

SCENTRE GROUP

SGX Announcement

23 August 2022

Scentre Group

Security Name: RE1LIMITED EURO500M3.25%N230911 – XS0969523843 – 2ZRB

Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3

2022 Half-Year Financial Reports

Attached are the Half-Year Financial Reports for each of Scentre Group Trust 1, Scentre Group Trust 2, and Scentre Group Trust 3.

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Scentre Group Limited

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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
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entity of Scentre Group Trust 3
ABN 11 517 229 138 ARSN 146 934 652

Scentre Group Trust 1

Half-Year Financial Report

For the half-year ended 30 June 2022

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SCENTRE GROUP TRUST 1
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2022

	Note	30 Jun 22 \$million	30 Jun 21 \$million
Revenue			
Property revenue		276.6	266.5
		276.6	266.5
Expenses			
Property expenses, outgoing and other costs		(79.1)	(73.2)
Expected credit charge relating to COVID-19		(2.8)	(9.8)
Overheads		(6.9)	(6.9)
		(88.8)	(89.9)
Share of after tax profits of equity accounted entities			
Property revenue		269.4	269.2
Property expenses, outgoing and other costs		(74.7)	(73.3)
Expected credit charge relating to COVID-19		(4.3)	(12.9)
Net interest expense		(0.3)	(0.4)
Gain in respect of capital transactions		2.4	-
Property revaluations		76.9	20.1
Tax expense		(5.0)	(2.9)
		264.4	199.8
Interest income		0.2	0.1
Currency loss		(7.3)	(3.7)
Financing costs	2(b)	(116.5)	(129.1)
Gain in respect of capital transactions		8.2	-
Property revaluations		66.1	8.2
Profit before tax		402.9	251.9
Tax expense		(0.7)	(0.4)
Profit after tax for the period		402.2	251.5
Other comprehensive loss			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
– Unrealised currency movement on the translation of investment in foreign operations		(28.1)	(1.3)
Total comprehensive income for the period		374.1	250.2
Profit after tax for the period attributable to:			
– Members of Scentre Group Trust 1		382.7	240.7
– External non controlling interests		19.5	10.8
Profit after tax for the period		402.2	251.5
Total comprehensive income attributable to:			
– Members of Scentre Group Trust 1		354.6	239.4
– External non controlling interests		19.5	10.8
Total comprehensive income for the period		374.1	250.2
⁽ⁱ⁾ 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 may be transferred to the profit and loss depending on how the foreign operations are sold.			
	Note	30 Jun 22 cents	30 Jun 21 cents
Basic and diluted earnings per unit attributable to members of Scentre Group Trust 1	7(a)	7.37	4.64

SCENTRE GROUP TRUST 1**BALANCE SHEET**

As at 30 June 2022

	Note	30 Jun 22 \$million	31 Dec 21 \$million
Current assets			
Cash and cash equivalents		75.1	265.3
Trade debtors	3	33.9	38.9
Receivables	3	81.7	75.3
Derivative assets		8.8	2.8
Other current assets		8.3	11.4
Total current assets		207.8	393.7
Non current assets			
Trade debtors	3	0.2	0.6
Investment properties	4	8,452.4	8,358.4
Equity accounted investments		8,342.0	8,269.7
Derivative assets		509.4	450.6
Other non current assets		27.6	29.7
Total non current assets		17,331.6	17,109.0
Total assets		17,539.4	17,502.7
Current liabilities			
Trade creditors		86.2	71.9
Payables and other creditors	8	1,167.9	1,161.5
Interest bearing liabilities	9	3,481.7	2,723.0
Other financial liabilities		170.0	243.3
Lease liabilities		0.1	0.1
Derivative liabilities		3.2	47.2
Total current liabilities		4,909.1	4,247.0
Non current liabilities			
Interest bearing liabilities	9	4,632.1	5,340.4
Other financial liabilities		198.4	368.7
Lease liabilities		7.4	7.4
Derivative liabilities		281.6	287.9
Total non current liabilities		5,119.5	6,004.4
Total liabilities		10,028.6	10,251.4
Net assets		7,510.8	7,251.3
Equity attributable to members of Scentre Group Trust 1			
Contributed equity	10(b)	1,459.0	1,459.0
Reserves		(3.5)	24.6
Retained profits		5,863.6	5,592.0
Total equity attributable to members of Scentre Group Trust 1		7,319.1	7,075.6
Equity attributable to external non controlling interests			
Contributed equity		72.7	71.4
Retained profits		119.0	104.3
Total equity attributable to external non controlling interests		191.7	175.7
Total equity		7,510.8	7,251.3

SCENTRE GROUP TRUST 1
STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2022

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 22 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 21 Total \$million
Changes in equity attributable to members of Scentre Group Trust 1								
Balance at the beginning of the period	1,459.0	24.6	5,592.0	7,075.6	1,459.0	18.3	5,512.0	6,989.3
– Profit after tax for the period ⁽ⁱ⁾	-	-	382.7	382.7	-	-	240.7	240.7
– Other comprehensive loss ^{(i) (ii)}	-	(28.1)	-	(28.1)	-	(1.3)	-	(1.3)
Transactions with owners in their capacity as owners								
– Distribution paid or provided for	-	-	(111.1)	(111.1)	-	-	(229.9)	(229.9)
Closing balance of equity attributable to members of Scentre Group Trust 1	1,459.0	(3.5)	5,863.6	7,319.1	1,459.0	17.0	5,522.8	6,998.8
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	71.4	-	104.3	175.7	70.3	-	95.7	166.0
– Profit after tax for the period attributable to external non controlling interests ⁽ⁱ⁾	-	-	19.5	19.5	-	-	10.8	10.8
– Distribution paid or provided for	-	-	(3.3)	(3.3)	-	-	(3.0)	(3.0)
– Increase/(decrease) in external non controlling interest	1.3	-	(1.5)	(0.2)	-	-	-	-
Closing balance of equity attributable to external non controlling interests	72.7	-	119.0	191.7	70.3	-	103.5	173.8
Total equity	1,531.7	(3.5)	5,982.6	7,510.8	1,529.3	17.0	5,626.3	7,172.6

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$374.1 million (30 June 2021: \$250.2 million).

⁽ⁱⁱ⁾ Movement in reserves attributable to members of Scentre Group Trust 1 comprises unrealised currency movement on the translation of investment in foreign operations of \$28.1 million (30 June 2021: \$1.3 million).

SCENTRE GROUP TRUST 1**CASH FLOW STATEMENT**

For the half-year ended 30 June 2022

	30 Jun 22 \$million	30 Jun 21 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	313.4	309.5
Payments in the course of operations (including GST)	(85.8)	(96.4)
Dividends/distributions received from equity accounted entities	172.6	164.7
Withholding taxes paid	(0.7)	(0.4)
GST paid	(18.9)	(19.3)
Payments of financing costs (excluding financing costs capitalised)	(140.3)	(159.0)
Interest received	0.2	0.1
Net cash inflow from operating activities	240.5	199.2
Cash flows from investing activities		
Capital expenditure	(18.9)	(23.5)
Payments relating to the sale of assets	-	(1.9)
Net outflows for investments in equity accounted entities	(14.1)	(14.0)
Financing costs capitalised to qualifying development projects and construction in progress	(1.5)	(2.1)
Net cash outflow from investing activities	(34.5)	(41.5)
Cash flows from financing activities		
Net repayment of interest bearing liabilities and lease liabilities	(783.0)	(1,051.7)
Net funds received from related entities	743.9	1,115.5
Repayment of other financial liabilities	(243.3)	-
Distributions paid	(111.1)	(229.9)
Distributions paid by controlled entities to external non controlling interests	(2.7)	(3.0)
Termination of derivatives	-	(11.7)
Net cash outflow from financing activities	(396.2)	(180.8)
Net decrease in cash and cash equivalents held	(190.2)	(23.1)
Add opening cash and cash equivalents brought forward	265.3	81.4
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	75.1	58.3

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$75.1 million (30 June 2021: \$58.3 million) net of bank overdraft of nil (30 June 2021: nil).

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report

(a) Corporate information

This financial report of Scentre Group Trust 1 (SGT1) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2022 was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited as Responsible Entity of SGT1.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), SGT1, Scentre Group Trust 2 (SGT2), Scentre Group Trust 3 (SGT3) and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

(b) Basis of preparation

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 Trust as the annual financial report.

This half-year financial report should be read in conjunction with the annual financial report of SGT1 as at 31 December 2021.

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 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(c) Impact of the COVID-19 pandemic

Disclosures relating to the impact of the ongoing COVID-19 pandemic on the Trust's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments and in section 1 Operating and Financial Review in the Directors' Report.

(d) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered:

- The Trust forms part of Scentre Group and is party to Scentre Group's cross guarantee arrangements in respect of Scentre Group's debt facilities and bonds;
- Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities. At 30 June 2022, \$4.2 billion (31 December 2021: \$4.9 billion) of financing resources were available to the Trust which are sufficient to cover short term liabilities; and
- Scentre Group's ability to meet its financial covenants over the next 12 months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(e) 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 Act 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.

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 2021 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(f).

This half-year financial report is presented in Australian dollars.

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report (continued)

(f) New accounting standards and interpretations

The Trust has adopted the following new or amended standards which became applicable on 1 January 2022:

- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021)

This amends AASB 16 Leases to extend the availability of the practical expedient for lessees to not account for COVID-19 related rent concessions as lease modifications by one year. This amendment did not have a significant impact on the financial statements on application.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective from 1 January 2022)

This amends (to the extent relevant to the Trust):

- (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
- (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

These amendments did not have a significant impact on the financial statements on application.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2022. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2023)

This amends AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

This amends AASB 112 Income Taxes to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective from 1 January 2023)

This amends:

- (i) AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (ii) AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- (iii) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (iv) AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and
- (v) AASB Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are not expected to have a significant impact on the financial statements on application.

- 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 2025)

This amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report (continued)

(g) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

(h) Rounding

In accordance with 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.

2 Segment reporting

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's segment income and expenses as well as the details of segment assets have been prepared on a proportionate format on a geographic basis. 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 Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income 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. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

The following segment information comprises the Trust's Australian and New Zealand operations.

(a) Geographic segment information

	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	30 Jun 21 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	530.1	31.7	561.8	519.4	30.1	549.5
Amortisation of tenant allowances	(17.4)	(0.9)	(18.3)	(14.9)	(0.8)	(15.7)
Straightlining of rent	2.3	0.2	2.5	1.4	0.5	1.9
	515.0	31.0	546.0	505.9	29.8	535.7
Expenses						
Property expenses, outgoings and other costs	(144.8)	(9.0)	(153.8)	(137.4)	(9.1)	(146.5)
Expected credit charge relating to COVID-19	(6.5)	(0.6)	(7.1)	(23.2)	0.5	(22.7)
	(151.3)	(9.6)	(160.9)	(160.6)	(8.6)	(169.2)
Segment income and expenses	363.7	21.4	385.1	345.3	21.2	366.5
	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Shopping centre investments	16,067.2	718.2	16,785.4	15,897.8	742.5	16,640.3
Development projects and construction in progress	109.5	29.9	139.4	81.5	31.2	112.7
Segment assets ⁽ⁱⁱ⁾	16,176.7	748.1	16,924.8	15,979.3	773.7	16,753.0
Additions to segment non current assets during the period ⁽ⁱⁱⁱ⁾	60.9	2.4	63.3	80.5	19.6	100.1

⁽ⁱ⁾ Includes recoveries of outgoings from lessees of \$50.5 million (30 June 2021: \$54.0 million).

⁽ⁱⁱ⁾ Includes equity accounted segment assets of \$8,472.4 million (31 December 2021: \$8,394.6 million).

⁽ⁱⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$18.3 million (31 December 2021: \$33.5 million).

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

2 Segment reporting (continued)

(b) Reconciliation of segment information

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

	Consolidated \$million	Equity accounted \$million	30 Jun 22 \$million	Consolidated \$million	Equity accounted \$million	30 Jun 21 \$million
Property revenue	276.6	269.4	546.0	266.5	269.2	535.7
Property expenses, outgoings and other costs	(79.1)	(74.7)	(153.8)	(73.2)	(73.3)	(146.5)
Expected credit charge relating to COVID-19	(2.8)	(4.3)	(7.1)	(9.8)	(12.9)	(22.7)
Segment income and expenses	194.7	190.4	385.1	183.5	183.0	366.5
Overheads			(6.9)			(6.9)
Interest income			0.2			0.1
Currency loss			(7.3)			(3.7)
Financing costs						
– Senior borrowings			(139.5)			(151.0)
– Interest capitalised			1.5			2.1
– Net fair value movement and modification gain/(loss)			30.3			33.8
– Other financial liabilities and lease liabilities			(8.8)			(14.0)
			(116.5)			(129.1)
Equity accounted net interest expense			(0.3)			(0.4)
Gain in respect of capital transactions			10.6			-
Property revaluations			143.0			28.3
Tax expense			(5.7)			(3.3)
External non controlling interests			(19.5)			(10.8)
Net profit attributable to members of SGT1⁽ⁱ⁾			382.7			240.7

⁽ⁱ⁾ Net profit attributable to members of SGT1 was \$382.7 million (30 June 2021: \$240.7 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of \$19.5 million (30 June 2021: \$10.8 million) was \$402.2 million (30 June 2021: \$251.5 million).

	Consolidated \$million	Equity accounted \$million	30 Jun 22 \$million	Consolidated \$million	Equity accounted \$million	31 Dec 21 \$million
Shopping centre investments	8,394.0	8,391.4	16,785.4	8,305.8	8,334.5	16,640.3
Development projects and construction in progress	58.4	81.0	139.4	52.6	60.1	112.7
Segment assets	8,452.4	8,472.4	16,924.8	8,358.4	8,394.6	16,753.0
Cash and cash equivalents	75.1	30.2	105.3	265.3	22.7	288.0
Trade debtors and receivables	172.5	120.2	292.7	176.9	137.2	314.1
Expected credit loss allowance	(56.7)	(73.1)	(129.8)	(62.1)	(87.2)	(149.3)
Other assets	554.1	0.8	554.9	494.5	2.6	497.1
Total assets	9,197.4	8,550.5	17,747.9	9,233.0	8,469.9	17,702.9
Interest bearing liabilities	8,113.8	-	8,113.8	8,063.4	-	8,063.4
Other financial liabilities	368.4	-	368.4	612.0	-	612.0
Deferred tax liabilities	-	55.2	55.2	-	55.3	55.3
Other liabilities	1,546.4	153.3	1,699.7	1,576.0	144.9	1,720.9
Total liabilities	10,028.6	208.5	10,237.1	10,251.4	200.2	10,451.6
Net assets	(831.2)	8,342.0	7,510.8	(1,018.4)	8,269.7	7,251.3

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables

	30 Jun 22 \$million	31 Dec 21 \$million
Current		
Trade debtors	33.9	38.9
Receivables		
– Other receivables	12.3	10.0
– Interest receivable from related entities	69.4	65.3
	115.6	114.2
Non current		
Trade debtors	0.2	0.6
	0.2	0.6
Total trade debtors and receivables	115.8	114.8
(a) Trade debtors and receivables comprise:		
Trade debtors and receivables	172.5	176.9
Expected credit loss allowance	(56.7)	(62.1)
Total trade debtors and receivables	115.8	114.8
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(62.1)	(64.5)
Expected credit charge relating to COVID-19	(2.8)	(28.8)
Amounts written-off relating to COVID-19	9.4	26.7
Other decreases/(increases) in expected credit loss	(1.2)	4.5
Balance at the end of the period	(56.7)	(62.1)

Impact of the COVID-19 pandemic

In April 2020, the Australian Government issued the Code of Conduct for small to medium sized retailers, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. Since the pandemic started, various governments in Australia have extended and/or amended legislated COVID-19 rent relief schemes for commercial tenants to provide further financial assistance. New Zealand does not have an equivalent code of conduct, however the Trust has implemented similar principles in that market with respect to small to medium sized retailers. The Trust has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues. Legislated COVID-19 rent relief schemes expired in Queensland in December 2020, South Australia and Australian Capital Territory in January 2021 and in New South Wales, Victoria and Western Australia in March 2021. In the second half of 2021, rent relief schemes were reinstated in the Australian Capital Territory which applied until December 2021 and in Victoria and New South Wales which applied until March 2022.

The expected credit charge relating to COVID-19 is solely related to the COVID-19 pandemic and has been separately disclosed in the statement of comprehensive income to highlight its significant impact on the Trust's financial performance. The charge reflects the expected rental abatements and the additional credit risk associated with tenants. The expected rental abatements are based on management's expectations of the level of rental abatements that will be provided to tenants. The level of expected rental abatements has been determined after discussions and agreements with tenants. Where abatements have not been agreed with tenants, estimates have been made giving reference to outcomes with similar retailers.

For trade debtors and receivables outstanding at balance date in excess of the expected rental abatements, management have assessed that there is an increased level of credit risk on the collection of these balances. Rather than primarily applying historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the credit quality of tenants based on shared credit risk characteristics (e.g. size, industry, aging);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables (continued)

In determining the expected credit loss allowance, management has taken into account security deposits received from tenants generally in the form of bank guarantees, which can be called upon if the tenant is in default under the terms of the lease contract. Trade debtors also include GST which is fully recoverable from the relevant tax authorities where the debt is not collected and therefore the GST amount is excluded from the loss allowance.

Trade debtors and receivables written-off include rent abated relating to past occupancy that is part of rent relief arrangements with tenants applicable to the COVID-19 pandemic period.

At 30 June 2022, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 62% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.3 million respectively. At 31 December 2021, approximately 74% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 61% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.6 million respectively.

Receivables also include interest receivable which is linked to derivatives that have been transacted with credit worthy counterparties in accordance with Scentre Group's credit risk policy.

4 Investment properties

	30 Jun 22 \$million	31 Dec 21 \$million
Shopping centre investments	8,394.0	8,305.8
Development projects and construction in progress	58.4	52.6
Total investment properties ⁽ⁱ⁾	8,452.4	8,358.4

⁽ⁱ⁾ The fair value of investment properties at the end of the period of \$8,452.4 million (31 December 2021: \$8,358.4 million) comprises investment properties at market value of \$8,444.9 million (31 December 2021: \$8,350.9 million) and ground lease assets of \$7.5 million (31 December 2021: \$7.5 million).

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 key assumptions and estimates used in determining fair value are disclosed in Note 5.

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 and valuation principles as set by the International Valuation Standards Council.

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

5 Details of shopping centre investments

	30 Jun 22 \$million	31 Dec 21 \$million
Consolidated Australian shopping centres	8,394.0	8,305.8
Total consolidated shopping centres	8,394.0	8,305.8
Equity accounted Australian shopping centres	7,673.2	7,592.0
Equity accounted New Zealand shopping centres	718.2	742.5
Total equity accounted shopping centres	8,391.4	8,334.5
	16,785.4	16,640.3

Impact of the COVID-19 pandemic

The Income Capitalisation approach and the Discounted Cash Flow approach are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time.

The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties recognising the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions; and
- the impact of government mandated support for tenants giving rise to rent deferrals, rent waivers, and eviction moratoriums.

The table below summarises some of the key inputs used in determining investment property valuations:

	30 Jun 22	31 Dec 21
Australian portfolio		
Retail capitalisation rate	4.25%-6.25%	4.25%-6.25%
Weighted average retail capitalisation rate	4.82%	4.82%
Retail discount rate	5.75%-7.25%	5.75%-7.25%
New Zealand portfolio		
Retail capitalisation rate	5.50%-6.75%	5.50%-6.75%
Weighted average retail capitalisation rate	6.10%	6.09%
Retail discount rate	7.00%-8.50%	7.00%-8.50%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2022 have broadly remained unchanged from 31 December 2021. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 22 \$million	31 Dec 21 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,909.8
	-25 bps	903.5
	+25 bps	(815.7)
	+50 bps	(1,555.8)

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

6 Distributions

	30 Jun 22 \$million	30 Jun 21 \$million
(a) Interim distribution		
3.75 cents per unit (30 June 2021: 3.50 cents per unit)	194.6	181.7

Details of the full year components of distributions will be provided in the Annual Tax Statement which will be sent to members in March 2023.

The interim distribution will be paid on 31 August 2022. The record date for determining entitlement to this distribution was 16 August 2022. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 22 \$million	30 Jun 21 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2021	111.1	-
Distribution in respect of the six months to 31 December 2020	-	229.9
	111.1	229.9

7 Statutory earnings per unit

	30 Jun 22 cents	30 Jun 21 cents
(a) Summary of earnings per unit attributable to members of Scentre Group Trust 1		
Basic and diluted earnings per unit	7.37	4.64

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit attributable to Scentre Group Trust 1, net profit attributable to members of Scentre Group Trust 1 of \$382.7 million (30 June 2021: \$240.7 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2021: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2022

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary units or buy-back of units since the reporting date and before the completion of this report.

8 Payables and other creditors

	30 Jun 22 \$million	31 Dec 21 \$million
Payables and other creditors	171.7	160.3
Interest payable to related entities	35.4	40.4
Non interest bearing loans payable to related entities	960.8	960.8
	1,167.9	1,161.5

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

9 Interest bearing liabilities

	30 Jun 22 \$million	31 Dec 21 \$million
Current		
Interest bearing liabilities	758.6	743.8
Interest bearing loans payable to related entities	2,723.1	1,979.2
	3,481.7	2,723.0
Non current		
Interest bearing liabilities	4,632.1	5,340.4
	4,632.1	5,340.4
Total interest bearing liabilities	8,113.8	8,063.4

10 Contributed equity

	30 Jun 22 Number of units	31 Dec 21 Number of units
(a) Number of units on issue		
Balance at the beginning and end of the period	5,190,378,339	5,190,378,339

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, 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 Scentre Group stapled securities held.

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

	30 Jun 22 \$million	31 Dec 21 \$million
(b) Amount of contributed equity attributable to members of SGT1		
Balance at the beginning and end of the period	1,459.0	1,459.0

11 Fair value of financial assets and liabilities

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

		Fair value		Carrying amount	
	Fair value hierarchy	30 Jun 22 \$million	31 Dec 21 \$million	30 Jun 22 \$million	31 Dec 21 \$million
Consolidated assets					
Cash and cash equivalents		75.1	265.3	75.1	265.3
Trade debtors and receivables ⁽ⁱ⁾		115.8	114.8	115.8	114.8
Derivative assets ⁽ⁱⁱ⁾	Level 2	518.2	453.4	518.2	453.4
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		1,254.1	1,233.4	1,254.1	1,233.4
Interest bearing liabilities ⁽ⁱⁱ⁾					
– Fixed rate debt	Level 2	5,034.0	6,190.6	5,137.7	5,821.7
– Floating rate debt	Level 2	2,976.1	2,241.8	2,976.1	2,241.7
Other financial liabilities ⁽ⁱⁱ⁾	Level 3	368.4	612.0	368.4	612.0
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	284.8	335.1	284.8	335.1

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

⁽ⁱⁱ⁾ 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 on page 14.

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

11 Fair value of financial assets and liabilities (continued)

Determination of fair value

The Trust uses the following hierarchy for determining and disclosing the fair value of a financial instrument. 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 Trust's financial instruments, consideration is given to 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 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	30 Jun 22 \$million	31 Dec 21 \$million
Level 3 fair value movement - Property linked notes ⁽ⁱ⁾		
Balance at the beginning of the period	612.0	612.7
Repayment of other financial liabilities	(243.3)	-
Net fair value gain included in financing costs in the statement of comprehensive	(0.3)	(0.7)
Balance at the end of the period	368.4	612.0

⁽ⁱ⁾ 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.

SCENTRE GROUP TRUST 1 DIRECTORS' DECLARATION

The Directors of Scentre Management Limited, the Responsible Entity of Scentre Group Trust 1 (Trust) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust 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 thereto 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 2022 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 2022 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 1

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 1 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2022, 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.

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 the Trust does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

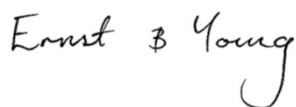
Directors' Responsibility for the Half-Year Financial Report

The directors of Scentre Management Limited, the Responsible Entity of the Trust, 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

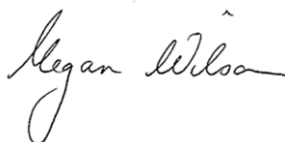
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2022 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*.

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.



Ernst & Young

Sydney, 23 August 2022



Megan Wilson
Partner

SCENTRE GROUP TRUST 1

DIRECTORS' REPORT

The Directors of Scentre Management Limited (**the Responsible Entity**), the responsible entity of Scentre Group Trust 1 (**the Trust**) submit the following report for the half-year ended 30 June 2022 (**Financial Period**).

The Trust is part of Scentre Group (**the Group**) which is a stapled entity comprising Scentre Group Limited, the Trust, 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. Operating and Financial Review

1.1 Operating overview

Scentre Group owns and operates a leading platform of 42 Westfield Living Centres with 37 located in Australia and five in New Zealand encompassing more than 12,000 outlets. Our Living Centres are strategically located near 20 million Australians and New Zealanders which is the majority of their populations. Our Westfield Living Centres are hubs of local economic activity which contribute to local employment and support a network of local businesses and suppliers. Our customers choose to spend their time in our Living Centres because the products, services and experiences we curate for them reflect what they want. The Trust has an ownership interest in 39 of the Group's 42 Westfield Living Centres.

During the Financial Period, the Group continued to support our business partners who are small to medium sized enterprises (SMEs) to mitigate the short-term cash-flow impact on their business due to COVID-19. The remaining state mandated rent relief schemes in Victoria and New South Wales expired during the Financial Period.

The Group's customer visitation increased to more than 277 million in the year to date and we expect to achieve approximately 500 million visits for 2022.

Demand for space in our Westfield Living Centres is strong, with the Group's occupancy increasing to 98.8%, up 30 basis points since 30 June 2021. During the Financial Period the Group completed 1,579 lease deals with leasing spreads improving significantly to (3.9%). These lease deals included 585 new merchant deals of which 108 brands are new to the Group's portfolio.

In August 2022, the Group announced an agreement with CleanCo to source 100% renewable electricity to power its Queensland portfolio from 2025, consistent with its pathway to achieve net zero by 2030.

During the Financial Period the \$55 million rooftop entertainment, leisure and dining precinct at Westfield Mt Druitt opened resulting in a significant increase in customer visitation and dwell time. The Trust has a 25% interest in Westfield Mt Druitt.

The \$355 million investment in Westfield Knox, Melbourne is progressing well with strong pre-leasing and in line with budget. Stage 1, which will open in December 2022, is currently 96% leased. The Trust has a 25% interest in Westfield Knox.

All of the Group's development projects feature sustainability initiatives that align to our responsible business strategy and seek to improve the energy, water and emissions intensity of our Living Centres.

1.2 Economic performance

During the Financial Period, consolidated net operating cash flow (after interest, overheads and tax) was \$240.5 million, up 20.7%. Statutory Profit attributable to members of the Trust for the Financial Period was \$382.7 million, including property revaluation gains of \$143.0 million.

As at 30 June 2022, the Trust had available financing resources of \$4.2 billion (31 December 2021: \$4.9 billion) after deducting facilities utilised by its borrowings.

The distribution attributable to members of the Trust for the Financial Period is \$194.6 million (being 3.75 cents per unit) and forms part of the Group's distribution of 7.50 cents per security which will be made to members on 31 August 2022. Basic earnings per unit attributable to members of the Trust for the Financial Period is 7.37 cents per unit.

1.3 Outlook

Subject to no material change in conditions, the Group expects Funds from Operations (FFO) to be above 19.0 cents per security for 2022, representing more than 14.2% growth for the year. Distributions are expected to be at least 15.0 cents per security for 2022, representing at least 5.3% growth for the year.

SCENTRE GROUP TRUST 1

DIRECTORS' REPORT (continued)

2. Risk management

The Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review.

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2021 Annual Financial Report and 2022 Half-Year Financial Report, which are available at www.scentregroup.com.

3. Directors

Our Board comprises nine independent non-executive Directors and one executive Director (being the Managing Director/ Chief Executive Officer (CEO)).

Name	Position
Brian Schwartz, AM	Non-executive Chair
Peter Allen	Managing Director and CEO
Ilana Atlas, AO	Non-executive Director
Catherine Brenner	Non-executive Director
Andrew Harnos	Non-executive Director
Michael Ihlein	Non-executive Director
Carolyn Kay	Non-executive Director
Guy Russo	Non-executive Director
Margaret Seale	Non-executive Director
Michael Wilkins, AO	Non-executive Director

Catherine Brenner was appointed to the Board effective 1 March 2022. Steven Leigh retired from the Board on 7 April 2022.

All other Directors held office for the entire Financial Period.

As announced to the Australian Securities Exchange on 23 February 2022, Peter Allen will step down as Managing Director and CEO on 30 September 2022 and will retire from the Group in 2023.

Elliott Rusanow will be appointed Managing Director and CEO effective 1 October 2022.

The Board of Scentre Group Limited and the Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3, respectively) are identical. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of each Responsible Entity.

4. Principal activity

The principal activity of the Trust during the Financial Period was the long term ownership of shopping centres.

There was no significant change in the nature of the principal activity during the Financial Period.

5. Events after the reporting period

No event has occurred since the end of the Financial Period which would significantly affect the operations of the Trust.

6. Rounding

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements 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.

7. Synchronisation of financial year

By an order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of the Trust. Although the financial year of Carindale Property Trust ends on 30 June, the financial statements of the Trust have been prepared to include accounts for Carindale Property Trust for a period coinciding with the financial year of the Trust.

SCENTRE GROUP TRUST 1 DIRECTORS' REPORT (continued)

8. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, the Trust, Scentre Group Trust 2 and Scentre Group Trust 3 from the official list of the 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.

9. 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 Management Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 1 for the half-year ended 30 June 2022, 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;
- (b) No contraventions of any applicable code of professional conduct in relation to the review; and
- (c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scentre Group Trust 1 and the entities it controlled during the Financial Period.

Ernst & Young

23 August 2022

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

Megan Wilson
Partner

This report is made on 23 August 2022 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

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)

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Secretaries

Maureen T McGrath
Paul F Giugni

Auditor

Ernst & Young
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Toll Free: 1300 730 458 (Australia Only)
Facsimile: +61 3 9473 2500
Contact: www.investorcentre.com/contact
Website: www.computershare.com

Listing

Australian Securities Exchange – SCG

Website

www.scentregroup.com

Scentre Group Trust 2

Half-Year Financial Report

For the half-year ended 30 June 2022

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Cash Flow Statement	4
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SCENTRE GROUP TRUST 2

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2022

	Note	30 Jun 22 \$million	30 Jun 21 \$million
Revenue			
Property revenue		293.0	283.4
		293.0	283.4
Expenses			
Property expenses, outgoings and other costs		(82.7)	(77.5)
Expected credit charge relating to COVID-19		(2.6)	(9.0)
Overheads		(4.3)	(4.1)
		(89.6)	(90.6)
Share of after tax profits of equity accounted entities			
Property revenue		265.4	265.3
Property expenses, outgoings and other costs		(73.5)	(72.0)
Expected credit charge relating to COVID-19		(4.3)	(12.8)
Net interest expense		(0.3)	(0.7)
Gain in respect of capital transactions		2.4	-
Property revaluations		78.2	19.1
Tax expense		(5.0)	(2.9)
		262.9	196.0
Interest income		21.8	12.7
Currency loss		(16.4)	(10.5)
Financing costs	2(b)	(477.6)	(264.0)
Property revaluations		58.9	(9.4)
Profit before tax		53.0	117.6
Tax expense		(0.7)	(0.7)
Profit after tax for the period		52.3	116.9
Other comprehensive loss			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
- Unrealised currency movement on the translation of investment in foreign operations		(28.1)	(1.3)
Total comprehensive income for the period		24.2	115.6

⁽ⁱ⁾ 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 may be transferred to the profit and loss depending on how the foreign operations are sold.

	Note	30 Jun 22 cents	30 Jun 21 cents
Basic and diluted earnings per unit	7(a)	1.01	2.25

SCENTRE GROUP TRUST 2**BALANCE SHEET**

As at 30 June 2022

	Note	30 Jun 22 \$million	31 Dec 21 \$million
Current assets			
Cash and cash equivalents		89.9	342.4
Trade debtors	3	33.3	40.1
Receivables	3	2,869.1	2,375.4
Other current assets		12.3	14.8
Total current assets		3,004.6	2,772.7
Non current assets			
Trade debtors	3	0.5	0.7
Investment properties	4	9,386.4	9,265.0
Equity accounted investments		8,254.8	8,182.1
Derivative assets		285.3	209.0
Other non current assets		30.4	30.6
Total non current assets		17,957.4	17,687.4
Total assets		20,962.0	20,460.1
Current liabilities			
Trade creditors		94.0	77.0
Payables and other creditors	8	265.3	245.9
Interest bearing liabilities			
- Senior borrowings	9	298.8	141.0
Lease liabilities		0.1	0.1
Total current liabilities		658.2	464.0
Non current liabilities			
Interest bearing liabilities			
- Senior borrowings	9	4,402.4	4,370.1
- Subordinated notes	9	4,359.8	4,133.9
Lease liabilities		7.4	7.5
Derivative liabilities		653.3	516.8
Total non current liabilities		9,422.9	9,028.3
Total liabilities		10,081.1	9,492.3
Net assets		10,880.9	10,967.8
Equity			
Contributed equity	10(b)	7,868.4	7,868.4
Reserves		(5.9)	22.2
Retained profits		3,018.4	3,077.2
Total equity		10,880.9	10,967.8

SCENTRE GROUP TRUST 2

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2022

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 22 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 21 Total \$million
Changes in equity								
Balance at the beginning of the period	7,868.4	22.2	3,077.2	10,967.8	7,868.4	15.9	3,069.4	10,953.7
- Profit after tax for the period ⁽ⁱ⁾	-	-	52.3	52.3	-	-	116.9	116.9
- Other comprehensive loss ^{(i) (ii)}	-	(28.1)	-	(28.1)	-	(1.3)	-	(1.3)
Transactions with owners in their capacity as owners								
- Distributions paid or provided for	-	-	(111.1)	(111.1)	-	-	(133.4)	(133.4)
Total equity	7,868.4	(5.9)	3,018.4	10,880.9	7,868.4	14.6	3,052.9	10,935.9

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$24.2 million (30 June 2021: \$115.6 million).

⁽ⁱⁱ⁾ Movement in reserves comprises unrealised currency movement on the translation of investment in foreign operations of \$28.1 million (30 June 2021: \$1.3 million).

SCENTRE GROUP TRUST 2**CASH FLOW STATEMENT**

For the half-year ended 30 June 2022

	30 Jun 22 \$million	30 Jun 21 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	333.0	328.9
Payments in the course of operations (including GST)	(83.8)	(95.2)
Dividends/distributions received from equity accounted entities	170.6	162.2
Withholding taxes paid	(0.7)	(0.7)
GST paid	(19.5)	(20.1)
Payments of financing costs (excluding financing costs capitalised)	(161.5)	(180.7)
Interest received	21.8	12.7
Net cash inflow from operating activities	259.9	207.1
Cash flows from investing activities		
Capital expenditure	(46.4)	(60.8)
Payments relating to the sale of assets	-	(1.9)
Net outflows for investments in equity accounted entities	(14.9)	(513.5)
Financing costs capitalised to qualifying development projects and construction in progress	(8.5)	(7.6)
Net cash outflow from investing activities	(69.8)	(583.8)
Cash flows from financing activities		
Net proceeds from/(repayment of) senior borrowings and lease liabilities	161.3	(210.8)
Net funds loaned to related entities	(492.8)	(680.7)
Distributions paid	(111.1)	(133.4)
Cancellation of derivatives following the issuance of subordinated notes	-	(26.4)
Inflows from short term deposits at bank	-	1,404.5
Net cash inflow/(outflow) from financing activities	(442.6)	353.2
Net decrease in cash and cash equivalents held	(252.5)	(23.5)
Add opening cash and cash equivalents brought forward	342.4	127.8
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	89.9	104.3

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$89.9 million (30 June 2021: \$104.3 million) net of bank overdraft of nil (30 June 2021: nil).

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report

(a) Corporate information

This financial report of Scentre Group Trust 2 (SGT2) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2022 was approved in accordance with a resolution of the Board of Directors of RE1 Limited as Responsible Entity of SGT2.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), SGT2, Scentre Group Trust 3 (SGT3) and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

(b) Basis of preparation

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 Trust as the annual financial report.

This half-year financial report should be read in conjunction with the annual financial report of SGT2 as at 31 December 2021.

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 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(c) Impact of the COVID-19 pandemic

Disclosures relating to the impact of the ongoing COVID-19 pandemic on the Trust's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments and in section 1 Operating and Financial Review in the Directors' Report.

(d) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered:

- The Trust forms part of Scentre Group and is party to Scentre Group's cross guarantee arrangements in respect of Scentre Group's debt facilities and bonds;
- Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities; and
- Scentre Group's ability to meet its financial covenants over the next 12 months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(e) 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 Act 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 and financial assets at fair value through profit and loss.

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 2021 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(f).

This half-year financial report is presented in Australian dollars.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report (continued)

(f) New accounting standards and interpretations

The Trust has adopted the following new or amended standards which became applicable on 1 January 2022:

- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021)

This amends AASB 16 Leases to extend the availability of the practical expedient for lessees to not account for COVID-19 related rent concessions as lease modifications by one year. This amendment did not have a significant impact on the financial statements on application.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective from 1 January 2022)

This amends (to the extent relevant to the Trust):

- (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
- (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

These amendments did not have a significant impact on the financial statements on application.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2022. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2023)

This amends AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

This amends AASB 112 Income Taxes to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective from 1 January 2023)

This amends:

- (i) AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (ii) AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- (iii) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (iv) AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and
- (v) AASB Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are not expected to have a significant impact on the financial statements on application.

- 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 2025)

This amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report (continued)

(g) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

(h) Rounding

In accordance with 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.

2 Segment reporting

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's segment income and expenses as well as the details of segment assets have been prepared on a proportionate format on a geographic basis. 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 Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income 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. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

The following segment information comprises the Trust's Australian and New Zealand operations.

(a) Geographic segment information

	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	30 Jun 21 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	542.1	31.7	573.8	532.1	30.1	562.2
Amortisation of tenant allowances	(17.2)	(0.9)	(18.1)	(14.6)	(0.8)	(15.4)
Straightlining of rent	2.4	0.2	2.6	1.4	0.5	1.9
	527.3	31.0	558.3	518.9	29.8	548.7
Expenses						
Property expenses, outgoings and other costs	(147.1)	(9.0)	(156.1)	(140.4)	(9.1)	(149.5)
Expected credit charge relating to COVID-19	(6.3)	(0.6)	(6.9)	(22.3)	0.5	(21.8)
	(153.4)	(9.6)	(163.0)	(162.7)	(8.6)	(171.3)
Segment income and expenses	373.9	21.4	395.3	356.2	21.2	377.4
	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Shopping centre investments	16,612.2	718.2	17,330.4	16,450.7	742.5	17,193.2
Development projects and construction in progress	410.8	29.9	440.7	347.9	31.2	379.1
Segment assets ⁽ⁱⁱ⁾	17,023.0	748.1	17,771.1	16,798.6	773.7	17,572.3
Additions to segment non current assets during the period ⁽ⁱⁱⁱ⁾	92.6	2.4	95.0	169.6	19.6	189.2

⁽ⁱ⁾ Includes recoveries of outgoings from lessees of \$51.1 million (30 June 2021: \$54.9 million).

⁽ⁱⁱ⁾ Includes equity accounted segment assets of \$8,384.7 million (31 December 2021: \$8,307.3 million).

⁽ⁱⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$18.1 million (31 December 2021: \$33.0 million).

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

2 Segment reporting (continued)

(b) Reconciliation of segment information

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

	Consolidated	Equity accounted	30 Jun 22	Consolidated	Equity accounted	30 Jun 21
	\$million	\$million	\$million	\$million	\$million	\$million
Property revenue	293.0	265.4	558.4	283.4	265.3	548.7
Property expenses, outgoings and other costs	(82.7)	(73.5)	(156.2)	(77.5)	(72.0)	(149.5)
Expected credit charge relating to COVID-19	(2.6)	(4.3)	(6.9)	(9.0)	(12.8)	(21.8)
Segment income and expenses	207.7	187.6	395.3	196.9	180.5	377.4
Overheads			(4.3)			(4.1)
Interest income			21.8			12.7
Currency loss			(16.4)			(10.5)
Financing costs						
- Net fair value movement and modification gain/(loss)			(306.2)			(86.9)
- Lease liabilities			(0.2)			(0.2)
- Senior borrowings			(76.9)			(86.0)
- Subordinated notes coupon			(102.8)			(98.5)
- Interest capitalised			8.5			7.6
			(477.6)			(264.0)
Equity accounted net interest expense			(0.3)			(0.7)
Gain in respect of capital transactions			2.4			-
Property revaluations			137.1			9.7
Tax expense			(5.7)			(3.6)
Net profit			52.3			116.9

	Consolidated	Equity accounted	30 Jun 22	Consolidated	Equity accounted	31 Dec 21
	\$million	\$million	\$million	\$million	\$million	\$million
Shopping centre investments	9,026.0	8,304.4	17,330.4	8,945.6	8,247.6	17,193.2
Development projects and construction in progress	360.4	80.3	440.7	319.4	59.7	379.1
Segment assets	9,386.4	8,384.7	17,771.1	9,265.0	8,307.3	17,572.3
Cash and cash equivalents	89.9	29.8	119.7	342.4	22.4	364.8
Trade debtors and receivables	2,965.2	119.4	3,084.6	2,486.9	136.3	2,623.2
Expected credit loss allowance	(62.3)	(72.6)	(134.9)	(70.7)	(86.6)	(157.3)
Other assets	328.0	0.8	328.8	254.4	2.5	256.9
Total assets	12,707.2	8,462.1	21,169.3	12,278.0	8,381.9	20,659.9
Interest bearing liabilities						
- Senior borrowings	4,701.2	-	4,701.2	4,511.1	-	4,511.1
- Subordinated notes	4,359.8	-	4,359.8	4,133.9	-	4,133.9
Deferred tax liabilities	-	55.2	55.2	-	55.3	55.3
Other liabilities	1,020.1	152.1	1,172.2	847.3	144.5	991.8
Total liabilities	10,081.1	207.3	10,288.4	9,492.3	199.8	9,692.1
Net assets	2,626.1	8,254.8	10,880.9	2,785.7	8,182.1	10,967.8

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables

	30 Jun 22 \$million	31 Dec 21 \$million
Current		
Trade debtors	33.3	40.1
Receivables		
- Other receivables	33.4	20.2
- Interest receivable from related entities	88.8	97.3
- Interest bearing loans receivable from related entities	2,746.9	2,257.9
	2,902.4	2,415.5
Non current		
Trade debtors	0.5	0.7
	0.5	0.7
Total trade debtors and receivables	2,902.9	2,416.2
(a) Trade debtors and receivables comprise:		
Trade debtors and receivables	2,965.2	2,486.9
Expected credit loss allowance	(62.3)	(70.7)
Total trade debtors and receivables	2,902.9	2,416.2
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(70.7)	(69.8)
Expected credit charge related to COVID-19	(2.6)	(35.2)
Amounts written-off related to COVID-19	11.5	28.6
Other decreases/(increases) in expected credit loss	(0.5)	5.7
Balance at the end of the period	(62.3)	(70.7)

Impact of the COVID-19 pandemic

In April 2020, the Australian Government issued the Code of Conduct for small to medium sized retailers, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. Since the pandemic started, various governments in Australia have extended and/or amended legislated COVID-19 rent relief schemes for commercial tenants to provide further financial assistance. New Zealand does not have an equivalent code of conduct, however the Trust has implemented similar principles in that market with respect to small to medium sized retailers. The Trust has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues. Legislated COVID-19 rent relief schemes expired in Queensland in December 2020, South Australia and Australian Capital Territory in January 2021 and in New South Wales, Victoria and Western Australia in March 2021. In the second half of 2021, rent relief schemes were reinstated in the Australian Capital Territory which applied until December 2021 and in Victoria and New South Wales which applied until March 2022.

The expected credit charge relating to COVID-19 is solely related to the COVID-19 pandemic and has been separately disclosed in the statement of comprehensive income to highlight its significant impact on the Trust's financial performance. The charge reflects the expected rental abatements and the additional credit risk associated with tenants. The expected rental abatements are based on management's expectations of the level of rental abatements that will be provided to tenants. The level of expected rental abatements has been determined after discussions and agreements with tenants. Where abatements have not been agreed with tenants, estimates have been made giving reference to outcomes with similar retailers.

For trade debtors and receivables outstanding at balance date in excess of the expected rental abatements, management have assessed that there is an increased level of credit risk on the collection of these balances. Rather than primarily applying historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the credit quality of tenants based on shared credit risk characteristics (e.g. size, industry, aging);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables (continued)

In determining the expected credit loss allowance, management has taken into account security deposits received from tenants generally in the form of bank guarantees, which can be called upon if the tenant is in default under the terms of the lease contract. Trade debtors also include GST which is fully recoverable from the relevant tax authorities where the debt is not collected and therefore the GST amount is excluded from the loss allowance.

Trade debtors and receivables written-off include rent abated relating to past occupancy that is part of rent relief arrangements with tenants applicable to the COVID-19 pandemic period.

At 30 June 2022, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 64% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.4 million respectively. At 31 December 2021, approximately 74% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 63% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$4.0 million respectively.

Receivables also include interest receivable which is linked to derivatives that have been transacted with credit worthy counterparties in accordance with Scentre Group's credit risk policy.

4 Investment properties

	30 Jun 22 \$million	31 Dec 21 \$million
Shopping centre investments	9,026.0	8,945.6
Development projects and construction in progress	360.4	319.4
Total investment properties ⁽ⁱ⁾	9,386.4	9,265.0

⁽ⁱ⁾ The fair value of investment properties at the end of the period of \$9,386.4 million (31 December 2021: \$9,265.0 million) comprises investment properties at market value of \$9,378.9 million (31 December 2021: \$9,257.4 million) and ground lease assets of \$7.5 million (31 December 2021: \$7.6 million).

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 key assumptions and estimates used in determining fair value are disclosed in Note 5.

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 and valuation principles as set by the International Valuation Standards Council.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

5 Details of shopping centre investments

	30 Jun 22 \$million	31 Dec 21 \$million
Consolidated Australian shopping centres	9,026.0	8,945.6
Total consolidated shopping centres	9,026.0	8,945.6
Equity accounted Australian shopping centres	7,586.2	7,505.1
Equity accounted New Zealand shopping centres	718.2	742.5
Total equity accounted shopping centres	8,304.4	8,247.6
	17,330.4	17,193.2

Impact of the COVID-19 pandemic

The Income Capitalisation approach and the Discounted Cash Flow approach are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time.

The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties recognising the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions; and
- the impact of government mandated support for tenants giving rise to rent deferrals, rent waivers, and eviction moratoriums.

The table below summarises some of the key inputs used in determining investment property valuations:

	30 Jun 22	31 Dec 21
Australian portfolio		
Retail capitalisation rate	4.25% - 6.25%	4.25% - 6.25%
Weighted average retail capitalisation rate	4.79%	4.79%
Retail discount rate	5.75% - 7.25%	5.75% - 7.25%
New Zealand portfolio		
Retail capitalisation rate	5.50% - 6.75%	5.50% - 6.75%
Weighted average retail capitalisation rate	6.10%	6.09%
Retail discount rate	7.00% - 8.50%	7.00% - 8.50%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2022 have broadly remained unchanged from 31 December 2021. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 22 \$million	31 Dec 21 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,986.8
	-25 bps	939.5
	+25 bps	(847.6)
	+50 bps	(1,616.2)

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

6 Distributions

	30 Jun 22 \$million	30 Jun 21 \$million
(a) Interim distribution		
3.75 cents per unit (30 June 2021: 3.50 cents per unit)	194.6	181.7

Details of the full year components of distributions will be provided in the Annual Tax Statement which will be sent to members in March 2023.

The interim distribution will be paid on 31 August 2022. The record date for determining entitlement to this distribution was 16 August 2022. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 22 \$million	30 Jun 21 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2021	111.1	-
Distribution in respect of the six months to 31 December 2020	-	133.4
	111.1	133.4

7 Statutory earnings per unit

	30 Jun 22 cents	30 Jun 21 cents
(a) Summary of earnings per unit		
Basic and diluted earnings per unit	1.01	2.25

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit, net profit of \$52.3 million (30 June 2021: \$116.9 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2021: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2022

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary units or buy-back of units since the reporting date and before the completion of this report.

8 Payables and other creditors

	30 Jun 22 \$million	31 Dec 21 \$million
Payables and other creditors	196.8	175.9
Interest payable to related entities	62.9	55.2
Non interest bearing loans payable to related entities	5.6	14.8
	265.3	245.9

9 Interest bearing liabilities

Senior borrowings

Current	298.8	141.0
Non current	4,402.4	4,370.1
Total senior borrowings	4,701.2	4,511.1

Subordinated notes

Non current	4,359.8	4,133.9
Total subordinated notes	4,359.8	4,133.9
Total Interest bearing liabilities	9,061.0	8,645.0

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

10 Contributed equity

	30 Jun 22 Number of units	31 Dec 21 Number of units
(a) Number of units on issue		
Balance at the beginning and end of the period	5,190,378,339	5,190,378,339

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, 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 Scentre Group stapled securities held.

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

	30 Jun 22 \$million	31 Dec 21 \$million
(b) Amount of contributed equity		
Balance at the beginning and end of the period	7,868.4	7,868.4

11 Fair value of financial assets and liabilities

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

		Fair value 30 Jun 22 \$million	31 Dec 21 \$million	Carrying amount 30 Jun 22 \$million	31 Dec 21 \$million
Consolidated assets					
Cash and cash equivalents		89.9	342.4	89.9	342.4
Trade debtors and receivables					
- Trade debtors and receivables ⁽ⁱ⁾		156.0	158.3	156.0	158.3
- Interest bearing loan receivables ⁽ⁱⁱ⁾	Level 2	2,746.9	2,257.9	2,746.9	2,257.9
Derivative assets ⁽ⁱⁱ⁾	Level 2	285.3	209.0	285.3	209.0
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		359.3	322.9	359.3	322.9
Interest bearing liabilities ⁽ⁱⁱ⁾					
- Fixed rate debt	Level 2	3,837.3	4,339.6	4,092.4	4,090.1
- Fixed rate subordinated notes	Level 2	3,756.2	4,382.0	4,359.8	4,133.9
- Floating rate debt	Level 2	608.9	421.0	608.8	421.0
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	653.3	516.8	653.3	516.8

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

⁽ⁱⁱ⁾ 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 Trust uses the following hierarchy for determining and disclosing the fair value of a financial instrument. 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 Trust'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 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Investment properties are considered Level 3.

SCENTRE GROUP TRUST 2

DIRECTORS' DECLARATION

The Directors of RE1 Limited, the Responsible Entity of Scentre Group Trust 2 (Trust) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust 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 thereto 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 2022 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 2022 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 2

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 2 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2022, 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.

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 the Trust does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

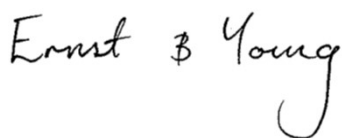
Directors' Responsibility for the Half-Year Financial Report

The directors of RE1 Limited, the Responsible Entity of the Trust, 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 control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

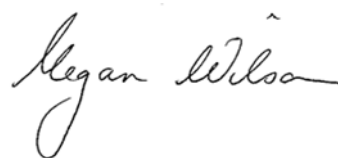
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2022 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*.

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.



Ernst & Young

Sydney, 23 August 2022



Megan Wilson
Partner

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT

The Directors of RE1 Limited (**the Responsible Entity**), the responsible entity of Scentre Group Trust 2 (**the Trust**) submit the following report for the half-year ended 30 June 2022 (**Financial Period**).

The Trust is part of Scentre Group (**the Group**) which is a stapled entity comprising Scentre Group Limited, Scentre Group Trust 1, the Trust, 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. Operating and Financial Review

1.1 Operating overview

Scentre Group owns and operates a leading platform of 42 Westfield Living Centres with 37 located in Australia and five in New Zealand encompassing more than 12,000 outlets. Our Living Centres are strategically located near 20 million Australians and New Zealanders which is the majority of their populations. Our Westfield Living Centres are hubs of local economic activity which contribute to local employment and support a network of local businesses and suppliers. Our customers choose to spend their time in our Living Centres because the products, services and experiences we curate for them reflect what they want. The Trust has an ownership interest in 40 of the Group's 42 Westfield Living Centres.

During the Financial Period, the Group continued to support our business partners who are small to medium sized enterprises (SMEs) to mitigate the short-term cash-flow impact on their business due to COVID-19. The remaining state mandated rent relief schemes in Victoria and New South Wales expired during the Financial Period.

The Group's customer visitation increased to more than 277 million in the year to date and we expect to achieve approximately 500 million visits for 2022.

Demand for space in our Westfield Living Centres is strong, with the Group's occupancy increasing to 98.8%, up 30 basis points since 30 June 2021. During the Financial Period the Group completed 1,579 lease deals with leasing spreads improving significantly to (3.9%). These lease deals included 585 new merchant deals of which 108 brands are new to the Group's portfolio.

In August 2022, the Group announced an agreement with CleanCo to source 100% renewable electricity to power its Queensland portfolio from 2025, consistent with its pathway to achieve net zero by 2030.

During the Financial Period the \$55 million rooftop entertainment, leisure and dining precinct at Westfield Mt Druitt opened resulting in a significant increase in customer visitation and dwell time. The Trust has a 25% interest in Westfield Mt Druitt.

The \$355 million investment in Westfield Knox, Melbourne is progressing well with strong pre-leasing and in line with budget. Stage 1, which will open in December 2022, is currently 96% leased. The Trust has a 25% interest in Westfield Knox.

All of the Group's development projects feature sustainability initiatives that align to our responsible business strategy and seek to improve the energy, water and emissions intensity of our Living Centres.

1.2 Economic performance

During the Financial Period, consolidated net operating cash flow (after interest, overheads and tax) was \$259.9 million, up 25.5%. Statutory Profit for the Financial Period was \$52.3 million, including property revaluation gains of \$137.1 million.

As at 30 June 2022, the Trust had available financing resources of \$4.2 billion (31 December 2021: \$4.9 billion) after deducting facilities utilised by its borrowings.

The distribution attributable to members of the Trust for the Financial Period is \$194.6 million (being 3.75 cents per unit) and forms part of the Group's distribution of 7.50 cents per security which will be made to members on 31 August 2022. Basic earnings per unit for the Financial Period is 1.01 cents per unit.

1.3 Outlook

Subject to no material change in conditions, the Group expects Funds from Operations (FFO) to be above 19.0 cents per security for 2022, representing more than 14.2% growth for the year. Distributions are expected to be at least 15.0 cents per security for 2022, representing at least 5.3% growth for the year.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

2. Risk management

The Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review. A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2021 Annual Financial Report and 2022 Half-Year Financial Report, which are available at www.scentregroup.com.

3. Directors

Our Board comprises nine independent non-executive Directors and one executive Director (being the Managing Director/Chief Executive Officer (CEO)).

Name	Position
Brian Schwartz, AM	Non-executive Chair
Peter Allen	Managing Director and CEO
Ilana Atlas, AO	Non-executive Director
Catherine Brenner	Non-executive Director
Andrew Harnos	Non-executive Director
Michael Ihlein	Non-executive Director
Carolyn Kay	Non-executive Director
Guy Russo	Non-executive Director
Margaret Seale	Non-executive Director
Michael Wilkins, AO	Non-executive Director

Catherine Brenner was appointed to the Board effective 1 March 2022. Steven Leigh retired from the Board on 7 April 2022.

All other Directors held office for the entire Financial Period.

As announced to the Australian Securities Exchange on 23 February 2022, Peter Allen will step down as Managing Director and CEO on 30 September 2022 and will retire from the Group in 2023.

Elliott Rusanow will be appointed Managing Director and CEO effective 1 October 2022.

The Board of Scentre Group Limited and the Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3, respectively) are identical. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of each Responsible Entity.

4. Principal activity

The principal activity of the Trust during the Financial Period was the long term ownership of shopping centres. There was no significant change in the nature of the principal activity during the Financial Period.

5. Events after the reporting period

No event has occurred since the end of the Financial Period which would significantly affect the operations of the Trust.

6. Rounding

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements 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.

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, the Trust and Scentre Group Trust 3 from the official list of the 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.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

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 RE1 Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 2 for the half year-ended 30 June 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scentre Group Trust 2 and the entities it controlled during the Financial Period.

Ernst & Young

Megan Wilson
Partner

23 August 2022

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

This report is made on 23 August 2022 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

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

New Zealand Office

Level 5, Office Tower
277 Broadway
Newmarket, Auckland 1023

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 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

Principal Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001
Telephone: +61 3 9946 4471
Toll Free: 1300 730 458 (Australia Only)
Facsimile: +61 3 9473 2500
Contact: www.investorcentre.com/contact
Website: www.computershare.com

Listing

Australian Securities Exchange – SCG

Website

www.scentregroup.com

Scentre Group Trust 3

Half-Year Financial Report

For the half-year ended 30 June 2022

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SCENTRE GROUP TRUST 3
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2022

	Note	30 Jun 22 \$000	30 Jun 21 \$000
Revenue and other income			
Property and property related revenue		1,774	1,614
		1,774	1,614
Expenses			
Property and property related expenses		(643)	(643)
Overheads		(161)	(176)
		(804)	(819)
Interest income	3	10	917
Financing costs		(0)	(909)
Profit before tax		980	803
Tax expense		(290)	(239)
Profit after tax for the period		690	564
Other comprehensive loss			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
- Net exchange difference on translation of foreign operations		(143)	(22)
Total comprehensive income for the period		547	542

⁽ⁱ⁾ This item may be subsequently transferred to the profit and loss.

		cents	cents
Basic and diluted earnings per unit	5(a)	0.01	0.01

SCENTRE GROUP TRUST 3

BALANCE SHEET

As at 30 June 2022

	Note	30 Jun 22 \$000	31 Dec 21 \$000
Current assets			
Cash and cash equivalents		4,028	4,263
Receivables	6	12,223	16,276
Total current assets		16,251	20,539
Total assets		16,251	20,539
Current liabilities			
Payables and other creditors	7	393	1,076
Total current liabilities		393	1,076
Total liabilities		393	1,076
Net assets		15,858	19,463
Equity			
Contributed equity	8(b)	11,133	11,133
Reserves		(105)	38
Retained profits		4,830	8,292
Total equity		15,858	19,463

SCENTRE GROUP TRUST 3
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2022

	Contributed equity \$000	Reserves \$000	Retained profits \$000	30 Jun 22 Total \$000	Contributed equity \$000	Reserves \$000	Retained profits \$000	30 Jun 21 Total \$000
Changes in equity								
Balance at the beginning of the period	11,133	38	8,292	19,463	11,133	34	6,844	18,011
- Profit after tax for the period	-	-	690	690	-	-	564	564
- Other comprehensive loss	-	(143)	-	(143)	-	(22)	-	(22)
Transactions with owners in their capacity as owners								
- Distributions paid or provided for	-	-	(4,152)	(4,152)	-	-	-	-
Total Equity	11,133	(105)	4,830	15,858	11,133	12	7,408	18,553

SCENTRE GROUP TRUST 3
CASH FLOW STATEMENT
For the half-year ended 30 June 2022

	30 Jun 22 \$000	30 Jun 21 \$000
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	1,961	1,788
Payments in the course of operations (including GST)	(837)	(851)
Income and withholding taxes paid	(971)	(382)
GST paid	(154)	(147)
Payments of financing costs	(0)	(1,759)
Interest received	10	1,505
Net cash inflow from operating activities	9	154
Cash flows from financing activities		
Net funds received from related entities	4,075	2,897
Distributions paid	(4,152)	-
Net cash inflow/(outflow) from financing activities	(77)	2,897
Net increase/(decrease) in cash and cash equivalents held	(68)	3,051
Add: opening cash and cash equivalents brought forward	4,263	976
Effects of exchange rate changes on cash and cash equivalents	(167)	6
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	4,028	4,033

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$4,028,000 (30 June 2021: \$4,033,000) net of bank overdraft of nil (30 June 2021: nil).

SCENTRE GROUP TRUST 3

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Corporate information

This financial report of Scentre Group Trust 3 (SGT3) and its controlled entities (collectively the Trust), for the half-year ended 30 June 2022, was approved in accordance with a resolution of the Board of Directors of RE2 Limited as Responsible Entity of SGT3.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2), SGT3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

2 Basis of preparation

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 Trust as the annual financial report.

This half-year financial report should be read in conjunction with the annual financial report of SGT3 as at 31 December 2021.

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 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(a) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered:

- The Trust forms part of Scentre Group and is party to Scentre Group's cross guarantee arrangements in respect of Scentre Group's debt facilities and bonds;
- Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities; and
- Scentre Group's ability to meet its financial covenants over the next 12 months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(b) 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 Act and AASB 134 Interim Financial Reporting.

This half-year financial report has been prepared on a historical cost basis.

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 2021 except for the changes required due to amendments to the accounting standards as disclosed in Note 2(c).

This half-year financial report is presented in Australian dollars.

2 Basis of preparation (continued)

(c) New accounting standards and interpretations

The Trust has adopted the following standard which became applicable on 1 January 2022:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective from 1 January 2022)
This amends (to the extent relevant to the Trust):
 - (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
 - (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
 - (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

These amendments did not have a significant impact on the financial statements on application.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2022. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2023)
This amends AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective from 1 January 2023)
This amends:
 - (i) AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
 - (ii) AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
 - (iii) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
 - (iv) AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and
 - (v) AASB Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are not expected to have a significant impact on the financial statements on application.
- 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 2025)
This amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.

(d) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

(e) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this half-year financial report have, unless otherwise indicated, been rounded to the nearest thousand dollars. Amounts shown as 0 represent amounts less than \$500 that have been rounded down.

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

3 Interest income

	30 Jun 22 \$000	30 Jun 21 \$000
Interest income		
- Related entities	-	916
- External	10	1
	10	917

4 Distributions

	30 Jun 22 \$000	30 Jun 21 \$000
(a) Interim distribution		
Nil (30 June 2021: nil)	-	-
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2021	4,152	-
Distribution in respect of the six months to 31 December 2020	-	-
	4,152	-

5 Statutory earnings per unit

	30 Jun 22 cents	30 Jun 21 cents
(a) Summary of earnings per unit		
Basic and diluted earnings per unit	0.01	0.01

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit, net profit of \$690,000 (30 June 2021: \$564,000) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2021: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2022

There have been no conversions to, calls of, subscriptions for, issuance of new or potential ordinary units or buy-back of units since the reporting date and before the completion of this report.

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2022

6 Receivables

	30 Jun 22 \$000	31 Dec 21 \$000
Current		
Non interest bearing loans receivable from related entities	12,223	16,276

Loans receivable from related entities have been assessed for impairment at 30 June 2022. The related entities are members of Scentre Group which is a stapled group operating as a single economic entity with a common Board of Directors and management team. As the related entities are also members of Scentre Group's cross guarantee arrangements, it is highly unlikely that the related entities will default on its contractual obligations to the Trust. Therefore, the expected credit losses on these loans receivable are immaterial.

7 Payables and other creditors

	30 Jun 22 \$000	31 Dec 21 \$000
Payables and other creditors	218	197
Tax payable	175	879
	393	1,076

8 Contributed equity

	30 Jun 22 Number of units	31 Dec 21 Number of units
(a) Number of units on issue		
Balance at the beginning and end of the period	5,190,378,339	5,190,378,339

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up of SGL, 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 Scentre Group stapled securities held.

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

	30 Jun 22 \$000	31 Dec 21 \$000
(b) Amount of contributed equity		
Balance at the beginning and end of the period	11,133	11,133

SCENTRE GROUP TRUST 3

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

9 Segment information

SGT3 operates in one operating segment predominantly in Australasia. SGT3 earns property advertising and promotional income. During the year ended 31 December 2021, SGT3 provided financing of the New Zealand equity accounted associates of SGT1 and SGT2. This financing was repaid during the year ended 31 December 2021.

10 Fair value of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of the Trust's financial instruments:

	Fair value		Carrying amount	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	\$000	\$000	\$000	\$000
Consolidated assets				
Cash and cash equivalents	4,028	4,263	4,028	4,263
Receivables				
- Other receivables ⁽ⁱ⁾	12,223	16,276	12,223	16,276
Consolidated liabilities				
Payables and other creditors ⁽ⁱ⁾	218	197	218	197

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

SCENTRE GROUP TRUST 3 DIRECTORS' DECLARATION

The Directors of RE2 Limited, the Responsible Entity of Scentre Group Trust 3 (Trust), declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust 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 thereto 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 2022 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 2022 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 3

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 3 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2022, 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.

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 the Trust does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

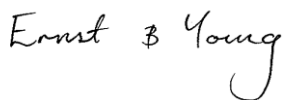
Directors' Responsibility for the Half-Year Financial Report

The directors of RE2 Limited, the Responsible Entity of the Trust, 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

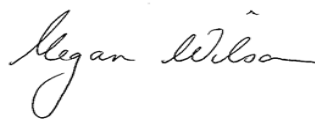
Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2022 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*.

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.



Ernst & Young



Megan Wilson
Partner

Sydney, 23 August 2022

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SCENTRE GROUP TRUST 3

DIRECTORS' REPORT

The Directors of RE2 Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 3 (the Trust) submit the following report for the half-year ended 30 June 2022 (Financial Period).

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2), the Trust and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Operating and Financial Review

1.1 Economic performance

Profit after tax for the Financial Period was \$0.7 million (30 June 2021: \$0.6 million). The increase in profit after tax is primarily from increased advertising activities as compared to last year. As at 30 June 2022, the Trust had net assets of \$15.9 million (31 December 2021: \$19.5 million) which includes total assets of \$16.3 million (31 December 2021: \$20.5 million) and total liabilities of \$0.4 million (31 December 2021: \$1.1 million).

On 31 August 2022 a distribution of 7.5 cents per security will be made to members of Scentre Group in respect of the Financial Period. This comprises an aggregate distribution from SGT1 and SGT2. The Trust will not pay a distribution for the Financial Period.

1.2 Outlook

Subject to no material change in conditions, Scentre Group expects Funds From Operations (FFO) to be above 19.0 cents per security for 2022, representing more than 14.2% growth for the year.

Distributions are expected to be at least 15.0 cents per security for 2022, representing at least 5.3% growth for the year.

2. Risk management

Scentre Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review.

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2021 Annual Financial Report and 2022 Half-Year Financial Report, which are available at www.scentregroup.com.

3. Directors

Our Board comprises nine independent non-executive Directors and one executive Director (being the Managing Director/ Chief Executive Officer (CEO)).

Name	Position
Brian Schwartz, AM	Non-executive Chair
Peter Allen	Managing Director and CEO
Ilana Atlas, AO	Non-executive Director
Catherine Brenner	Non-executive Director
Andrew Harnos	Non-executive Director
Michael Ihlein	Non-executive Director
Carolyn Kay	Non-executive Director
Guy Russo	Non-executive Director
Margaret Seale	Non-executive Director
Michael Wilkins, AO	Non-executive Director

Catherine Brenner was appointed to the Board effective 1 March 2022. Steven Leigh retired from the Board on 7 April 2022. All other Directors held office for the entire Financial Period.

As announced to the Australian Securities Exchange on 23 February 2022, Peter Allen will step down as Managing Director and CEO on 30 September 2022 and will retire from Scentre Group in 2023.

Elliott Rusanow will be appointed Managing Director and CEO, effective 1 October 2022.

The Board of Scentre Group Limited and the Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of SGT1, SGT2 and the Trust, respectively) are identical. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of each Responsible Entity.

4. Principal activity

The principal activity of the Trust during the Financial Period was the holding of interests in long term brand alliance agreements with various third parties in respect of a number of properties. These agreements provide for the licensing of space in the relevant properties for the display of advertising in consideration for the payment of licence fees.

5. Events after the reporting period

No event has occurred since the end of the Financial Period which would significantly affect the operations of the Trust.

6. Rounding

The Trust is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise indicated. Amounts shown as 0 represent amounts less than \$500 that have been rounded down.

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and the Trust 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
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GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of RE2 Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 3 for the half-year ended 30 June 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scentre Group Trust 3 and the entities it controlled during the Financial Period.

Ernst & Young

Megan Wilson
Partner

23 August 2022

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This report is made on 23 August 2022 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

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)

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Sydney NSW 2000

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Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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Contact: www.investorcentre.com/contact
Website: www.computershare.com

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com