

SCENTRE GROUP

26 August 2014

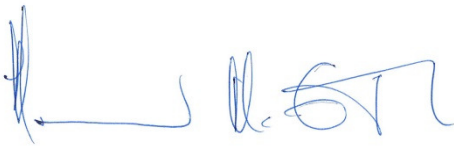
The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**SCENTRE GROUP (ASX: SCG)
SCENTRE GROUP TRUST 1 HALF-YEAR FINANCIAL REPORT**

Attached is the half-year financial report for Scentre Group Trust 1 for the 6 months ended 30 June 2014.

Yours faithfully



Maureen McGrath
Company Secretary

Encl.

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

SCENTRE GROUP LIMITED ABN 66 001 671 496
SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1 ABN 55 191 750 378 ARSN 090 849 746
RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536
RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652
Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · scentregroup.com

Scentre Group Trust 2¹

Half-Year Financial Report

For the half-year ended 30 June 2014

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¹ Comprises Scentre Group Trust 2 (formerly Westfield Retail Trust 1) ABN 66 744 282 872 ARSN 146 934 536 and Scentre Group Trust 3 (formerly Westfield Retail Trust 2) ABN 11 517 229 138 ARSN 146 934 652, which entities were, prior to 30 June 2014, collectively known as Westfield Retail Trust. Scentre Group Trust 2 and Scentre Group Trust 3 merged with Scentre Group Limited and Scentre Group Trust 1 on 30 June 2014 to form Scentre Group.

SCENTRE GROUP TRUST 2

INCOME STATEMENT

for the half-year ended 30 June 2014

	Note	30 Jun 14 \$million	30 Jun 13 \$million
Revenue			
Property revenue	3	268.5	267.4
		268.5	267.4
Share of after tax profits of equity accounted entities			
Property revenue		287.5	282.2
Property revaluations		61.0	60.1
Property expenses, outgoings and other costs		(75.3)	(75.6)
Gain/(loss) in respect of asset dispositions		-	0.8
Net interest expense		0.2	0.2
Tax expense		(10.5)	(10.1)
		262.9	257.6
Expenses			
Property expenses, outgoings and other costs		(70.0)	(71.8)
Overheads		(17.9)	(18.3)
		(87.9)	(90.1)
Interest income		0.7	0.7
Currency gain/(loss)	4	2.7	(0.7)
Financing costs	5	(66.5)	(66.9)
Charges in respect of the Restructure and Merger	6	(46.4)	-
Property revaluations		100.5	35.0
Profit before tax		434.5	403.0
Tax expense	8	(0.8)	(0.9)
Profit after tax for the period		433.7	402.1
Profit after tax for the period attributable to:			
- Unitholders of Scentre Group Trust 2		431.3	399.7
- Unitholders of Scentre Group Trust 3		2.4	2.4
Profit after tax for the period		433.7	402.1
		cents	cents
Basic earnings per security	9	8.15	7.49
Diluted earnings per security	9	8.15	7.49
Basic earnings per Scentre Group Trust 2 unit		8.10	7.44
Diluted earnings per Scentre Group Trust 2 unit		8.10	7.44

SCENTRE GROUP TRUST 2
STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 30 June 2014

	30 Jun 14 \$million	30 Jun 13 \$million
Profit after tax for the period	433.7	402.1
Other comprehensive income		
<i>Movement in foreign currency translation reserve</i>		
- Net exchange difference on translation of foreign operations ¹	6.8	35.5
Total comprehensive income for the period	440.5	437.6
Total comprehensive income for the period attributable to:		
- Unitholders of Scentre Group Trust 2	438.1	435.2
- Unitholders of Scentre Group Trust 3	2.4	2.4
Total comprehensive income for the period	440.5	437.6

¹ This item may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations may be recycled to the profit and loss depending on how the foreign operations are sold.

SCENTRE GROUP TRUST 2

BALANCE SHEET

as at 30 June 2014

	Note	30 Jun 14 \$million	31 Dec 13 \$million
Current assets			
Cash and cash equivalents		16.4	21.4
Trade debtors		4.3	8.8
Derivative assets		0.1	-
Receivables	10	303.2	23.4
Prepayments and deferred costs		4.8	9.7
Total current assets		328.8	63.3
Non current assets			
Investment properties	11	6,815.4	6,676.6
Equity accounted investments	15(c)	6,599.9	6,985.2
Derivative assets		45.5	55.6
Deferred tax assets		-	0.5
Prepayments and deferred costs		7.0	11.3
Total non current assets		13,467.8	13,729.2
Total assets		13,796.6	13,792.5
Current liabilities			
Trade creditors		45.3	43.6
Payables and other creditors		116.2	87.2
Interest bearing liabilities		349.6	246.1
Tax payable		-	1.4
Derivative liabilities		3.5	1.7
Distributions payable		303.9	-
Total current liabilities		818.5	380.0
Non current liabilities			
Payables and other creditors		-	2.2
Interest bearing liabilities		3,492.2	2,902.7
Derivative liabilities		36.0	32.3
Total non current liabilities		3,528.2	2,937.2
Total liabilities		4,346.7	3,317.2
Net assets		9,449.9	10,475.3
Equity attributable to unitholders of Scentre Group Trust 2			
Contributed equity	13(b)	8,159.8	9,010.2
Reserves		106.8	100.0
Retained profits		1,183.3	1,343.0
Total equity attributable to unitholders of Scentre Group Trust 2		9,449.9	10,453.2
Equity attributable to unitholders of Scentre Group Trust 3			
Contributed equity	13(b)	-	11.2
Retained profits		-	10.9
Total equity attributable to unitholders of Scentre Group Trust 3		-	22.1
Total equity		9,449.9	10,475.3

SCENTRE GROUP TRUST 2

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2014

	Contributed equity \$million	Foreign currency translation reserve \$million	Retained profits \$million	Total equity \$million
30 June 2014				
Changes in equity attributable to unitholders of Scentre Group Trust 2				
Balance at the beginning of the period	9,010.2	100.0	1,343.0	10,453.2
- Profit after tax for the period	-	-	431.3	431.3
- Other comprehensive income	-	6.8	-	6.8
Transactions with owners in their capacity as owners:				
- Payment of capital return	(850.0)	-	-	(850.0)
- Stapling distribution applied on behalf of investors to subscribe for shares in Scentre Group Limited and units in Scentre Group Trust 1 as part of the Restructure and Merger	(3.0)	-	-	(3.0)
- Issuance of securities resulting from the Restructure and Merger	2.6	-	-	2.6
- Distributions paid or provided for	-	-	(591.0)	(591.0)
Closing balance of equity attributable to unitholders of Scentre Group Trust 2	8,159.8	106.8	1,183.3	9,449.9
Changes in equity attributable to unitholders of Scentre Group Trust 3				
Balance at the beginning of the period	11.2	-	10.9	22.1
- Profit after tax for the period	-	-	2.4	2.4
- Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
- Issuance of securities resulting from the Restructure and Merger	0.3	-	-	0.3
- Distributions paid	-	-	(8.6)	(8.6)
- Deconsolidation of Scentre Group Trust 3	(11.5)	-	(4.7)	(16.2)
Closing balance of equity attributable to unitholders of Scentre Group Trust 3	-	-	-	-
Total equity	8,159.8	106.8	1,183.3	9,449.9
30 June 2013				
Changes in equity attributable to unitholders of Scentre Group Trust 2				
Balance at the beginning of the period	9,212.4	17.7	1,157.6	10,387.7
- Profit after tax for the period	-	-	399.7	399.7
- Other comprehensive income	-	35.5	-	35.5
Transactions with owners in their capacity as owners:				
- Buy-back and cancellation of contributed equity, including transaction costs	(145.8)	-	-	(145.8)
- Distributions paid	-	-	(289.4)	(289.4)
Closing balance of equity attributable to unitholders of Scentre Group Trust 2	9,066.6	53.2	1,267.9	10,387.7
Changes in equity attributable to unitholders of Scentre Group Trust 3				
Balance at the beginning of the period	11.6	-	5.9	17.5
- Profit after tax for the period	-	-	2.4	2.4
- Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
- Buy-back and cancellation of contributed equity, including transaction costs	(0.3)	-	-	(0.3)
- Distributions paid	-	-	-	-
Closing balance of equity attributable to unitholders of Scentre Group Trust 3	11.3	-	8.3	19.6
Total equity	9,077.9	53.2	1,276.2	10,407.3

SCENTRE GROUP TRUST 2

CASH FLOW STATEMENT

for the half-year ended 30 June 2014

	Note	30 Jun 14 \$million	30 Jun 13 \$million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		305.9	294.6
Payments in the course of operations (including GST)		(93.8)	(92.5)
Settlement of income hedging currency derivatives		(0.5)	(0.2)
Distributions received from equity accounted entities		189.8	148.5
Interest received from equity accounted entities		14.7	9.7
Income and withholding taxes paid		(2.5)	(2.4)
GST paid		(21.5)	(18.1)
Net cash flows from operating activities		392.1	339.6
Cash flows used in investing activities			
Payments of capital expenditure for property investments		(43.7)	(28.1)
Net inflows from/(outflows for) investments in and loans to equity accounted entities		(77.6)	7.9
Financing costs capitalised to qualifying development projects and construction in progress		(5.2)	(1.9)
Net cash flows used in investing activities		(126.5)	(22.1)
Cash flows used in financing activities			
Capital and stapling distributions resulting from the Restructure and Merger	14(a)	(853.0)	-
Issuance of securities resulting from the Restructure and Merger		2.8	-
Buy-back of securities		-	(149.0)
Costs in respect of Restructure and Merger		(36.3)	-
Net proceeds from interest bearing liabilities		1,242.4	209.3
Loans to other entities of the Scentre Group		(238.1)	-
Financing costs excluding interest capitalised		(91.9)	(83.0)
Interest received		0.7	0.7
Distributions paid	14(b)	(295.7)	(289.4)
Net cash flows used in financing activities		(269.1)	(311.4)
Net increase/(decrease) in cash and cash equivalents held		(3.5)	6.1
Add: opening cash and cash equivalents brought forward		21.4	17.1
Less: deconsolidation of Scentre Group Trust 3 cash balance resulting from the Restructure and Merger		(1.5)	-
Effects of exchange rate changes on opening cash and cash equivalents brought forward		-	-
Cash and cash equivalents at the end of the period		16.4	23.2

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

1 Corporate information

The financial report of Scentre Group Trust 2 ARSN 146 934 536 (**SGT2 or the Trust**) for the half-year ended 30 June 2014 was approved on 26 August 2014 in accordance with a resolution of the Board of Directors of RE1 Limited (as responsible entity of SGT2).

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

2 Basis of preparation of the financial report

The 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 consolidated entity as the annual financial report.

The half-year financial report should be read in conjunction with the annual financial report of the Westfield Retail Trust as at 31 December 2013.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Trust during the half-year ended 30 June 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

2(a) Basis of accounting

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

The 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. The carrying value of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

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

The 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 2013 except for the changes required due to amendments to the accounting standards noted below.

This financial report is presented in Australian dollars.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

2 Basis of preparation of the financial report (continued)

2(b) Detail on the Restructure and Merger

Background

On 30 June 2014, the restructure of the Westfield Group (Restructure and Merger) was implemented which resulted in Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, being separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

- (i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and
- (ii) Westfield Corporation – comprising Westfield Group's international business.

Scentre Group comprises Scentre Group Limited (Parent Company, formerly Westfield Holdings Limited), Scentre Group Trust 1 (formerly Westfield Trust), Scentre Group Trust 2 (formerly Westfield Retail Trust 1) and Scentre Group Trust 3 (formerly Westfield Retail Trust 2).

Accounting for the Scentre Group

Scentre Group was established through the Restructure and Merger as outlined above. The securities of Scentre Group trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapling transaction is referred to as the "Merger".

As a result of the Merger the Parent Company, for accounting purposes, gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014. Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of SGT2 and SGT3 on 30 June 2014 and the results of SGT2 and SGT3 from 30 June 2014.

The Parent Company previously controlled SGT1 as a result of the stapling transaction creating Westfield Group on 2 July 2004. The Parent Company continues to control SGT1 post Merger and accordingly the net assets and results of SGT1 continue to be consolidated by the Parent Company. The securities issued by the Parent Company, SGT1, SGT2 and SGT3 have been stapled and cannot be traded separately.

Accounting for the deconsolidation of Scentre Group Trust 2

Prior to the Restructure and Merger on 30 June 2014, Westfield Retail Trust was a separately listed stapled group, comprising Westfield Retail Trust 1 (WRT1) and Westfield Retail Trust 2 (WRT2).

WRT1 was deemed to be the Parent Entity of the Westfield Retail Trust stapled group. On 30 June 2014, Scentre Group Trust 2 (WRT1) and Scentre Group Trust 3 (WRT2) were stapled together with Scentre Group Limited and Scentre Group Trust 1 to form Scentre Group.

Effective from this date, Scentre Group Trust 2 no longer controlled Scentre Group Trust 3 as a result of the Restructure and Merger.

As the loss of control occurred on 30 June 2014, the half-year financial report includes the results for the half-year of Scentre Group Trust 3, but not its assets and liabilities as at 30 June 2014.

The comparative disclosures have not been restated.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

2 Basis of preparation of the financial report (continued)

2(c) New accounting standards and interpretations

The Trust has adopted the following new or amended standards which became applicable on 1 January 2014.

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting; and
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities.

For the financial period, the adoption of these amended standards has no material impact on the financial statements of the Trust.

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 2014. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2017)

This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Trust is currently assessing the impact of this standard.

- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)

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

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards, except where disclosed above.

2(d) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2014

		30 Jun 14 \$million	30 Jun 13 \$million
3	Property revenue		
	Shopping centre base rent and other property income	274.2	271.8
	Amortisation of tenant allowances	(5.7)	(4.4)
		268.5	267.4
4	Currency gain/(loss)		
	Realised loss on income hedging currency derivatives	(0.5)	(0.2)
	Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	3.2	(0.5)
		2.7	(0.7)
5	Financing costs		
	Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(97.1)	(86.3)
	Financing costs capitalised to qualifying development projects and construction in progress	5.2	1.9
	Financing costs	(91.9)	(84.4)
	Net fair value gain on interest rate hedges that do not qualify for hedge accounting	25.6	17.7
	Finance leases interest expense	(0.2)	(0.2)
		(66.5)	(66.9)
6	Charges in respect of the Restructure and Merger		
	Transaction and implementation costs ¹	(46.4)	-
		(46.4)	-
7	Significant items		
	The following significant items are relevant in explaining the financial performance of the business:		
	Property revaluations	100.5	35.0
	Equity accounted property revaluations	61.0	60.1
	Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	4 3.2	(0.5)
	Deferred tax	8 -	-
	Equity accounted deferred tax	15(c) (1.9)	(1.9)
	Equity accounted gain/(loss) in respect of asset dispositions	-	0.8
	Charges in respect of the Restructure and Merger	6 (46.4)	-
	Net fair value gain on interest rate hedges that do not qualify for hedge accounting	5 25.6	17.7
8	Tax expense		
	Current - underlying operations	(0.8)	(0.9)
	Deferred tax	-	-
		(0.8)	(0.9)

¹ Includes third party advisory fees, listing and administrative fees and other expenses associated with the restructure and merger.

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2014

	30 Jun 14 cents	30 Jun 13 cents
9 Earnings per security		
Basic earnings per security	8.15	7.49
Diluted earnings per security	8.15	7.49

The calculations of basic and diluted earnings per security for all periods presented have been adjusted retrospectively for the conversion of securities on issue on a 0.918 for 1 basis and the issuance of securities resulting from the Restructure and Merger. Refer to Note 13(a) for details.

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

	30 Jun 14 \$million	30 Jun 13 \$million
Earnings used in calculating basic earnings per security	433.7	402.1
Adjustment to earnings relating to options which are considered dilutive	-	-
Earnings used in calculating diluted earnings per security	433.7	402.1

	No. of securities	No. of securities
Weighted average number of securities used in calculating basic earnings per security ¹	5,324,296,678	5,371,477,032
Security options which are dilutive	-	-
Adjusted weighted average number of securities used in calculating diluted earnings per security	5,324,296,678	5,371,477,032

¹ The weighted average number of securities for all periods takes into account the effect of the conversion and issuance of securities resulting from the Restructure and Merger. The weighted average number of securities without the retrospective adjustment as required by AASB 133: Earnings Per Share is 2,979,214,029 (30 June 2013: 3,026,394,383).

	Note	30 Jun 14 \$million	31 Dec 13 \$million
10 Receivables			
Interest bearing loans receivable from other entities of the Scentre Group		262.3	-
Sundry debtors		40.9	23.4
		303.2	23.4

11 Investment properties			
Shopping centre investments		6,675.5	6,571.7
Development projects and construction in progress		139.9	104.9
		6,815.4	6,676.6

12 Details of shopping centre investments			
Consolidated Australian shopping centres	11	6,675.5	6,571.7
Equity accounted Australian shopping centres	15(c)	5,878.5	5,813.8
Equity accounted New Zealand shopping centres	15(c)	1,263.0	1,246.5
		13,817.0	13,632.0

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated weighted average yield and net operating income. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

	30 Jun 14 No. of securities	31 Dec 13 No. of securities
13 Contributed equity		
13(a) Number of securities on issue		
Balance at the beginning of the period	2,979,214,029	3,046,106,477
Conversion of securities on issue on a 0.918 for 1 basis	(244,260,562)	-
Issuance of securities resulting from the Restructure and Merger	2,589,343,211	-
Buy-back and cancellation of securities	-	(66,892,448)
Balance at the end of the period	5,324,296,678	2,979,214,029

Holders of securities in SGT2 are entitled to receive distributions from the Trust. In the event of winding up of SGT2 and/or SGT3, holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

SGT3 is taxed as if it is a company and holders of securities in SGT3 have the right to receive declared distributions (which are solely at the discretion of the Board).

Holders of securities can vote in accordance with the Corporations Act 2001, either in person or by proxy, at a meeting of either SGT2 or SGT3 (as the case may be).

	30 Jun 14 \$million	31 Dec 13 \$million
13(b) Amount of contributed equity		
of SGT2	8,159.8	9,010.2
of SGT3	-	11.2
	8,159.8	9,021.4

Movements in contributed equity

Balance at the beginning of the period	9,021.4	9,224.0
Payment of capital return	(850.0)	-
Stapling distribution applied on behalf of investors to subscribe for shares in Scentre Group Limited and units in Scentre Group Trust 1 as part of the Restructure and Merger	(3.0)	-
Issuance of securities resulting from the Restructure and Merger	2.9	-
Deconsolidation of Scentre Group Trust 3 ¹	(11.5)	-
Buy-back and cancellation of securities	-	(202.4)
Cost associated with the buy-back of securities	-	(0.2)
Balance at the end of the period	8,159.8	9,021.4

¹ Refer to Statement of Changes in Equity and Note 2(b) for further details.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

	30 Jun 14 \$million	30 Jun 13 \$million
14 Distributions		
14(a) Interim distributions		
Interim distributions accrued in respect of the six months to 30 June 2014		
SGT2: 10.2 cents per unit (30 June 2013: 9.925 cents per unit) ^{1,2}	303.9	297.3
SGT3: nil cents per unit (30 June 2013: nil cents per unit)	-	-
	303.9	297.3
Capital and stapling distributions paid as part of the Restructure and Merger		
SGT2: 28.53 cents per unit ²	850.0	-
SGT2: 0.11 cents per converted unit (refer Note 13)	3.0	-
Total distributions in respect of the six months	1,156.9	297.3
14(b) Distributions paid during the period		
<i>Distributions in respect of the period from 1 July 2013 to 31 December 2013 paid on 28 February 2014</i>		
SGT2: 9.635 cents per unit, 16% tax deferred and 4% capital gains tax concession	287.1	-
SGT3: 0.290 cents per unit, 100% franked	8.6	-
<i>Distributions in respect of the period from 1 July 2012 to 31 December 2012 paid on 28 February 2013</i>		
SGT2: 9.50 cents per unit, 5% tax deferred and 3.6% capital gains tax concession	-	289.4
SGT3: nil cents per unit	-	-
	295.7	289.4

¹ The distribution in respect of SGT2 units for the period ended 30 June 2014 is expected to be 80 - 100% taxable.

² The number of securities entitled to distributions on record date 27 June 2014 was 2,979,214,029.

Interim distributions will be paid on 29 August 2014. The record date for the entitlement to these distributions was 7pm, 27 June 2014.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 30 June 2014

15 Segment reporting

Geographic segments

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

The Trust's income and expenses as well as the details of segment assets and liabilities 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, 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. Management of the Trust considers that, given the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar, and that most of the centres are under common management, and therefore, the drivers of their results are similar, the proportionate format income statement provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

15(a) Income and expenses

	Australia		New Zealand		Total	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	\$million	\$million	\$million	\$million	\$million	\$million
Revenue						
Property revenue ¹	487.5	489.8	68.5	59.8	556.0	549.6
	487.5	489.8	68.5	59.8	556.0	549.6
Expenses						
Property expenses, outgoing and other costs	(126.4)	(131.2)	(18.9)	(16.2)	(145.3)	(147.4)
Overheads	(17.9)	(18.3)	-	-	(17.9)	(18.3)
	(144.3)	(149.5)	(18.9)	(16.2)	(163.2)	(165.7)
Segment result	343.2	340.3	49.6	43.6	392.8	383.9
Segment revaluations						
Revaluation of properties and development projects	100.5	35.0	-	-	100.5	35.0
Equity accounted - revaluation of properties and development projects	56.2	46.2	4.8	13.9	61.0	60.1
	156.7	81.2	4.8	13.9	161.5	95.1
	499.9	421.5	54.4	57.5	554.3	479.0
Interest income					1.2	1.3
Currency gain/(loss)					2.7	(0.7)
Financing costs					(66.8)	(67.3)
Charges in respect of the Restructure and Merger					(46.4)	-
Tax expense - current underlying tax					(9.4)	(9.1)
Tax expense - deferred tax					(1.9)	(1.9)
Capital transactions and related costs					-	0.8
Profit after tax for the period					433.7	402.1

¹ Property revenue consists of amortisation of tenant allowances of \$5.7 million (30 June 2013: \$4.4 million) and equity accounted amortisation of tenant allowances of \$6.5 million (30 June 2013: \$5.2 million).

15(b) Assets and liabilities

	Australia		New Zealand		Total	
	30 Jun 14	31 Dec 13	30 Jun 14	31 Dec 13	30 Jun 14	31 Dec 13
	\$million	\$million	\$million	\$million	\$million	\$million
Total segment assets	13,274.8	12,740.4	1,334.2	1,307.5	14,609.0	14,047.9
Total segment liabilities	4,448.9	2,883.7	710.2	688.9	5,159.1	3,572.6
Total segment net assets	8,825.9	9,856.7	624.0	618.6	9,449.9	10,475.3
Equity accounted associates included in - segment assets	6,078.1	5,935.7	1,334.2	1,304.9	7,412.3	7,240.6
Equity accounted associates included in - segment liabilities	102.2	89.4	710.2	166.0	812.4	255.4
Additions to segment non current assets during the period	129.5	198.2	11.6	11.1	141.1	209.3

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2014

15 Segment reporting (continued)

15(c) Reconciliation of segment results

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

	Consolidated \$million	Equity accounted \$million	Total \$million
30 June 2014			
Revenue			
Property revenue	268.5	287.5	556.0
	268.5	287.5	556.0
Expenses			
Property expenses, outgoings and other costs	(70.0)	(75.3)	(145.3)
Overheads	(17.9)	-	(17.9)
	(87.9)	(75.3)	(163.2)
Segment result	180.6	212.2	392.8
Segment revaluations			
Revaluation of properties and development projects	100.5	-	100.5
Equity accounted - revaluation of properties and development projects	-	61.0	61.0
	100.5	61.0	161.5
	281.1	273.2	554.3
Interest income	0.7	0.5	1.2
Currency gain/(loss)	2.7	-	2.7
Financing costs	(66.5)	(0.3)	(66.8)
Charges in respect of the Restructure and Merger	(46.4)	-	(46.4)
Tax expense - current underlying tax	(0.8)	(8.6)	(9.4)
Tax expense - deferred tax	-	(1.9)	(1.9)
Profit after tax for the period	170.8	262.9	433.7
As at 30 June 2014			
Cash and cash equivalents	16.4	14.0	30.4
Trade debtors and receivables	307.5	17.0	324.5
Shopping centre investments	6,675.5	7,141.5	13,817.0
Development projects and construction in progress	139.9	236.4	376.3
Other assets	57.4	3.4	60.8
Total segment assets	7,196.7	7,412.3	14,609.0
Trade creditors, payables and other creditors	(161.5)	(139.8)	(301.3)
Interest bearing liabilities	(3,836.5)	(535.5)	(4,372.0)
Finance lease liabilities	(5.3)	(22.5)	(27.8)
Deferred tax liabilities	-	(109.4)	(109.4)
Other liabilities	(343.4)	(5.2)	(348.6)
Total segment liabilities	(4,346.7)	(812.4)	(5,159.1)
Total segment net assets	2,850.0	6,599.9	9,449.9

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2014

15 Segment reporting (continued)

15(c) Reconciliation of segment results (continued)

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

	Consolidated \$million	Equity accounted \$million	Total \$million
30 June 2013			
Revenue			
Property revenue	267.4	282.2	549.6
	267.4	282.2	549.6
Expenses			
Property expenses, outgoings and other costs	(71.8)	(75.6)	(147.4)
Overheads	(18.3)	-	(18.3)
	(90.1)	(75.6)	(165.7)
Segment result	177.3	206.6	383.9
Segment revaluations			
Revaluation of properties and development projects	35.0	-	35.0
Equity accounted - revaluation of properties and development projects	-	60.1	60.1
	35.0	60.1	95.1
	212.3	266.7	479.0
Interest income	0.7	0.6	1.3
Currency gain/(loss)	(0.7)	-	(0.7)
Financing costs	(66.9)	(0.4)	(67.3)
Tax expense - current underlying tax	(0.9)	(8.2)	(9.1)
Tax expense - deferred tax benefit	-	(1.9)	(1.9)
Gain/(loss) in respect of capital transactions	-	0.8	0.8
Profit after tax for the period	144.5	257.6	402.1
As at 31 December 2013			
Cash and cash equivalents	21.4	21.3	42.7
Trade debtors and receivables	32.2	14.0	46.2
Shopping centre investments	6,571.7	7,060.3	13,632.0
Development projects and construction in progress	104.9	142.1	247.0
Other assets	77.1	2.9	80.0
Total segment assets	6,807.3	7,240.6	14,047.9
Trade creditors, payables and other creditors	(133.0)	(120.5)	(253.5)
Interest bearing liabilities	(3,143.6)	-	(3,143.6)
Finance lease liabilities	(5.2)	(22.2)	(27.4)
Deferred tax liabilities	-	(106.2)	(106.2)
Other liabilities	(35.4)	(6.5)	(41.9)
Total segment liabilities	(3,317.2)	(255.4)	(3,572.6)
Total segment net assets	3,490.1	6,985.2	10,475.3

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2014

	Fair value		Carrying amount	
	30 Jun 14	31 Dec 13	30 Jun 14	31 Dec 13
	\$million	\$million	\$million	\$million
16 Fair value of financial assets and liabilities				
Set out below is a comparison by category of fair values and carrying amounts of all the Trust's financial instruments:				
Consolidated assets				
Cash and cash equivalents	16.4	21.4	16.4	21.4
Trade debtors ¹	4.3	8.8	4.3	8.8
Receivables ¹	303.2	23.4	303.2	23.4
Derivative assets ²	45.6	55.6	45.6	55.6
Consolidated liabilities				
Trade creditors ¹	45.3	43.6	45.3	43.6
Payables and other creditors ¹	116.2	89.4	116.2	89.4
Interest bearing liabilities ²				
- Fixed rate debt	1,836.7	1,820.1	1,706.8	1,751.1
- Floating rate debt	2,135.0	1,397.7	2,135.0	1,397.7
Derivative liabilities ²	39.5	34.0	39.5	34.0

¹ These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

² These financial assets and liabilities are subjected 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); and

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

	30 Jun 14	Level 1	Level 2	Level 3
	\$million	\$million	\$million	\$million
Consolidated assets measured at fair value				
Derivative assets				
- Currency derivatives	7.3	-	7.3	-
- Interest rate derivatives	38.3	-	38.3	-
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
- Fixed rate debt	1,836.7	-	1,836.7	-
- Floating rate debt	2,135.0	-	2,135.0	-
Derivative liabilities				
- Currency derivatives	0.9	-	0.9	-
- Interest rate derivatives	38.6	-	38.6	-

During the financial period, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	31 Dec 13	Level 1	Level 2	Level 3
	\$million	\$million	\$million	\$million
Consolidated assets measured at fair value				
Derivative assets				
- Currency derivatives	48.9	-	48.9	-
- Interest rate derivatives	6.7	-	6.7	-
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
- Fixed rate debt	1,820.1	-	1,820.1	-
- Floating rate debt	1,397.7	-	1,397.7	-
Derivative liabilities				
- Currency derivatives	1.6	-	1.6	-
- Interest rate derivatives	32.4	-	32.4	-

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

SCENTRE GROUP TRUST 2

DIRECTORS' DECLARATION

The Directors of RE1 Limited, the Responsible Entity of Scentre Group Trust 2 (the 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 of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2014 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 26 August 2014 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman



Michael Ihlein
Director

Independent auditor's report to the members of Scentre Group Trust 2

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Scentre Group Trust 2 (the Trust), which comprises the statement of financial position as at 30 June 2014, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Scentre Group Trust 2 and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of RE1 Limited a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Scentre Group Trust 2 is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Graham Ezzy
Partner
Sydney
26 August 2014



Ernst & Young

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT

In connection with the restructure of the Westfield Retail Trust implemented on 30 June 2014, the composition of the Board of RE1 Limited, the responsible entity of Scentre Group Trust 2 (the Trust), changed.

The Board comprises the following directors:

Frank Lowy AC	Chairman (appointed 30 June 2014)
Brian Schwartz AM	Deputy Chairman (appointed 30 June 2014)
Peter Allen	Chief Executive Officer/Executive Director ⁽¹⁾
Laurence Brindle	Non-Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

Mr Domenic E Panaccio, Managing Director, retired on 30 June 2014.

⁽¹⁾ Mr Peter Allen was Non-Executive Director to 30 June 2014.

Review and results of operations (including Scentre Group Trust 3)

	30 Jun 14	30 Jun 13
	\$million	\$million
Profit after tax, funds from operations and distribution for the period¹		
Net property income	410.7	402.2
Overheads	(17.9)	(18.3)
Currency loss	(0.5)	(0.2)
Net financing costs	(91.2)	(83.7)
Mark to market of derivatives and currency gain/(loss)	28.8	17.2
Gain in respect of capital transactions	-	0.8
Charges in respect of the Restructure and Merger	(46.4)	-
Property revaluations	161.5	95.1
Tax expense	(11.3)	(11.0)
Profit after tax for the period	433.7	402.1
Adjusted for:		
- Property revaluations	(161.5)	(95.1)
- Amortisation of tenant allowances	12.2	9.6
- Mark to market of derivatives and currency gain/(loss)	(28.8)	(17.2)
- Gain in respect of capital transactions	-	(0.8)
- Charges in respect of the Restructure and Merger	46.4	-
- Deferred tax expense	1.9	1.9
Funds from operations (FFO)	303.9	300.5
Less: amount retained	-	(3.2)
Distribution for the period	303.9	297.3
FFO per security (cents)²	10.200	9.929
Distribution per security (cents)²	10.200	9.925

¹ Prepared on a proportionate basis.

² The number of securities used to calculate the FFO and distribution per security is 2,979,214,029 (30 June 2013: 3,026,394,383).

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

Review and results of operations (continued)

The Trust's profit after tax for the half-year to 30 June 2014 was \$433.7 million (30 June 2013 : \$402.1 million).

Funds from operations for the six months were \$303.9 million (30 June 2013 : \$300.5 million) or 10.2 cents (30 June 2013: 9.929 cents) per security, after adjusting for property revaluations of \$161.5 million (30 June 2013: \$95.1 million), amortisation of tenant allowances of \$12.2 million (30 June 2013: \$9.6 million), gain on mark to market of derivatives and currency gain of \$28.8 million (30 June 2013: \$17.2 million), deferred tax expense of \$1.9 million (30 June 2013: \$1.9 million), charges in respect of the Restructure and Merger \$46.4 million (30 June 2013: nil) and gain on capital transactions of nil (30 June 2013: \$0.8 million).

The distribution of 10.2 cents (30 June 2013: 9.925 cents) per security for the six month period represents 100% (30 June 2013: 100%) of funds from operations per security and will be paid to securityholders on 29 August 2014.

As at 30 June 2014, the Trust has total consolidated and equity accounted properties of \$14.2 billion. Occupancy rates for those properties continues to be in excess of 99.5% leased. The Trust's interest in 46 shopping centres comprises approximately 12,071 retail outlets and 3.7 million square metres of retail space.

The Australian and New Zealand operations contributed net property income of \$410.7 million for the six months to 30 June 2014 with an underlying comparable net operating income growth of 2.3%.

Comparable specialty retail sales for the half-year increased by 3.3% in Australia and 0.8% in New Zealand.

Other than the Westfield Retail Trust and Westfield Group Restructure and Merger implemented on 30 June 2014 as described in Note 2(b), there has been no significant changes in the Trust's state of affairs during the Financial Period.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

Principal Activity

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

Rounding

The Trust is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest tenth of a million dollars.

Auditor's independence declaration

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



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Auditor's Independence Declaration to the Directors of RE1 Limited as responsible entity of Scentre Group Trust 2

In relation to our review of the financial report of Scentre Group Trust 2 for the half-year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Graham Ezzy
Partner
26 August 2014

Ernst & Young

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This Report is made on 26 August 2014 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

DIRECTORY

Scentre Group

Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1

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

Scentre Group Trust 2

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

Scentre Group Trust 3

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

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Secretaries

Maureen T McGrath
Paul F Giugni

Auditors

Ernst & Young
The Ernst & Young Centre
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Sydney NSW 2000

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E-mail: web.queries@computershare.com.au
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Listing

Australian Securities Exchange – SCG

Website

www.scentregroup.com