management of \$43.3bn.

## Key highlights for the 6 months to 30 June 2016 include:

### Earnings

For the half year FFO was \$617m or 11.61 cents per security, representing growth of 2.0%.

The forecast FFO for the 12 months ending 31 December 2016 of approximately 23.25 cents per security or 3% growth and forecast distribution of 21.3 cents per security is reconfirmed.

Excluding the impact of transactions, underlying FFO is forecast to increase by approximately 5%

### Specialty Sales

The average specialty sales per square metre (psm) for the portfolio, reached a new benchmark of \$11,000 psm.

### Comparable NOI Growth

For the 6 months to 30 June 2016, comparable NOI increased by 2.6%. The forecast range of 2.5 – 3.0% growth for the full year is maintained.

### Developments

Commenced \$605m of developments (SCG share \$480m).

Completed \$855m of projects (SCG share \$170m), including Casey Central, Westfield Marion Fresh Food, and the third party design and construction project at Pacific Fair.

### Capital Management

Issued €500m (\$745m) of 2023 bonds.

Redeemed \$900m of bonds in July 2016.

Agreed to redeem \$600m of Property Linked Notes. The remaining Notes of approximately \$560m will remain outstanding and have future review dates of 31 December 2021, 2022 and 2023.

1. Pro forma post sale of two New Zealand assets and the acquisition of 77 Market St from David Jones  
 2. Source: Shopping Centre News Big Guns 2016. Based on total sales for the 12 months to 31 December 2015

| FUNDS FROM OPERATIONS <sup>1</sup> |                             |                             |                                    |
|------------------------------------|-----------------------------|-----------------------------|------------------------------------|
| \$m                                | 6 months to<br>30 June 2016 | 6 months to<br>30 June 2015 | Pro Forma<br>Growth % <sup>2</sup> |
| Net Property Income                | 895                         | 929                         | 2.1%                               |
| Management Income                  | 23                          | 23                          | 0.6%                               |
| Project Income                     | 50                          | 33                          | 49.7%                              |
| <b>Gross Income</b>                | <b>968</b>                  | <b>985</b>                  | <b>3.8%</b>                        |
| Overheads                          | (42)                        | (44)                        | (5.7%)                             |
| <b>EBIT</b>                        | <b>926</b>                  | <b>941</b>                  | <b>4.2%</b>                        |
| Net Interest                       | (232)                       | (254)                       | (0.5%)                             |
| <b>Earnings before Tax</b>         | <b>694</b>                  | <b>687</b>                  | <b>5.9%</b>                        |
| Tax                                | (37)                        | (35)                        | 22.0%                              |
| Minority Interest                  | (40)                        | (48)                        | 0.7%                               |
| <b>Funds from Operations</b>       | <b>617</b>                  | <b>604</b>                  | <b>5.4%</b>                        |

| DISTRIBUTION                                      |                             |                             |
|---------------------------------------------------|-----------------------------|-----------------------------|
| \$m                                               | 6 months to<br>30 June 2016 | 6 months to<br>30 June 2015 |
| <b>Funds from Operations</b>                      | <b>617</b>                  | <b>604</b>                  |
| Retained Earnings                                 | (51)                        | (49)                        |
| <b>Distribution</b>                               | <b>566</b>                  | <b>555</b>                  |
| Number of Securities (million)                    | 5,311.6                     | 5,311.6                     |
| <b>Funds from Operations per Security (cents)</b> | <b>11.61</b>                | <b>11.38</b>                |
| <b>Distribution per Security (cents)</b>          | <b>10.65</b>                | <b>10.45</b>                |

| BALANCE SHEET – PROPORTIONATE <sup>1</sup>                     |                 |                     |
|----------------------------------------------------------------|-----------------|---------------------|
| \$m                                                            | 30 June<br>2016 | 31 December<br>2015 |
| Total Property Investments                                     | 30,813          | 30,078              |
| <b>Total Assets</b>                                            | <b>32,901</b>   | <b>31,948</b>       |
| Total Liabilities                                              | 13,374          | 12,886              |
| <b>Net Assets</b>                                              | <b>19,527</b>   | <b>19,062</b>       |
| Minority Interest                                              | (1,276)         | (1,422)             |
| <b>Net Assets attributable to members of<br/>Scentre Group</b> | <b>18,251</b>   | <b>17,640</b>       |

1. Refer appendix for Funds from Operations and Balance Sheet reconciliations  
 2. Excluding the impact of transactions

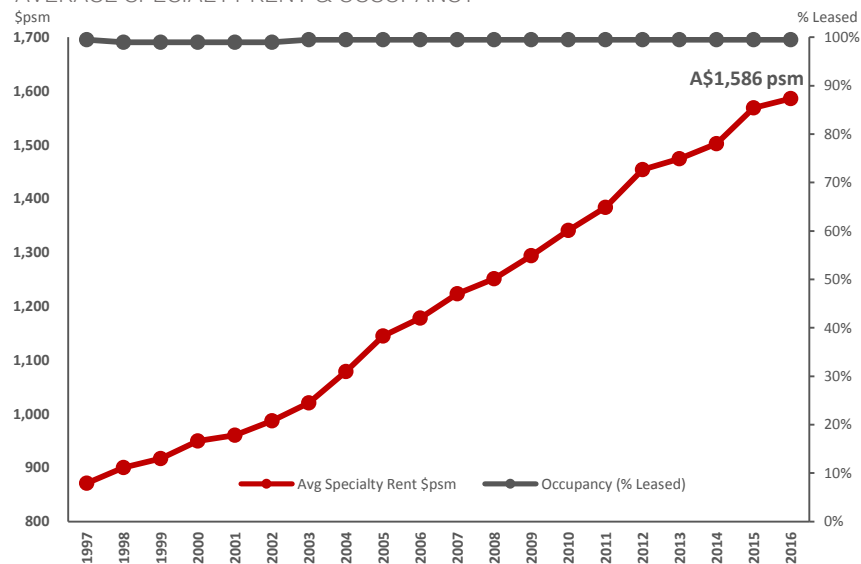
# OPERATING PERFORMANCE

SCENTRE GROUP

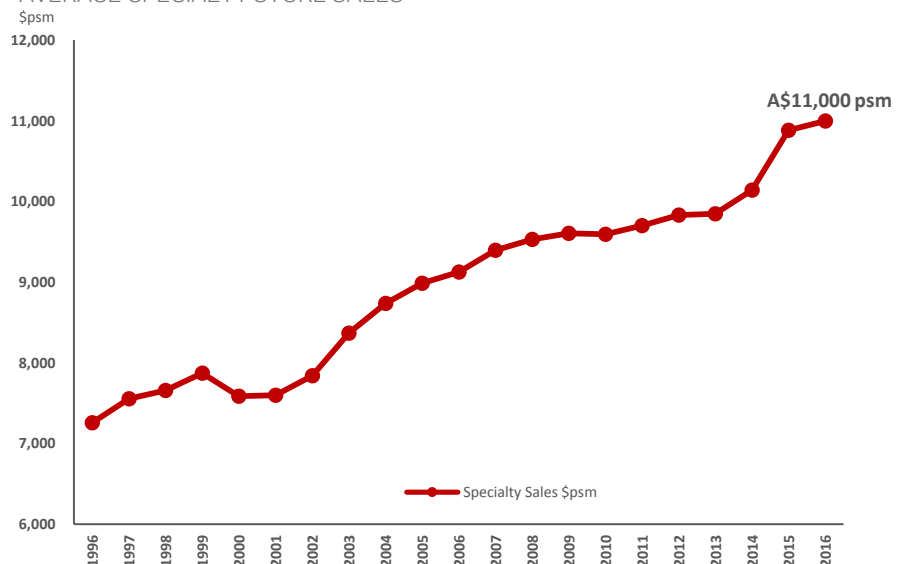
30 June 16

|                                      |          |
|--------------------------------------|----------|
| Total Sales (Moving Annual Turnover) | \$22.6bn |
| Average Specialty Store Sales (psm)  | \$11,000 |
| Specialty Store Rent (psm)           | \$1,586  |
| Comparable NOI Growth                | 2.6%     |
| Portfolio Leased                     | > 99.5%  |
| Occupancy Cost                       | 17.7%    |
| Lease Deals Completed Number         | 1,550    |
| Lease Deals Completed Area (sqm)     | 215,526  |

AVERAGE SPECIALTY RENT & OCCUPANCY

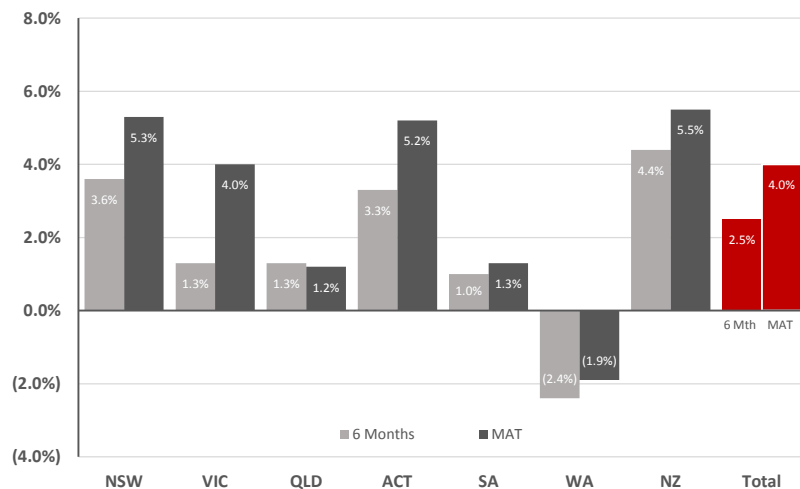


AVERAGE SPECIALTY STORE SALES



| TOTAL PORTFOLIO        | COMPARABLE SALES GROWTH % <sup>1</sup> |                           |
|------------------------|----------------------------------------|---------------------------|
|                        | 6 months to 30 June 2016               | 12 months to 30 June 2016 |
| Majors                 | 1.7%                                   | 2.3%                      |
| Mini Majors            | 0.8%                                   | 2.6%                      |
| Specialties            | 2.5%                                   | 4.0%                      |
| <b>Total Portfolio</b> | <b>1.3%</b>                            | <b>2.7%</b>               |

COMPARABLE SPECIALTY SALES GROWTH BY REGION<sup>1</sup>



| BY CATEGORY                 | COMPARABLE SALES GROWTH % <sup>1</sup> |                           |
|-----------------------------|----------------------------------------|---------------------------|
|                             | 6 months to 30 June 2016               | 12 months to 30 June 2016 |
| Supermarkets                | 0.2%                                   | 1.0%                      |
| Department Stores           | 2.8%                                   | 3.5%                      |
| Discount Department Stores  | 3.0%                                   | 3.0%                      |
| Cinemas                     | (5.9%)                                 | 1.6%                      |
| Fashion                     | 1.1%                                   | 3.3%                      |
| Footwear                    | 1.8%                                   | 4.2%                      |
| Jewellery                   | 8.9%                                   | 8.9%                      |
| Leisure                     | 4.3%                                   | 5.8%                      |
| General Retail <sup>2</sup> | 1.0%                                   | 0.2%                      |
| Homewares                   | 0.3%                                   | 2.2%                      |
| Technology & Appliances     | 2.8%                                   | 3.6%                      |
| Retail Services             | (0.6%)                                 | (0.1%)                    |
| Health & Beauty             | 3.7%                                   | 5.8%                      |
| Food Retail                 | 2.1%                                   | 2.0%                      |
| Food Catering               | 1.8%                                   | 3.1%                      |

1. Total stable portfolio

2. General Retail category includes Discount Variety, Giftware, Florists, Pets etc

## ACTIVE PROJECTS

|                                       | Total Project<br>\$m | SCG Share<br>\$m | Anticipated<br>Completion |
|---------------------------------------|----------------------|------------------|---------------------------|
| <b>2016 Commencements</b>             |                      |                  |                           |
| Chermside                             | 355                  | 355              | 2017                      |
| North Lakes – Link Mall               | 170                  | 85               | 2016                      |
| Whitford City – Cinemas & Restaurants | 80                   | 40               | 2017                      |
| <b>Prior Period Commencements</b>     |                      |                  |                           |
| Warringah Mall                        | 310                  | 155              | 2016                      |
| <b>Total Active Projects</b>          | <b>915</b>           | <b>635</b>       |                           |
| <b>Project Yield Range</b>            | <b>7.0% - 7.5%</b>   |                  |                           |

Key highlights for the 6 months to 30 June 2016 include:

### Commenced

Commenced \$605m of developments (SCG share \$480m), including developments at Chermside, North Lakes and Whitford City.

### Completed

Completed \$855m of projects (SCG share \$170m), including Casey Central, Westfield Marion Fresh Food, and the third party design and construction project at Pacific Fair.

### Future Pipeline

The future development pipeline continues to be in excess of \$3bn, with forecast total returns in excess of 15%

## FUTURE PIPELINE

### Total Future Development Pipeline > \$3bn

|               |                     |                           |
|---------------|---------------------|---------------------------|
| Albany (NZ)   | Marion (SA)         | Tea Tree Plaza (SA)       |
| Carousel (WA) | Newmarket (NZ)      | Warringah – Stage 2 (NSW) |
| Coomera (QLD) | Plenty Valley (VIC) | Whitford – Stage 2 (WA)   |
| Innaloo (WA)  | St Lukes (NZ)       |                           |
| Knox (VIC)    | Sydney (NSW)        |                           |

| DEBT METRICS                                       | 30 June 16           | 31 December 15 |
|----------------------------------------------------|----------------------|----------------|
| Total interest bearing liabilities                 | \$11.4bn             | \$11.1bn       |
| Gearing (look through basis)                       | 33.7% <sup>1</sup>   | 33.3%          |
| Weighted average interest rate                     | 4.5%                 | 4.7%           |
| Weighted average debt maturity                     | 5.6 years            | 5.6 years      |
| Liquidity                                          | \$3.3bn <sup>2</sup> | \$3.7bn        |
| Interest rate hedged percentage – current          | 85%                  | 86%            |
| Interest rate hedged percentage – avg next 3 years | 70% <sup>2</sup>     | 74%            |

| INVESTMENT GRADE RATINGS |             |             |
|--------------------------|-------------|-------------|
| Moody's                  | A1 (Stable) | A1 (Stable) |
| Standard & Poor's        | A (Stable)  | A (Stable)  |

| BOND COVENANTS                 | REQUIREMENT |                    |           |
|--------------------------------|-------------|--------------------|-----------|
| Net Debt / Net Assets          | ≤ 65%       | 35.0% <sup>3</sup> | 34.6%     |
| Secured Debt / Total Assets    | ≤ 45%       | 0.7%               | 0.7%      |
| Interest Coverage <sup>4</sup> | ≥ 1.5 times | 3.6 times          | 3.5 times |
| Unencumbered Leverage          | ≥ 125%      | 280%               | 285%      |

### Gearing

33.7% or 33.2% pro forma for the sale of two New Zealand assets and the acquisition of 77 Market St from David Jones.

### Debt Capital Markets

Issued €500m (\$745m) of 2023 bonds.  
Redeemed \$900m of bonds in July 2016.

### Bank Facilities

Refinanced and extended \$2.6bn of bank loan facilities

### Debt Maturities

No debt maturities until July 2018

### Property Linked Notes

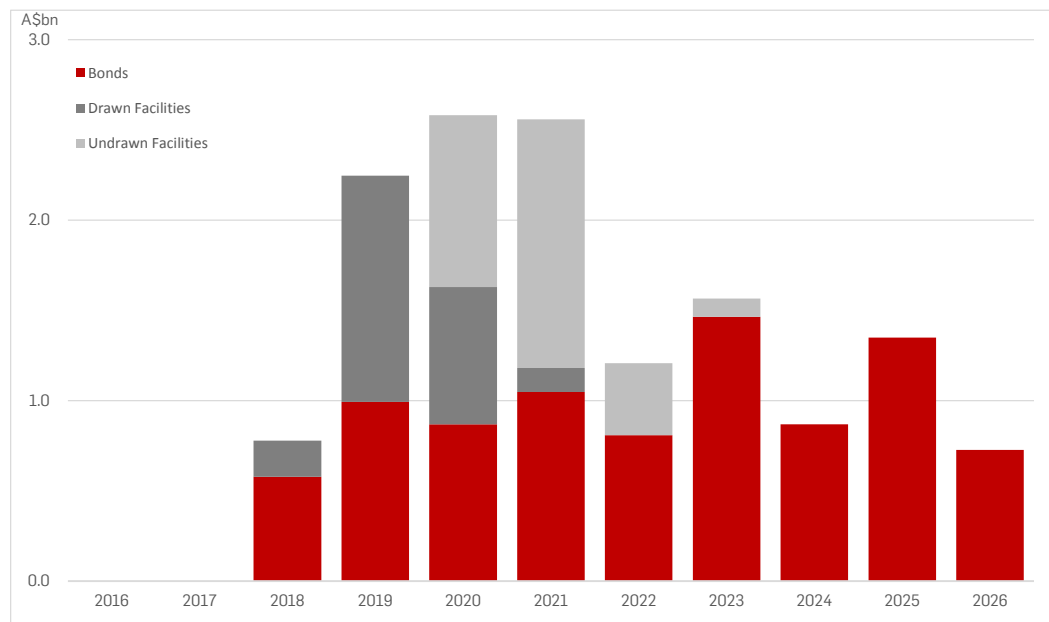
Agreed to redeem \$600m of Property Linked Notes. The remaining Notes of approximately \$560m will remain outstanding and have future review dates of 31 December 2021, 2022 and 2023.

1. On a pro forma basis, post sale of two New Zealand assets and 77 Market St acquisition, gearing would be 33.2%
2. Adjusted for early redemption of \$900m domestic MTNs on 20 July 2016, sale of two New Zealand assets and 77 Market St acquisition
3. On a pro forma basis, post sale of two New Zealand assets and 77 Market St acquisition, Net Debt / Net Assets would be 34.5%
4. For the 12 month period

## FACILITIES & LIQUIDITY<sup>1</sup>

| 30 June 16              | %           | \$bn          |
|-------------------------|-------------|---------------|
| <b>Bonds</b>            |             |               |
| USD                     | 21%         | \$2.8         |
| EUR                     | 27%         | \$3.8         |
| GBP                     | 11%         | \$1.5         |
| AUD                     | 4%          | \$0.6         |
| <b>Total</b>            | <b>63%</b>  | <b>\$8.7</b>  |
| <b>Bank Facilities</b>  |             |               |
| Drawn                   | 17%         | \$2.3         |
| Undrawn                 | 20%         | \$2.9         |
| <b>Total</b>            | <b>37%</b>  | <b>\$5.2</b>  |
| <b>Total Facilities</b> | <b>100%</b> | <b>\$13.9</b> |
| Less Drawn              |             | (\$11.0)      |
| Plus Cash               |             | \$0.4         |
| <b>Total Liquidity</b>  |             | <b>\$3.3</b>  |

## MATURITY PROFILE<sup>1</sup>



1. Foreign currency bonds at fully hedged A\$ equivalent face value, adjusted for early redemption of \$900m domestic MTNs on 20 July 2016, sale of two New Zealand assets and 77 Market St acquisition

# APPENDICES

# OUR PORTFOLIO

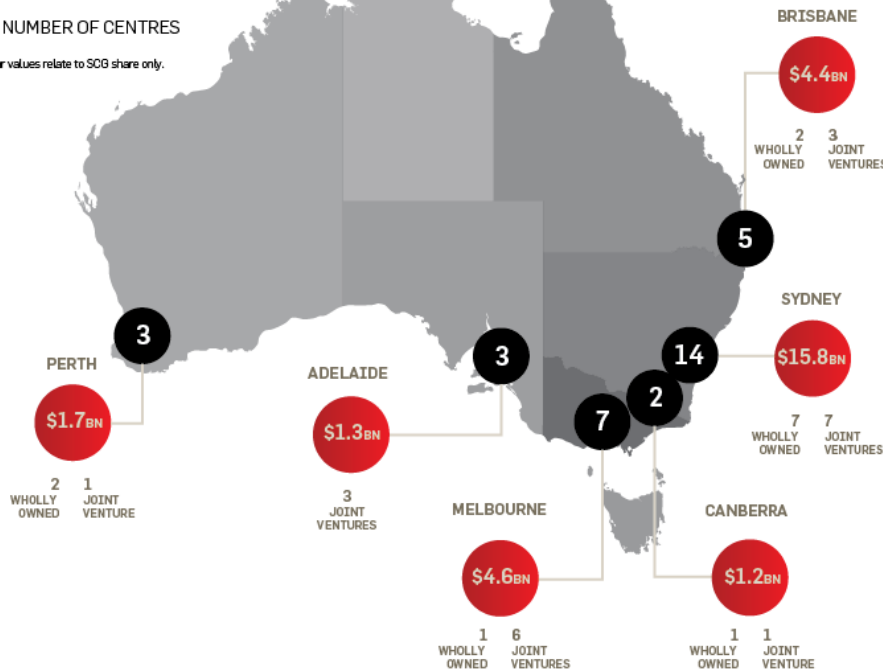
SCENTRE GROUP

| As at 30 June 2016 <sup>1</sup>      | Total  |
|--------------------------------------|--------|
| Centres                              | 40     |
| Number of Retail Outlets             | 11,657 |
| Gross Lettable Area (m sqm)          | 3.6    |
| SCG Interest (bn)                    | \$30.8 |
| JV Partner Interests (bn)            | \$12.5 |
| Assets Under Management (bn)         | \$43.3 |
| Weighted Average Capitalisation Rate | 5.54%  |

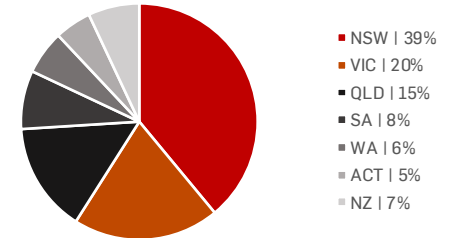
## AUSTRALIA 34 CENTRES A\$29.5 BILLION<sup>1</sup>

● NUMBER OF CENTRES

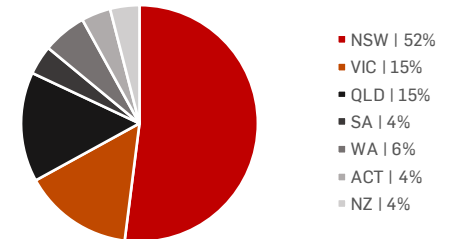
All dollar values relate to SCG share only.



PORTFOLIO BY GLA<sup>1</sup>



PORTFOLIO BY ASSET VALUE (SCG SHARE)<sup>1</sup>



## NEW ZEALAND 6 CENTRES NZ\$1.4 BILLION<sup>1</sup>



1. Includes construction in progress and assets held for development

# DEVELOPMENTS

## ACTIVE PROJECTS

### WESTFIELD CHERMSIDE

#### OVERVIEW

|                              |                            |
|------------------------------|----------------------------|
| Project Cost                 | \$355m (SCG Share: \$355m) |
| Additional Retailers         | Approx 95                  |
| Incremental GLA <sup>1</sup> | 33,000                     |
| Completed GLA <sup>1</sup>   | 156,600                    |
| Completion Date              | Q2 2017                    |

Construction is now well underway for the \$355m redevelopment at Westfield Chermiside which is due for completion in mid-2017.

Interest from retailers has been strong for each of the project's three components: the fashion galleria mall, the new restaurant precinct and the lifestyle and entertainment precinct.

Key mini majors Zara and H&M have now been leased.

1. Retail component only

SCENTRE GROUP



# DEVELOPMENTS

## ACTIVE PROJECTS

### WESTFIELD NORTH LAKES

#### OVERVIEW

|                              |                           |
|------------------------------|---------------------------|
| Project Cost                 | \$170m (SCG Share: \$85m) |
| Additional Retailers         | Approx 60                 |
| Incremental GLA <sup>1</sup> | 43,500                    |
| Completed GLA <sup>1</sup>   | 113,000                   |
| Completion Date              | Nov 2016                  |

The successful opening of the Events cinema complex in March 2016 marked the completion of the Stage 1 redevelopment.

The \$170m Stage 2 redevelopment is progressing well. Construction of the IKEA store and Kmart - anchored retail mall linking to the existing centre is anticipated for completion in November 2016.

Leasing has been strong with all mini majors (JB Hi-Fi HOME, Cotton On Mega and Rebel) secured and specialty leasing deals nearing completion.

1. Includes Ikea



# DEVELOPMENTS

## ACTIVE PROJECTS

### WESTFIELD WARRINGAH MALL

#### OVERVIEW

|                              |                            |
|------------------------------|----------------------------|
| Project Cost                 | \$310m (SCG Share: \$155m) |
| Additional Retailers         | Approx 70                  |
| Incremental GLA <sup>1</sup> | 14,000                     |
| Completed GLA                | 133,000                    |
| Completion Date              | Nov 2016                   |

Construction at Westfield Warringah Mall is progressing well and on track for completion in November 2016.

In July 2016 the first stage of the \$310m redevelopment opened with a new fresh food market and the Cross Street multi-deck parking structure with approximately 1,200 spaces.

The final stage will include the launch of Australia's first "New Look" Myer department store and an additional 70 retailers. It will also include a refurbished centre court, dedicated event spaces and a customised kids play area developed in conjunction with local community groups.

Leasing demand for the centre remains high, with H&M committing to the centre as well as a collection of fashion and food retailers that will resonate with the centres trade area.

1. Gross built GLA 14,000 including the Myer reconfiguration



# DEVELOPMENTS

## ACTIVE PROJECTS

### WESTFIELD WHITFORD CITY

#### OVERVIEW

|                      |                          |
|----------------------|--------------------------|
| Project Cost         | \$80m (SCG Share: \$40m) |
| Additional Retailers | 4                        |
| Incremental GLA      | 5,000                    |
| Completed GLA        | 85,000                   |
| Completion Date      | 2017                     |

Construction at Westfield Whitford City commenced in Q3 2016 with completion expected in 2017.

The project includes a new Events cinema (including a Gold Class) and a comprehensive entertainment, dining & leisure precinct comprising restaurants, cafes and family entertainment uses.



# DEVELOPMENTS

## COMPLETED PROJECT

### CASEY CENTRAL

#### OVERVIEW

|                            |                           |
|----------------------------|---------------------------|
| Project Cost               | \$155m (SCG Share \$155m) |
| Additional Retailers       | 76                        |
| Completed Centre Retailers | 98                        |
| Incremental GLA            | 22,200                    |
| Completed GLA              | 28,700                    |

In March 2016 Casey Central's \$155m redevelopment opened with 84 new specialty stores, a new full line Coles Supermarket adjoining a fresh food precinct, a new format Target discount department store and an Aldi supermarket.

Highlights of the project include the new fresh food market, a casual outdoor dining precinct and an external children's play area, creating a destination for the local community.

The final stage is scheduled to be completed in September 2016 with the opening of a new Woolworths supermarket.



| PROFIT AND FFO                        |                                            |                                      |                                           |                                      |
|---------------------------------------|--------------------------------------------|--------------------------------------|-------------------------------------------|--------------------------------------|
| \$m                                   | PROFIT<br>6 months to<br>30 June 2016<br>A | FFO<br>Adjustments <sup>1</sup><br>B | FFO<br>6 months to<br>30 June 2016<br>A+B | Notes to the Financial<br>Statements |
| Net Property Income                   | 871                                        | 24                                   | 895                                       | Note 4(a)(iv)                        |
| Management Income <sup>2</sup>        | 23                                         | -                                    | 23                                        | Note 4(a)(i)                         |
| Project Income <sup>3</sup>           | 50                                         | -                                    | 50                                        | Note 4(a)(i)                         |
| <b>Gross Income</b>                   | <b>944</b>                                 | <b>24</b>                            | <b>968</b>                                |                                      |
| Overheads                             | (42)                                       | -                                    | (42)                                      | Note 4(a)(i)                         |
| Revaluations                          | 391                                        | (391)                                | -                                         | Note 4(a)(i)                         |
| <b>EBIT</b>                           | <b>1,293</b>                               | <b>(367)</b>                         | <b>926</b>                                |                                      |
| Net Interest <sup>4</sup>             | (43)                                       | (189)                                | (232)                                     |                                      |
| Currency Derivatives                  | 17                                         | (17)                                 | -                                         | Note 4(a)(i)                         |
| <b>Earnings before Tax</b>            | <b>1,267</b>                               | <b>(573)</b>                         | <b>694</b>                                |                                      |
| Tax                                   | (53)                                       | 16                                   | (37)                                      | Note 4(a)(i), Note 9, Note 13(a)     |
| Minority Interest <sup>5</sup>        | (60)                                       | 20                                   | (40)                                      |                                      |
| <b>Profit / Funds from Operations</b> | <b>1,154</b>                               | <b>(537)</b>                         | <b>617</b>                                |                                      |

1. FFO adjustments relate to revaluations, mark to market of interest rate and currency derivatives, tenant allowance amortisation and deferred tax expense.

2. Management income \$28m less management expenses \$5m = \$23m.

3. Project income \$233m less project expenses \$183m = \$50m.

4. Financing costs \$91m (Note 4(a)(i)) less interest income \$5m (Note 4(a)(i)) less interest expense on other financial liabilities \$34m (Note 7) less net fair value loss on other financial liabilities \$9m (Note 7) = \$43m.

5. Minority interest \$17m (Note 4(a)(i)) plus interest expense on other financial liabilities \$34m (Note 7) plus net fair value loss on other financial liabilities \$9m (Note 7) = \$60m.

# BALANCE SHEET

SCENTRE GROUP

## BALANCE SHEET PROPORTIONATE <sup>1</sup>

| \$m                                                        | Consolidated  | Equity Accounted | 30 June 2016  | 31 December 2015 |
|------------------------------------------------------------|---------------|------------------|---------------|------------------|
|                                                            | A             | B                | A+B           |                  |
| Cash                                                       | 209           | 13               | 222           | 153              |
| <b>Property Investments</b>                                |               |                  |               |                  |
| - Shopping centres                                         | 27,666        | 2,433            | 30,099        | 29,513           |
| - Development projects and construction in progress        | 640           | 74               | 714           | 565              |
| <b>Total Property Investments</b>                          | <b>28,306</b> | <b>2,507</b>     | <b>30,813</b> | <b>30,078</b>    |
| Property investments held for sale                         | 426           | -                | 426           | 417              |
| Equity accounted investments                               | 2,411         | (2,411)          | -             | -                |
| Deferred tax assets                                        | 69            | -                | 69            | 83               |
| Currency derivative receivables                            | 387           | -                | 387           | 566              |
| Other assets                                               | 978           | 6                | 984           | 651              |
| <b>Total Assets</b>                                        | <b>32,786</b> | <b>115</b>       | <b>32,901</b> | <b>31,948</b>    |
| Interest bearing liabilities                               |               |                  |               |                  |
| - Current                                                  | 1,590         | -                | 1,590         | 1,713            |
| - Non-current                                              | 9,811         | -                | 9,811         | 9,391            |
| Finance lease liabilities                                  | 40            | 15               | 55            | 54               |
| Deferred tax liabilities                                   | 192           | 62               | 254           | 236              |
| Currency derivative payables                               | 94            | -                | 94            | 18               |
| Other liabilities                                          | 1,532         | 38               | 1,570         | 1,474            |
| <b>Total Liabilities</b>                                   | <b>13,259</b> | <b>115</b>       | <b>13,374</b> | <b>12,886</b>    |
| <b>Net Assets</b>                                          | <b>19,527</b> | <b>-</b>         | <b>19,527</b> | <b>19,062</b>    |
| Minority interest <sup>2</sup>                             | (1,276)       | -                | (1,276)       | (1,422)          |
| <b>Net Assets attributable to members of Scentre Group</b> | <b>18,251</b> | <b>-</b>         | <b>18,251</b> | <b>17,640</b>    |
| Debt <sup>3</sup>                                          |               |                  | 10,886        | 10,403           |
| Assets <sup>4</sup>                                        |               |                  | 32,292        | 31,229           |
| <b>Gearing</b>                                             |               |                  | <b>33.7%</b>  | <b>33.3%</b>     |

1. Period end AUD/NZD exchange rate 1.0444 at 30 June 2016 (AUD/NZD 1.0665 at 31 December 2015).

2. Includes \$1,003m (31 Dec 15 \$1,155m) of Property Linked Notes shown in minority interest given their equity characteristics, and \$273m (31 Dec 15 \$267m) relating to Carindale.

3. Interest bearing liabilities less cash, less currency derivative receivables, plus currency derivative payables

4. Total assets excluding cash and currency derivative receivables

| CASH FLOWS FROM OPERATING ACTIVITIES – LOOK THROUGH BASIS          |                   |                       |                     |
|--------------------------------------------------------------------|-------------------|-----------------------|---------------------|
| \$m                                                                | Consolidated<br>A | Equity Accounted<br>B | 30 June 2016<br>A+B |
| Receipts in the course of operations (including GST)               | 1,495             | 116                   | 1,611               |
| Payments in the course of operations (including GST)               | (519)             | (26)                  | (545)               |
| Dividends/distributions received from equity accounted investments | 48                | (48)                  | -                   |
| Income and withholding taxes paid                                  | (60)              | (5)                   | (65)                |
| GST paid                                                           | (106)             | (9)                   | (115)               |
| Payments of financing costs (excluding interest capitalised)       | (279)             | (13)                  | (292)               |
| Interest received                                                  | 4                 | -                     | 4                   |
| <b>Net cash flows from operating activities</b>                    | <b>583</b>        | <b>15</b>             | <b>598</b>          |

# INTEREST HEDGING PROFILE

SCENTRE GROUP

85% Hedged at 30 June 2016

70% Hedged on average for next 3 years<sup>1, 2</sup>

| 31 December <sup>1</sup> | \$ FIXED RATE DEBT |            | DERIVATIVES HEDGING FLOATING RATE \$ & NZ\$ DEBT |            |                   |            |                     |             |
|--------------------------|--------------------|------------|--------------------------------------------------|------------|-------------------|------------|---------------------|-------------|
|                          | \$ Debt Payable    |            | \$ Swap Payable                                  |            | NZ\$ Swap Payable |            | NZ\$ Collar Payable |             |
|                          | \$m                | Fixed Rate | \$m                                              | Fixed Rate | NZ\$m             | Fixed Rate | NZ\$m               | Strike Rate |
| 2016                     | (580.0)            | 3.25%      | (7,717.5)                                        | 2.92%      | (440.0)           | 3.59%      | (70.0)              | 3.39%/5.25% |
| 2017                     | (580.0)            | 3.25%      | (7,508.5)                                        | 2.90%      | (350.0)           | 3.35%      | (70.0)              | 3.39%/5.25% |
| 2018                     | (580.0)            | 3.25%      | (7,095.0)                                        | 2.89%      | (210.0)           | 3.34%      | (70.0)              | 3.39%/5.25% |
| 2019                     | (430.0)            | 3.31%      | (5,730.0)                                        | 2.86%      | (180.0)           | 3.51%      | -                   | -           |
| 2020                     | (430.0)            | 3.31%      | (3,960.0)                                        | 2.96%      | (130.0)           | 3.50%      | -                   | -           |
| 2021                     | (30.0)             | 3.81%      | (2,260.0)                                        | 3.06%      | -                 | -          | -                   | -           |
| 2022                     | -                  | -          | (750.0)                                          | 3.10%      | -                 | -          | -                   | -           |

1. As at 30 June 2016. All rates exclude borrowing margin

2. Adjusted for early redemption of \$900m domestic MTNs on 20 July 2016, sale of two New Zealand assets and 77 Market St acquisition