SCA Property Group

ANNUAL REPORT 2014

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FINANCIAL CALENDAR

5 November 2014	Meeting of unitholders
December 2014	Estimated interim distribution announcement and units trade ex-distribution
January 2015	Interim distribution payment
February 2015	Interim results announcement
June 2015	Estimated final distribution announcement and units trade ex-distribution
August 2015	Full-year results announcement
August 2015	Final distribution payment
August 2015	Annual tax statement

MEETING OF UNITHOLDERS

The meeting of unitholders will be held at 2pm at the Intercontinental Hotel, 117 Macquarie St, Sydney NSW 2000, on 5 November 2014.

UNITHOLDER REGISTER DETAILS

You can view your holdings, access information and make changes by visiting www.investorcentre.com.

Responsible entity

Shopping Centres Australasia Property Group RE Limited ABN 47 158 809 851 AFSL 426603. Shopping Centres Australasia Property Group comprises Shopping Centres Australasia Property Management Trust. (ARSN 160 612 788) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 626).

Front Cover: Blakes Crossing South Australia

OUR 2014 PERFORMANCE HIGHLIGHTS

(For period 1 July 2013 to 30 June 2014)

12.4¢

DISTRIBUTABLE EARNINGS (PER UNIT)

$1.1 billion

MARKET CAPITALISATION ON THE ASX AS AT 30 JUNE 2014

$111.6m

STATUTORY PROFIT AFTER TAX

$80.4m

DISTRIBUTABLE EARNINGS

SOLID PORTFOLIO PERFORMANCE

7.83%

PORTFOLIO WEIGHTED AVERAGE CAP RATE

strengthened by 22bps

$30.1m

INCREASE IN PROPERTY VALUE

from the revaluation of all properties

GROWING OUR PORTFOLIO

7

ACQUIRED PROPERTIES

integrated into our portfolio

4

COMPLETED DEVELOPMENTS

1

PLANNED REFURBISHMENT

due for completion in FY15

PRUDENT CAPITAL AND COST MANAGEMENT

EXPANDED DEBT FACILITIES

to include a fourth bilateral lender and entered into a US private placement

REDUCED THE NUMBER OF UNITHOLDERS

from approximately 130,000 to less than 112,000.

Second small unitholding sale facility launched.

MESSAGE FROM THE CHAIRMAN

PHILIP MARCUS CLARK AM
INDEPENDENT CHAIRMAN

On behalf of the Board, I am pleased to present SCA Property Group's Annual Report, including its Financial Statements, for the year ended 30 June 2014.

ACHIEVEMENTS

The 2013-2014 financial year has been the first full year of operation for SCP, following its listing in December 2012. It has been a year of consolidation, achievement and growth. Significant outcomes and initiatives are highlighted below.

Financial results

I am pleased to report that we have delivered satisfactory financial results for our investors:

– Distributable earnings were 12.4 cents per unit in 2013-14, exceeding the PDS forecast of 11.8 cents per unit and market guidance of 12.3 cents per unit.
– Distributions of 11.0 cents per unit have been paid to unitholders compared to the 10.4 cents per unit forecast in the PDS.
– Total SCP unitholder return for the year to 30 June 2014 was over 15%, which outperformed both the ASX 200 AREIT index and the retail AREIT sub-sector index.

Strong portfolio management

– We reduced our specialty vacancy rate from 14% at 30 June 2013 to 8.6% at 30 June 2014 and we are on track to achieve our target of less than 5% specialty vacancy by 31 December 2014.
– We acquired 7 mature neighbourhood centres for $145.7 million and divested 7 smaller non-core centres for $75.7m at 4.3% above book value.
– We acquired another 4 completed development properties, with only one development property remaining to be acquired at Greystanes, NSW.
– We have identified a $100 million pipeline of development opportunities in our existing portfolio and commenced work on our first redevelopment at Lismore, NSW.
– Strong supermarket sales performance, with our Australian Supermarkets growing at 8.4% and New Zealand Supermarkets growing at 5.9%, well above comparable store sales growth, demonstrates the strength and potential of our quality portfolio.

11.0¢

DISTRIBUTION (PER UNIT)

88.7%

PAYOUT RATIO

Prudent capital management

- During the year we restructured our bank debt to reduce debt costs, to extend the maturity profile of our debt and to diversify lenders.
- In August 2014 we received the funds from the US Private Placement (USPP) raising $210 million. Following the USPP SCP's weighted average cost of debt is approximately 5.1% p.a. and the weighted average term to maturity has increased to over 6.5 years.
- During the year we have maintained conservative gearing levels, in line with guidance.

GOVERNANCE AND STAKEHOLDER COMMUNICATIONS

The Board has continued to improve the Group's corporate governance structure and processes.

The safety and wellbeing of our customers, tenants and employees is paramount. For this reason, we have established a rigorous approach to health and safety management and reporting, which is closely monitored by management and by the Board.

We have made significant progress in developing our reporting procedures and the quality of communication with the market. Management have been complimented by numerous investors and analysts on the Group's comprehensive and transparent reporting.

The Board has acted decisively on the first strike outcome on the 2013 Remuneration Report at the inaugural Annual General Meeting. The Chair of our People Policy Committee, Belinda Robson, and I have consulted extensively with unitholders and proxy advisors. You will see from the 2014 Remuneration Report that considerable effort has gone into restructuring our executive remuneration arrangements. I commend the 2014 Remuneration Report to unitholders.

The Board and management pay attention to all our investors, large and small and have responded conscientiously to all issues raised by our unitholders. We have put in place a second Small Holding Sale Facility to enable unitholders who hold unmarketable parcels of SCP units to sell those small holdings at no cost to the unitholder.

STRATEGIC PLANNING

The Board and senior management attended a very productive two day offsite meeting in May 2014. We undertook a comprehensive review of the Group's business. We agreed long term growth targets and core strategies for the Group to achieve to those objectives, so we continue to deliver value for unitholders in a manner consistent with maintaining the Group's defensive risk profile.

ACKNOWLEDGEMENTS

I wish to thank my fellow Board members in Australia, our Independent Directors in New Zealand, our executive management team and our staff for their hard work, dedication and enthusiasm.

Finally, I thank all SCP unitholders for their continued support and confidence.

Yours sincerely

Philip Marcus Clark AM
Chairman, SCA Property Group

MESSAGE FROM THE CEO

ANTHONY MELLOWES
EXECUTIVE DIRECTOR AND CEO

It gives me great pleasure to present SCP's annual report for its first full financial year of operations.

It has been a busy twelve months for SCP and a lot has been achieved. First and foremost, SCP has exceeded its PDS distribution forecast by delivering a full year distribution of 11 cents. This represents an increase of 5.8% above the PDS forecasts.

This distribution has been achieved whilst SCP has been in a process of consolidating its systems, continuing to lease up vacant specialty space and continuing to recycle its capital by acquiring assets which align with our strategy and offer accretion to our unitholders, whilst divesting other non-core assets at a premium to book value.

We have also restructured our debt for the long term benefit of the Group by undertaking the USPP and restructuring our domestic bank debt to maximise benefits for unitholders whilst maintaining a conservative gearing level of 32.6%. All of these initiatives position SCP well for the future.

32.6%

GEARING

$1.64

NET TANGIBLE ASSETS PER UNIT

DISTRIBUTIONS

SCP paid a distribution in respect of the six month period to 31 December 2013 of 5.4 cpu, and has paid a final distribution in respect of the six month period to 30 June 2014 of 5.6 cpu, bringing full year distributions to unitholders to 11.0 cpu. This represents a payout ratio of 88.7% of Distributable Earnings. The approximate tax deferred component was 26% which is below the normalised level due to capital gains realised on the disposal of properties during the year.

SCP's investment objective is to deliver regular distributions to investors based on a defensive and stable income stream from a geographically-diverse portfolio of convenience-based retail centres, with a strong weighting toward the non-discretionary retail segment and anchored by long term leases to quality tenants. The distribution policy reflects this with a target payout ratio of 85–95% of Distributable Earnings.

CAPITAL TRANSACTIONS

In November 2014 SCP acquired a portfolio of seven (7) neighbourhood centres in Tasmania for a purchase price of 145.7m (excluding transaction costs) whilst simultaneously divesting seven (7) non core assets for $75.7m representing a 4.3% premium to book value. In addition SCA has acquired 4 of the remaining 5 assets to be developed and transferred to SCA from Woolworths. SCP's portfolio value has increased to $1.648 billion as a result of these transactions.

CAPITAL MANAGEMENT

In May 2014, we entered into $100 million of additional 3 and 5 year interest rate swaps, such that 86% of our debt was fixed rate hedged as at 30 June 2014. For the 12 months to 30 June 2014, the Group's all-in weighted average cost of debt was around 4.9% pa, and the weighted average debt maturity was 3.5 years as at 30 June 2014.

In June 2014, we agreed terms with US private placement ("USPP") investors to issue unsecured Notes to raise A$210 million. On 14 August 2014, the Notes were issued and the cash was received. The cash was used to repay existing debt and for working capital. The Notes have been rated Baa1 by ratings agency Moody's. All amounts received have been swapped to A$ floating rate obligations. As a result of the USPP, the weighted average term to maturity of our debt has increased to over 6.5 years, and the weighted average cost of debt for FY15 is expected to be around 5.1%.

In February 2014, we announced the commencement of an on-market buyback, to be implemented only if our unit price trades below NTA. Since that time, our units have consistently traded at a premium to NTA, therefore no units have been bought back to date. The buyback remains open until February 2015.

STRONG SALES GROWTH

I am very pleased with the performance of the Supermarkets in our portfolio. During the year our Australian Supermarkets grew by 8.4% which is significantly above the growth rates experienced by our peers, and well above the average same store sales growth reported by Coles and Woolworths.

LEASING

We have continued to make good progress on our specialty leasing and we remain confident of reaching our goal of less than 5% specialty vacancy by December 2014. During the last twelve months we have reduced our specialty vacancy as a percentage of GLA from 14.0% in June 2013 to 8.6% as at 30 June 2014. To achieve our 31 December 2014 target of less than 5% specialty vacancy, we need to lease another 4,100 sqm of space before then, and we are on track to achieve this target. Total occupancy across the portfolio as at 30 June was 97.8%.

DEVELOPMENT OPPORTUNITIES

We have also commenced the first development opportunity from our existing portfolio, with the decision to refurbish the Lismore neighbourhood shopping centre at a cost of $7.5 million during FY15. As an older centre in a prime town-centre location, we expect that this refurbishment will meet our investment criteria and return hurdles.

In addition, we have identified development opportunities for a further 16 of our centres, with total estimated investment potential of over $100 million, to be completed progressively over the next five (5) years.

STRATEGY AND OUTLOOK

The key short term priority for the Group remains the leasing of specialty vacancies in the existing portfolio. Based on progress to date, and the pipeline of leasing deals, the Group is on track to achieve a forecast portfolio occupancy level of over 98.5% by 31 December 2014.

We continue to investigate and consider a range of potential strategic initiatives but remain committed to our core strategy, which is to deliver sustainable earnings and distributions growth by optimising the performance of the existing portfolio, by executing further acquisitions of convenience-based shopping centres and by investing in selected development opportunities within our existing portfolio.

Kind regards

A. Mellowes

Anthony Mellowes
Chief Executive Officer, SCA Property Group

ABOUT US

SCA PROPERTY GROUP

SCA Property Group (SCP) includes two internally managed real estate investment trusts, the units of which are stapled together to form a stapled listed vehicle. The Group owns and manages a portfolio of quality sub-regional and neighbourhood shopping centres and freestanding retail assets. The portfolio is focused on convenience retailing across Australia and New Zealand.

As at 30 June 2014, our portfolio consisted of 75 centres valued at $1,648 million. In addition, we have agreed to acquire two further neighbourhood centres in Tasmania: Claremont Plaza in Hobart for $27.9 million and Prospect Vale in Launceston for $26.8 million. Convenience retailing has proven to be a resilient asset class due to its exposure to non-discretionary retail tenants. Many of the Group's convenience-based retail centres have a strong weighting to food sales, due to grocery-based anchors such as supermarkets.

SCA Property Group's portfolio benefits from long-term leases to Woolworths Limited and Wesfarmers Limited, which act as an anchor tenant at each property. In June 2013 we introduced Wesfarmers as a tenant of SCA Property Group. Wesfarmers is the owner of Coles and other retail businesses. Woolworths and Coles are Australia's largest retailers by sales revenue and number of stores. Woolworths and Wesfarmers are also major liquor, home improvement and petrol retailers.

SCA Property Group is listed on the Australian Securities Exchange (ASX) under the code 'SCP'.

A SHORT HISTORY

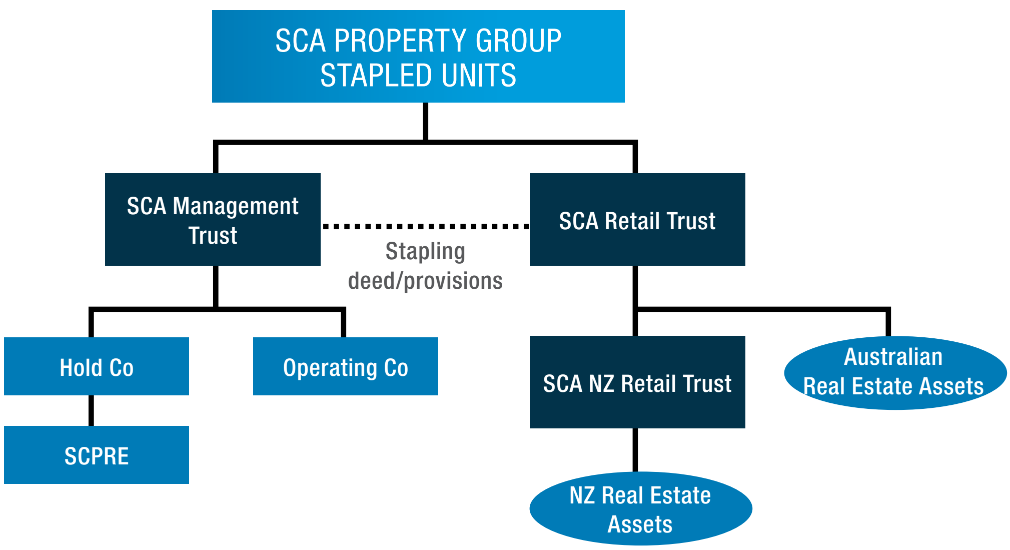
SCA Property Group is a stapled trust structure, which was created by Woolworths in October 2012 to act as a landlord for a number of its Shopping centres. The trust was created by Woolworths transferring its ownership in those shopping centres to SCA Property Group and then issuing qualifying Woolworths shareholders with units in SCP (called an in-specie distribution).

GROUP STRUCTURE

SCA Property Group comprises two registered managed investment schemes: Shopping Centres Australasia Property Management Trust (SCA Management Trust) (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (SCA Retail Trust) (ARSN 160 612 788). The units in each are stapled to form the stapled listed vehicle, SCA Property Group.

SCA Property Group is internally managed, which allows us to align management interests with the interests of our unitholders.

Shopping Centres Australasia Property Group RE Limited (SCPRE) (ACN 158 809 851) is the responsible entity (AFSL426603) to the Management and Retail Trusts. The responsible entity is a wholly-owned subsidiary of the Management Trust



Simplified ownership structure and property interests

Photo: Sorell, Tasmania

OUR PROPERTY PORTFOLIO

SCA Property Group's portfolio comprises 75 neighbourhood, sub-regional and freestanding retail shopping centres located across Australia and New Zealand.

As at 30 June 2014, the Group's portfolio consisted mainly of operating properties, as well as one property under construction by the Woolworths Group. The portfolio is valued at $1,648 million, which includes $31 million for the property under construction. Occupancy is at 97.8 per cent.

75

OPERATING PROPERTIES

59 in Australia
14 in New Zealand
1 refurbishment, 1 development

825

SPECIALTY TENANTS

$1,648m

INVESTMENT PROPERTIES TOTAL VALUE

13.5yrs

WEIGHTED AVERAGE LEASE EXPIRY

for tenants

5.4yrs

AVERAGE AGE OF PORTFOLIO

from completion or refurbishment

473,507m^2

GROSS LETTABLE AREA

97.8%

PORTFOLIO OCCUPANCY

OUR PROPERTY PORTFOLIO CONTINUED

AUSTRALIAN PORTFOLIO

The Australian portfolio comprises 61 neighbourhood and sub-regional shopping centres and freestanding properties across the country. This includes one asset under construction (Greystanes), and one asset held for refurbishment (Lismore) as at 30 June 2014. The total value of the Australian investment properties as at 30 June 2014 was $1,437.6 million (up from $1,330.2 million as at 30 June 2013). The increase in value of the Australian properties during the year was principally due to:

– The acquisition of six properties in Tasmania for $117.8 million (excluding Claremont which is due to settle during FY15);
– The completion of the development properties at Lilydale, Katoomba, and Kwinana Stage 2 Dan Murphy's; and
– Favourable fair value movements of $23.1 million, primarily due to cap rate compression.

The weighted average capitalisation rate for the Australian portfolio is now 7.86 per cent, compared to 8.07 per cent as at 30 June 2013. 29 properties were independently valued during the year, and the balance were internally valued.

NEW ZEALAND PORTFOLIO

The New Zealand portfolio comprises 14 freestanding properties and neighbourhood shopping centres across the country. The total value of investment properties as at 30 June 2014 was $210.8 million (up from $174.2 million as at 30 June 2013). The increase in value of the New Zealand properties during the year was principally due to:

– The acquisition of St James in November 2013 for NZ$12.0 million;
– Favourable fair value movements of $7.0 million; and
– Favourable exchange rate movements of $17.7 million.

The weighted average capitalisation rate for the New Zealand portfolio is now 7.68 per cent, compared to 7.88 per cent as at 30 June 2013. 7 properties were independently valued during the year, and the balance were internally valued.

Assets as at 30 June 2014	Number of centres	Number of specialties	GLA (sqm)	Occupancy (% GLA)	Value (A$m)	WALE (yrs)	Weighted average cap rate (%)
Freestanding	15	4	61,922	99.8%	214.8	16.4	7.78
Neighbourhood	52	533	267,171	97.6%	949.8	12.9	7.89
Sub-regional	6	288	131,943	97.2%	431.5	13.5	7.70
Total Completed Assets	**73**	**825**	**461,036**	**97.8%**	**1,596.1**	**13.6**	**7.82**
Asset under refurbishment	1	20	6,912	92.9%	21.5	13.3	8.75
Development/Other [1]	1	27	5,559		30.9		
All Assets	**75**	**872**	**473,507**		**1,648.4**		

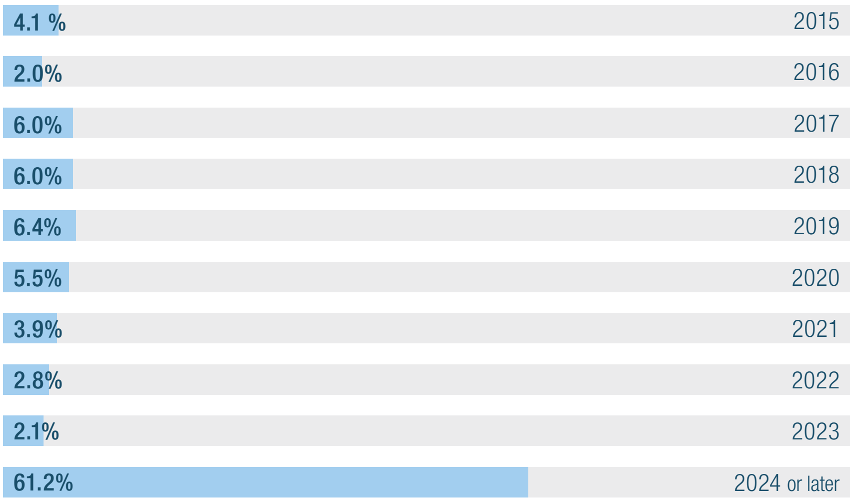
[1] Greystanes. Excludes Claremont Plaza which is under deferred settlement, and Prospect Vale which has been acquired under a conditional contract.

OUR TENANTS

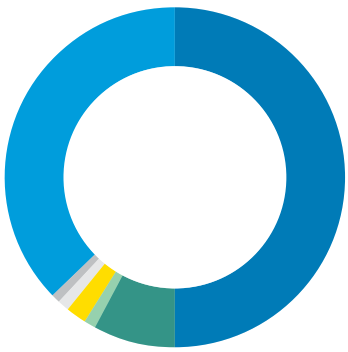
The Group's shopping centres are anchored by long-term leases to high-quality tenants with a weighted average lease expiry of 13.5 years.

Nearly half the portfolio is located in new growth corridors and regions, and largely comprises convenience-based neighbourhood centres with a strong weighting to the non-discretionary retail segment. Woolworths and Wesfarmers-owned anchor tenants represent 63 per cent of gross income. The remaining 37% of gross income comes from specialty tenants skewed toward non-discretionary categories.

OVERALL LEASE EXPIRY (% OF GROSS RENT)



TENANTS BY CATEGORY (BY GROSS RENT)[1]



- Woolworths Supermarkets 50%
- Specialties 37%
- Target 1%
- Kmart 1%
- Coles 2%
- Dan Murphy's 1%
- Big W 8%

SPECIALTY TENANTS BY CATEGORY (BY GROSS RENT)[2]

- Food / Takeaway Food 27%
- Everyday Services 24%
- Pharmacy and Medical 16%
- Discount Stores 10%
- Fashion 8%
- Petrol 3%
- Other Retail 12%

[1] Excluding vacancy

[2] Includes franchisees, licencees, and kiosk operators

OUR STRATEGY

SCP aims to ensure resilient cashflows, to provide investors with secure and growing distributions.

SCP's core strategy is to invest in a geographically diverse portfolio of convenience-based retail centres. Our portfolio focuses on the non-discretionary retail sector (primarily convenience retailers and grocery outlets) and is anchored by long-term leases to quality tenants.

Focus on convenience-based retail centres

Weighted to non-discretionary retail segment

Long leases to quality anchor tenants

Appropriate capital structure

Growth opportunities

SCP's portfolio is relatively young, with an average age of less than 6 years (weighted by value) from completion or refurbishment. This presents both opportunities and challenges, and our strategy for the immediate future is to generate incremental growth by positioning the portfolio to maximise its long-term value.

We are doing this by:

- Optimising the existing portfolio: A key priority for the Group is to reduce the level of specialty vacancy. In this regard, we have internalised the leasing management function and have employed dedicated leasing executives. We are also looking for other opportunities to manage our assets more effectively and efficiently. Initiatives include leveraging economies of scale, identifying incremental income opportunities and working more efficiently with external property managers and contractors;
- Growing the portfolio: By completing the Woolworths development properties, by undertaking selected acquisitions and divestments, and by conducting selected small-scale development opportunities in our completed portfolio;
- Capital management: We adopt a prudent approach to capital management, with the aim of achieving a sustainably low cost of capital; and
- Sustainability: This is SCP's first full year of reporting and during the period the Board's focus has been to ensure the sustainability of SCP's business in a risk adjusted manner.

OPTIMISING THE EXISTING PORTFOLIO

Recognising that it generally takes new convenience-based retail centres several years to stabilise, rental guarantee arrangements were put in place to compensate our unitholders for the loss of any income from specialty vacancies that existed at the time of SCP's establishment. These arrangements are valid for two years (to December 2014) for completed assets at the time of the IPO, and two years from the opening of any newly completed development property to October 2016.

We are confident of achieving a normalised level of occupancy by the end of the rental guarantee arrangement, and continue to prioritise specialty leasing. We have brought SCP's leasing and tenant coordination functions in-house to drive progress in specialty leasing. Our strategy is to ensure we secure the right tenant for the right location to create a sustainable and long-term tenant mix. We aim to reduce the time between signing a lease deal and opening the specialty store, in line with industry averages.

We are also exploring opportunities to reduce costs by utilising our economies of scale to achieve savings in areas such as property management, electricity, cleaning and security.

GROWING THE PORTFOLIO

The market for convenience-based retail centre ownership is fragmented and provides acquisition opportunities from time to time.

There is a strong pipeline of new convenience-based centres due to population growth. Private individuals and retailers are still the dominant developers of convenience-based centres, and will be for the medium term.

In addition, many of our completed centres have relatively low-risk development opportunities such as supermarket expansions and small centre expansions that we intend to pursue in coming years.

CAPITAL MANAGEMENT

Gearing

We maintain a prudent approach to managing the balance sheet, with gearing of 32.6 per cent as at 30 June 2014, which is comfortably within the policy range of 30–40 per cent. At 30 June 2014, the Group had cash and undrawn facilities of $56 million.

Interest rate hedging

SCP's interest rate hedging policy is designed to reduce the volatility of future distributable earnings as a result of changing interest rates. We manage this exposure by:

– Targeting a range for fixed interest rate exposure of 50–100 per cent of drawn borrowings; and
– Using derivative contacts and/or other agreements to fix interest payment obligations.

The Directors will monitor this policy to ensure it meets SCP's ongoing objectives and is in the best interests of unitholders. As at 30 June 2014, 86 per cent of the group's debt was fixed or hedged.

Distribution payout ratio

SCP has a target payout ratio of 85–95 per cent of distributable earnings. For the year to 30 June 2014 our distribution payout ratio was 88.7%.

OUR COMMITMENT TO SUSTAINABILITY

Sustainability of our business

To that end we have:

– Focused on leasing our specialty vacancy leveraging the Woolworth's Rental Guarantee to secure quality tenants who we believe will deliver sustainable earnings
– sold non-core assets and purchased assets that we believe will deliver strong returns

Safety and community

We have put the safety of all our employees, contractors and visitors to our centres at the heart of what we do. Working with our outsourced property managers we have developed strong controls to ensure safety. We have had zero fatalities and zero injuries resulting in serious permanent disability.

This is a strong start and we intend to keep it that way.

The Board receive monthly reports on all incidents that occur at SCP's shopping centres. The reports identify the centre at which they occur and the nature of the incident (slip and trip (broken down into wet surface – rain, wet surface-food and drink, wet surface-oil and grease, tripped over object, uneven floor, no apparent reason) or escalator/travelator related incidents or incidents relating to falling objects and others).

The Board uses these reports to identify issues and ensure appropriate resourcing and expenditure.

For FY14 SCA Property Group and its property managers have focussed their community engagement on those communities where its impact would be felt the most. As an example, Kwinana was a finalist in the "Little Guns Marketing Awards" for that centres' "Little Hands" community marketing campaign.

The program helps integrate the shopping centre with the local community. Centre Management identified that there was little opportunity for financial support for local community and sporting groups within the City of Kwinana. The Kwinana Marketplace Helping Hand Program was launched on October 23, 2013 in partnership with the City of Kwinana Council and media partner, the Sound Telegraph Newspaper. Local non-profit community and sporting groups were invited to nominate themselves to participate in the program.

Every two months, a group was chosen to receive a $1,000 donation from Kwinana Marketplace, the opportunity for up to 12 days of free Casual Mall Leasing in Centre, as well as free Kwinana Marketplace coffee vouchers for their volunteers. Additionally, the group was promoted through advertisement and editorial coverage, in-centre signage and posts to the 4,000+ Facebook followers.

As at September 2014, four community groups have been awarded the Kwinana Marketplace Helping Hand representing 174 local volunteers and members. There have been 33 community and sporting groups nominated for the program representing 3,117 volunteers and members.

SCP is committed to community engagement programs such as this.

Environment

Environmental compliance is important to SCP. SCP have engaged specialist consultants who have performed a thorough review of the majority of our centres confirming they meet all legal standards.

From this base SCP intends to develop a program of sustainable practices and will have regard as a starting point to the energy and water usage at each centre to see if any improvements can be made.

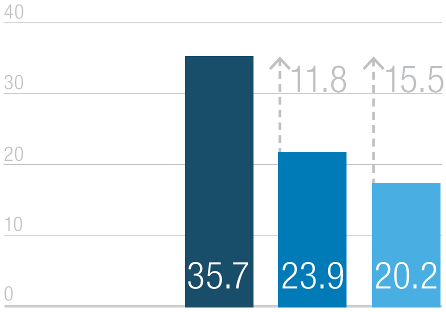
OUR PERFORMANCE

SCP HAS DELIVERED SUPERIOR RETURNS TO UNITHOLDERS

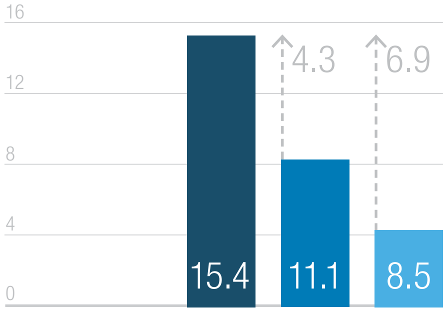
SCP has provided stable and secure distributions that have been supplemented by strong unit price performance during the FY14 financial year, and since IPO.

SCP has delivered a total unitholder return of 15.4% for FY14, representing 4.3% and 6.9% outperformance relative to the broader AREIT sector and retail AREIT sub-sector respectively.

CUMULATIVE TOTAL RETURN SINCE SCP IPO (DEC-2012) (%)



FY14 TOTAL RETURN (%)

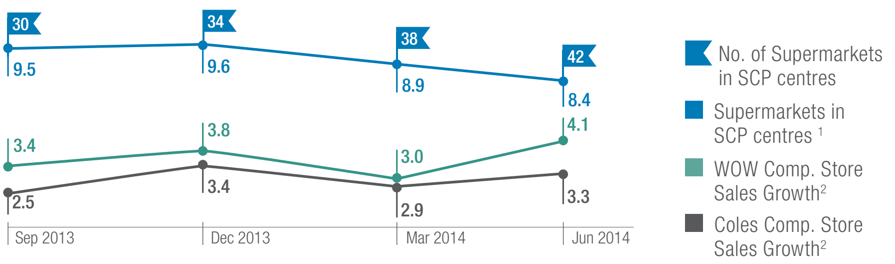


SCP S&P/ASX 200 AREIT Accumulation Index UBS Retail Property Accumulation Index

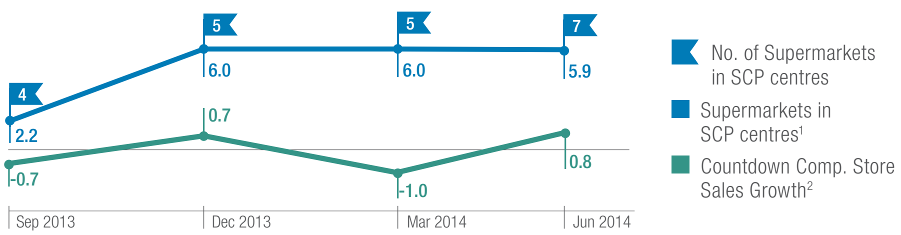
STRONG SALES GROWTH IN OUR CENTRES

In FY14, anchor tenants in the Australian portfolio that had been trading for more than 24 months delivered 8.4 per cent sales growth, significantly stronger than our AREIT peers, and stronger than the average comparable store sales performance achieved by Woolworths and Coles during the same period. This result reflects the relatively young age of the centres, larger average store sizes in our portfolio, and that a higher proportion of our centres are in growth corridors, which are generally characterised by strong population growth. Supermarket sales growth is a key determinant of centre health, helping to drive foot traffic, specialty sales growth, and specialty leasing progress.

AUSTRALIA (12 MONTH MAT SALES GROWTH %)



NEW ZEALAND (12 MONTH MAT SALES GROWTH %)

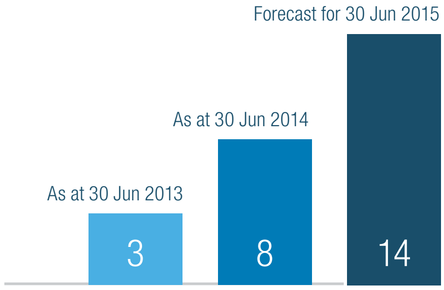


[1] 12 month 'Moving Annual Turnover' for Supermarkets open > 24 months.
[2] Quarter on prior corresponding Quarter sales growth as reported by Woolworths and Wesfarmers. Countdown is 100% owned by Woolworths Limited.

TURNOVER RENT THRESHOLDS BEING ACHIEVED

As a result of strong sales growth, some anchor tenants are achieving turnover rent thresholds. Once turnover rent thresholds are achieved, rental income increases with store sales growth. As at 30 June 2014, 8 anchors were generating turnover rent, and for the 12 months to 30 June 2014 turnover rent was $0.9 million. We expect these numbers to increase in coming years.

NUMBER OF ANCHORS ABOVE TURNOVER THRESHOLD[1]

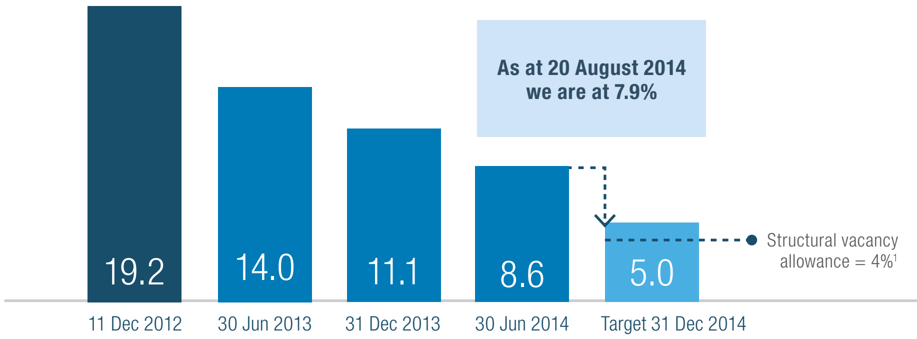


[1] Management estimates

SOLID PROGRESS IN SPECIALTY LEASING

SCP made good progress in our specialty leasing program in FY14. Portfolio occupancy increased from 96.6% to 97.8% of gross lettable area (GLA), with specialty vacancy reducing from 14.0% to 8.6% of GLA. We are aiming to reduce specialty vacancy to below 5.0% by 31 December 2014, which would correspond to portfolio occupancy of over 98.5%.

SPECIALTY VACANCY TARGET (% OF SPECIALTY GLA)



[1] Mid-point of long term normalised sustainable specialty vacancy range of 3% to 5%

ACTIVE PORTFOLIO MANAGEMENT

During the year we have acquired a number of neighbourhood centres, consistent with our strategy and investment criteria. We have also made divestments of non-core properties, and completed a number of Woolworths development properties.

Total In November 2013, we agreed to acquire a portfolio of seven neighbourhood shopping centres in Tasmania for $145.7 million. We also divested seven non-core centres for $75.7 million, representing a 4.3% premium to book value. We completed four of the Woolworths development properties during the financial year, being Lilydale (July 2013), St James NZ (November 2013), Kwinana Stage 2 Dan Murphy's (December 2013) and Katoomba Marketplace (April 2014).

In addition, in August 2014 we agreed to conditionally acquire another property, Prospect Vale in Launceston, Tasmania, for $26.8 million.

Portfolio Metrics	Acquisitions[1]	Woolworths Developments Completed[2]	Disposals
Completed Properties	7	4	(7)
Book Value ($m)	146	135	(73)
Portfolio Capitalisation Rate	8.0%	7.7%	7.5%
WALE (Years)	8.5	17.1	19.1
Average property age (years)	26.6	-	1.9
GLA (square metres)	43,372	35,963	(23,166)
No. of specialties	105	59	(6)
Majors leases as % of GLA	66%	72%	98%
Current Occupancy (by GLA)	98.0%	98.9%	99.2%

[1] Acquisitions includes Claremont which is not due to settle until late calendar year 2014
[2] At time of acquisition; Including completion of stage 2 development of Dan Murphy's pad site at Kwinana Marketplace

The acquisitions and divestments during the period are consistent with SCP's investment criteria and have strengthened the quality of SCP's portfolio:

- Introduced a number of more mature assets
- Improved the portfolio income growth profile
- Continued to diversify the portfolio by tenant composition, adding an additional three Wesfarmers anchored shopping centres, and
- Further diversified the portfolio geographically with SCP's first acquisitions in the Tasmanian market
- Divestments above book value.

In August 2014 we agreed to conditionally acquire another property, Prospect Vale in Launceston, Tasmania:

- Woolworths-anchored neighbourhood shopping centre. Other tenants include Caltex, BWS and 18 other specialties. Fully leased
- Purchase price $26.8m, implying cap rate of 7.6%
- Settlement expected in September 2014.

OUR PERFORMANCE
CONTINUED

DEVELOPMENT PIPELINE

We have identified over $100 million of development opportunities at 17 of our centres over the next five years. These are generally bolt-on developments to our existing centres. The first development will be a refurbishment of our centre in Lismore, which we expect to complete prior to 30 June 2015 for an investment of $7.5 million.

		Estimated Capital Investment (A$m)				
Development Type	**Centre(s)**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**
Centre refurbishment	Lismore (committed)	7.5				
Stage 3 (third anchor)	Kwinana		15.0			
Centre expansions	Central Highlands, Mackay, North Orange, Epping North, Treendale		7.0	20.0	12.0	
Supermarket expansions	Chancellor Park, Ocean Grove, Newtown (Tasmania), Gladstone, Riverside, West Dubbo		7.0	24.0	3.0	
	Wyndham Vale, Merimbula, Collingwood Park, Kingston				5.0	13.0
Total		**7.5**	**29.0**	**44.0**	**20.0**	**13.0**

PRUDENT CAPITAL MANAGEMENT

SCP maintains a prudent approach to managing the Balance Sheet, with gearing of 32.6 per cent as at 30 June 2013. This is comfortably within the policy range of 30–40 per cent. At 30 June 2014, the group had cash and undrawn facilities of $56 million.

During FY14, the weighted average cost of debt (including amortisation of establishment fees) was 4.9 per cent. As at 30 June 2014, 86 per cent of the group's debt was fixed or hedged.

In August 2014, we received $210 million from a US Private Placement ("USPP"), with a weighted average term to maturity of 14 years, swapped back to A$ floating rates averaging 4.5%. The Notes have been rated Baa1 by Moody's. Following the USPP, the weighted average cost of debt is approximately 5.1%, and the weighted average term to maturity has increased to over 6.5 years, with no debt expiry until December 2016. We have $660 million of debt facilities, including the USPP.

We are well within debt covenant limits of less than 50% gearing and interest cover ratio greater than 2.0x (currently 4.1x).

SCP will maintain its judicious approach to capital management, and will continually monitor and assess opportunities in the debt capital markets to ensure an appropriate and efficient funding structure.

FINANCIAL HIGHLIGHTS

PROFIT AND LOSS

For the financial year ended 30 June 2014, we delivered a statutory Net Profit after Tax of $111.6 million. Our primary measure for cash earnings is Distributable Earnings which was $80.4 million (or 12.4 cents per unit) for the financial year. Our Distribution paid to unitholders for the financial year was 11.0 cents per unit, comprised of 5.4 cents per unit for the first half distribution, and 5.6 cents per unit for the final distribution.

Some other points to note in relation to our Profit & Loss and Distributable Earnings:

- Gross property income benefitted from $0.9 million in turnover rent from 8 tenancies, $0.9 million of casual mall leasing revenue, and specialty rental increases as our specialty vacancy declines;
- Property operating expenses remain below relevant benchmarks;
- Corporate costs include $3.2 million of unitholder and registry-related expenses due to our large unitholder base of around 112,000 as at 30 June 2014. We are conducting another small unitholder sale facility with the aim of reducing these expenses;
- Woolworths rental guarantee receipts will continue to decline as specialty vacancy declines, and as the rental guarantee begins to expire from December 2014;
- Structural vacancy allowance is a notional management adjustment set at 4% of fully leased specialty income which will be phased out as the Woolworths rental guarantee expires;
- Distribution payout ratio is within our 85% to 95% target band;
- Tax deferred ratio is lower due to capital gains realised on the sale of properties divested during the period.

BALANCE SHEET

As at 30 June 2014, we have net tangible assets of $1,065.6 million (up from $1,009.0 million as at 30 June 2013). Net tangible assets per unit have increased to $1.64 (up from $1.57 as at 30 June 2013).

Some other points to note in relation to our Balance Sheet:

- Value of investment properties increased by $152.9 million, predominately due to acquisitions and positive revaluations. During the year the weighted average cap rate on our portfolio reduced from 8.05% to 7.83%;
- Debt increased as we funded acquisitions and completed developments during the year;
- NTA per unit increased by 4.6% primarily due to property revaluations, stronger New Zealand dollar, and retained earnings;
- Management Expense Ratio has reduced due to cost control and increased asset base.

PROFIT AND LOSS (YEAR TO 30 JUNE)

$m	FY14	FY13[1]
Anchor rental income	95.9	41.9
Specialty rental income	48.0	17.6
Other income	3.6	1.0
Straight lining & amortisation of incentives	7.5	4.2
Site access fees	3.4	6.8
Gross property income	**158.4**	**71.5**
Property expenses	(41.7)	(17.5)
Net property income	**116.7**	**54.0**
Corporate costs	(10.9)	(5.9)
Fair value of investment properties	30.1	(3.6)
Fair value of derivatives and financial instruments	4.6	0.9
Transaction costs	(0.4)	(37.2)
EBIT	**140.1**	**8.2**
Net interest expense	(26.1)	(11.3)
Tax expense	(2.4)	(1.3)
Net Profit after tax	**111.6**	**(4.4)**
Reverse: Straight lining & amortisation of incentives	(7.5)	(4.2)
Reverse: Fair value adjustments	(34.7)	2.5
Reverse: Transaction costs	0.4	37.2
Add: Rental guarantee received/receivable	13.0	8.2
Less: Structural vacancy allowance	(2.4)	(0.7)
Distributable Earnings	**80.4**	**38.6**
Number of stapled units (m)	*648.6*	*642.4*
Distributable Earnings per unit (cents)	*12.40*	*6.6*
Distribution per unit (cents)	*11.0*	*5.6*
Payout ratio (%)	*89%*	*93%*
Estimated Tax deferred ratio (%)	*26%*	*47%*

[1] FY13 is for the period of less than 7 months, from 11 December 2012 to 30 June 2013.

BALANCE SHEET (AS AT 30 JUNE)

$m	30 June 2014	30 June 2013	Change
Cash	0.9	15.4	(14.5)
Investment properties	1,640.8	1,487.9	152.9
Other assets	31.2	27.9	3.3
Total assets	**1,672.9**	**1,531.2**	**141.7**
Debt	(535.8)	(450.3)	(85.4)
Accrued distribution	(36.3)	(36.0)	(0.3)
Other liabilities	(35.2)	(35.9)	(0.4)
Total liabilities	**(607.3)**	**(522.2)**	**(86.1)**
Net tangible assets	**1,065.6**	**1,009.0**	**55.6**
Number of stapled units (m)	648.6	642.4	6.2
NTA per unit ($)	**$1.64**	**$1.57**	**0.07**
Corporate costs	10.9	10.7[1]	0.2
MER (%)	**0.65%**	**0.70%**	**(0.05%)**

[1] Corporate costs for the part-year period to 30 June 2013 were $5.9 million. On an annualised basis this number becomes $10.7 million.

REMUNERATION REPORT

Remuneration Report

Dear Unitholders

Shopping Centres Australasia Property Group RE Limited (**SCPRE**) is pleased to present its Remuneration Report for the year ended 30 June 2014.

The primary objective of this report is to set out the SCPRE Director and executive remuneration arrangements for the 2014 financial year, as well as highlight the key changes that will be made to the remuneration framework for the 2015 financial year. While full details of SCP's achievements are described elsewhere in this Annual Report, set out below are some highlights:

- Specialty leasing is on track with vacancy down to 8.6% as at 30 June 2014;
- SCP's Australian supermarket tenants achieved strong underlying sales growth of 8.4%pa (compared to market average comparable store sales growth of around 3-4%pa)
- Active portfolio management with several strategic accretive acquisitions achieved, as well as divestment of non-core assets at a premium to their book value;
- Prudent capital management diversifying SCP's lending base both in terms of lenders and sources of funding; and
- SCP's FY14 Distributable Earnings of 12.4 cpu was 5.1% above the October 2012 PDS forecast for the period of 11.8 cpu and FY14 Distributions of 11.0 cpu was 5.8% above the PDS forecasts.

The Group's remuneration philosophy is to provide a clear link between achieving investor returns in line with the corporate strategy and the executive remuneration awarded. The remuneration structure and polices derived from this are designed to help build and retain a talented and motivated executive team to deliver sustainable total returns to unitholders. The remuneration structure incorporates performance indicators that are reflective of its defensive yield and measured growth strategy and the characteristics of the underlying property assets owned by the Group.

This is the first full year Remuneration Report of the Group since having listed in December 2012.

At the 2013 Annual General Meeting, 43.1% of the votes cast did not support our Remuneration Report, and SCP therefore recorded a "First Strike".

Following the First Strike, the Board conducted a comprehensive review of the remuneration process and structure (including the appointment of a new specialist remuneration consultant) and engaged with more than 25 stakeholders to discuss and gather feedback on the SCP remuneration structure and process. The Board would like to thank all participating stakeholders for their input.

From this review the Board identified three key areas for action.

1 Improved communication and engagement with stakeholders

The Board renewed its commitment to clearly communicating its approach to the remuneration of its Key Management Personnel (KMP) by providing improved context and disclosure on remuneration matters, both through the quality and detail contained in SCP's Remuneration Reports and through meetings and dialogue with unitholders and other key stakeholders at appropriate intervals.

2 Changes to FY14 performance hurdles

The Board revisited the FY14 Short Term Incentives (**STI**) and Long Term Incentives (**LTI**) hurdles described in SCP's FY13 Remuneration Report. While maintaining the performance conditions for the FY14 STI and LTI granted, the Board acknowledged unitholders' desire to reward only strong to exceptional performance without dramatically changing the risk parameters for SCP. The Board revised the hurdles for both the FY14 STI and LTI award potential. In the case of the STI, the threshold and target hurdles were reviewed and increased. In the case of the LTI, the Distributable Earnings per Unit (DEPU) baseline, for the purpose of calculating growth for award vesting, was increased. These changes are outlined in Sections 5.3 and 6 of this report.

3 Changes to FY15 remuneration structure

The Board conducted a complete review of the overall remuneration structure for the FY15 period, changing certain aspects of the remuneration structure from prior periods to further align management with SCP's strategy and to recognise the maturing of SCP's portfolio of assets. An overview of the changes is provided in Sections 5.3 and 6 of this report but broadly includes:

- Expanding the malus provisions to include a clawback where distributable earnings are not adequately maintained during the deferral period. This focuses management on delivering sustainable distributions. This expanded malus provision only applies to STIP Rights. The other malus provisions remain unchanged.
- Recognising and encouraging distributions paid to unitholders over the performance and vesting period in the form of additional units for each vested STIP and LTIP Right. A corresponding reduction in the maximum LTIP potential award (as a percentage of fixed salary) has been adopted for FY15 for each KMP so that the value of the total remuneration opportunity to the executive has not materially changed.
- In respect of the LTI:
  - Increased vesting periods to focus on sustainable long term performance;
  - Amended vesting approach to a more graduated vesting profile away from a 'cliff' vesting approach; and
  - The addition of Return on Equity (ROE) as a third LTIP measure to improve focus on drivers of value for the Group, providing a better reflection of management's overall performance. The ROE measure will be in addition to an index based Relative Total Shareholder Return and Distributable Earnings per Unit growth measures.

The Committee and the Board believe the remuneration framework outlined in this report is appropriate for the strategic objectives of the Group and represents a fair and balanced structure for all of SCP's stakeholders and provides appropriate remuneration to executives.

On behalf of the Board, we recommend this report to you.

Philip Marcus Clark AM
Chairman

Belinda Robson
Chair of People Policy Committee

Remuneration Report

Contents

Remuneration Report

1. INTRODUCTION (Audited)

This Remuneration Report relates to the year ended 30 June 2014. Comparative information relates to the period from 3 October 2012 to 30 June 2013.

The purpose of this report is to explain SCP's approach to remuneration and set out key remuneration details for the Non-Executive Directors (**NEDs**) of SCPRE and other members of the key management personnel (**KMP**).

KMP, as defined by AASB 124, refers to those people having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of an entity (whether executive or otherwise) of the consolidated entity. KMP includes Directors of SCPRE and other executives of SCP.

Key points to note in relation to this report are:

– The disclosures in this report have been prepared in accordance with the provisions of section 300A of the Corporations Act, even though, as stapled trusts, there is no obligation for SCP to comply with section 300A of the Corporations Act.

– The term "**remuneration**" has been used in this report as having the same meaning as the "**compensation**" as defined by AASB 124 "**Related Party Disclosures**".

– For purposes of this report, the term "executives" excludes NEDs.

– NEDs are not provided with performance based incentives; however, they may choose to acquire or accumulate, over their term of office, an equity interest in SCP. Recognising this and other differences, this report separates executive and NED remuneration arrangements. All disclosure requirements for NEDs are contained in a separate section at the end of this Remuneration Report.

2. BACKGROUND (Unaudited)

The Group listed in December 2012 following the divestment by Woolworths of 69 shopping centres located across Australia and New Zealand. Since then, SCP has made a number of strategic acquisitions and divestments bringing its portfolio of assets, as at 30 June 2014, to 75 properties. Five of our centres are anchored by Wesfarmers Group entities, and Wesfarmers Group anchors contributed 4% of our gross rent in FY14. SCP benefits from long-term leases to quality major retail tenants and a tenancy mix biased towards tenants that trade in the more defensive, non-discretionary segment of the retail market.

SCA Property Group has strong defensive characteristics and is focused on providing sustainable distributions and investor returns with measured growth.

SCA Property Group has some unique short-term characteristics when compared to its peers, including:

– **Limited major tenant base rent growth in the short-term:** In respect of the original portfolio of assets acquired in December 2012, the majority of leases to majors (representing 61 per cent of the total portfolio's rental income) commenced in November 2012 and will not benefit from a fixed base rent increase for some years.

– **Medium term growth derived from majors' turn-over rent:** Currently SCP derives a lower proportion of total property income from majors' turnover rent than its peers due to its relatively young portfolio of assets, having an average age of 5.4 years as at 30 June 2014. A significant proportion of SCP's shopping centres are located in corridors where populations are forecast to grow and that growth is expected, over time, to drive sales at the shopping centres located in these growth corridors. As at 30 June 2014, only 8 of SCP's leases to majors were paying turnover rent.

– **Woolworths rental guarantee:** As at December 2012, the Woolworths rental guarantee covered a significant proportion of vacant GLA for a 24-month period. While the existence of the Woolworths rental guarantee has allowed income security in the FY13 and FY14 financial years, its expiry may limit income growth in the FY15 period.

As SCP's portfolio of shopping centres continues to mature and the Woolworths rental guarantee begins to expire, SCA Property Group will become more comparable with other defensive-style REITs.

The Board has had regard to these unique characteristics when designing and reviewing the remuneration structure, including the setting and weighting of the key metrics. It has also been a factor in establishing the threshold, target and maximum hurdles set for potential awards to vest.

The Board sought to focus and reward management on areas of "influence" that will benefit unitholders both in the short and longer term.

The Board focused the FY14 STI and LTI performance conditions and hurdles on those areas where it believed management can create the most value for unitholders including:

– securing sustainable distributable earnings per unit and earnings growth within SCP's stated risk parameters;

– driving net operating income at the portfolio level (excluding the Woolworths guarantee), focusing on the underlying cashflow quality for the current period and for future periods;

– managing and reducing the management expense ratio, focusing on corporate cost management and the scale of the portfolio;

– increasing occupancy of the portfolio focusing on specialty GLA, as this is a key opportunity for management to create strong performing assets through appropriate tenant mix whilst effectively utilising the Woolworths rental guarantee; and

– demonstrating the personal characteristics and qualities expected of high-quality management personnel.

The Board considers that the factors unique to SCP during FY14 will still be relevant for FY15 and envisages using broadly similar metrics (as detailed above) for remuneration in FY15 (see Section 9 of this Remuneration Report for more details).

The Board acknowledges SCP's portfolio of assets is maturing. The portfolio composition and tenant diversity has been strengthened after acquisitions and divestments since listing and a significant proportion of the Woolworths rental guarantee will roll-off at 31 December 2014. The Board envisages that the mix, weighting and hurdles will continue to evolve over the next couple of years as the portfolio further matures and grows.

Remuneration Report
(Audited)

3. KEY MANAGEMENT PERSONNEL
SCP's KMP (during the financial year) are:

	Position	Appointment / Cessation Date
Non-Executive Directors (NEDs)		
Philip Marcus Clark AM	Chairman, Non-Executive Director, member of the Nominations Committee	Appointed: 19 September 2012
James Hodgkinson	Non-Executive Director, Chairman of the Nominations Committee, member of the Audit, Risk Management and Compliance Committee and member of the People Policy Committee	Appointed: 26 September 2012
Ian Pollard	Non-Executive Director, Chairman of the Audit, Risk Management and Compliance Committee	Appointed: 26 September 2012
Philip Redmond	Non-Executive Director, member of the People Policy Committee and Audit, Risk Management and Compliance Committee	Appointed: 26 September 2012
Belinda Robson	Non-Executive Director Chairman of the People Policy Committee, member of the Nominations Committee	Appointed: 27 September 2012
Executive Director		
Anthony Mellowes	Executive Director, Chief Executive Officer	Appointed as Director: 2 October 2012 Appointed as Chief Executive Officer from and including: 1 July 2013
Other Executives		
Mark Fleming	Chief Financial Officer	Appointed: 20 August 2013
Mark Lamb	General Counsel and Company Secretary	Appointed: 26 September 2012
Former Executives		
Kerry Shambly	Executive Director, Chief Financial Officer	Ceased to hold office as a Director: 19 August 2013 Employment ceased on: 30 September 2013.

There have been no changes to the KMP after the reporting date and before the date of signing this report.

Remuneration Report

(Audited)

4. REMUNERATION GOVERNANCE

4.1 Role of the People Policy Committee (PPC or the Committee)

The Board of SCPRE (**Board**) has adopted a Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at www.scaproperty.com.au/about/governance.

The Board Charter underlines that the Board is accountable to unitholders for SCP's performance and for the proper management of SCP's business and affairs.

To assist the Board in carrying out its responsibilities, the Board has established the People Policy Committee (**PPC** or **Committee**) which has responsibility for reviewing, making recommendations to the Board and, where relevant, approving the remuneration arrangements in place for the Non-Executive Directors, the CEO and other executives. The charter for the PPC is reviewed by the Board annually and can be found at www.scaproperty.com.au/about/governance.

4.2. How the Committee makes remuneration decisions

The Board is ultimately responsible for recommendations and decisions made by the Committee.

The Committee utilises several different tools and resources in reviewing elements of executive compensation and making remuneration decisions. These decisions, however, are not purely formulaic and the Committee may exercise judgement and discretion in making them. When setting the level of threshold, target and maximum hurdles of any remuneration award, the Board considers a wide variety of information including, but not limited to, internal budgets at the beginning of the period, analyst forecasts, general market factors and A-REIT peers.

The Board and the PPC have unfettered discretion when considering the awarding and vesting of STI and LTI opportunities to executive-KMPs. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the metrics included as part of the STI and LTI opportunities.

In 2014, the Board used its discretion to revisit the FY14 remuneration hurdles following the First Strike. Adopting a formulaic approach in FY14 would have resulted in the benefits of initiatives completed and rewarded in the prior period (FY13) benefitting executive remuneration metrics in the current year. The Board reset the current year performance measures during the FY14 period to adjust for this outcome and to ensure adequate stretch was included while considering the risk profile of the Group.

Individual executives do not participate in meetings where their own remuneration is being discussed by the Committee or Board. The CEO has provided his perspectives on fixed remuneration and Short Term Incentive Plan (**STIP**) performance outcomes for his direct and functional reports.

4.3 External advisers and independence

The Committee may seek external professional advice on any matter within its terms of reference.

During the year, the Committee engaged the services of Guerdon Associates to advise on various aspects of Director and executive remuneration – in particular, Guerdon Associates has provided advice in the following areas:

- The executive remuneration framework and policy, including addressing stakeholder concerns.
- Benchmarking executive remuneration including market data and trends in remuneration structures.
- The terms and conditions of awards made under the Short and Long Term Incentive Plans.

Guerdon Associates did not make any "remuneration recommendations" as defined in the Corporations Act.

4.4 Malus provisions

Consistent with good governance and to reinforce the importance of integrity and risk management in SCP's reward framework, each of SCP's incentive plans contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to:

- A material misstatement or omission in the financial statements of SCP;
- If actions or inactions seriously damage SCP's reputation or put SCP at significant risk; and/or
- A material abnormal occurrence results in an unintended increase in the award.

Information relating to the malus provisions that will apply in respect of the FY15 STIP is set out in Section 5.3 of this report.

4.5 Other Governance

All employees and Directors are prohibited from entering into hedging arrangements in relation to SCP securities. They cannot trade in financial products issued over SCP securities by third parties or trade in any associated products which limit the economic risk of holding SCP securities, including future rights to securities.

All employees and Directors may only trade in SCP securities in accordance with the *Corporations Act 2001* (Cth) and the SCP Securities Trading Policy www.scaproperty.com.au/about/governance.

Remuneration Report
(Audited)

5. EXECUTIVE REMUNERATION POLICY AND DEVELOPMENTS

5.1 Executive Remuneration philosophy, principles and policies

The Board believes that the structure, design and mix of remuneration should, through the alignment of unitholders' interests with those of a motivated and talented executive team, provide unitholders with the most value. At the same time, the Board recognises that it is important to have programs and policies that may be adjusted, as appropriate, to address industry trends and developments, as well as evolving executive remuneration, good governance practices, and input from unitholders and other stakeholders.

In support of this philosophy, SCP's remuneration policies are framed around several key principles:

- Fixed remuneration and the overall total remuneration opportunity are benchmarked against a peer group of comparable entities (reflecting size, complexity and structure) to ensure that executive remuneration is aligned over time to median market levels. In addition, the quantum and mix of each executive's total remuneration opportunity takes into account a range of factors, including that executive's position and responsibilities, ability to impact achievement of SCP's strategic objectives and/or influence decision making, SCP's overall performance, and the desire to secure tenure of executive talent.
- A meaningful portion of an executive's total remuneration opportunity is "at risk" through performance-contingent incentive awards.
- Incentive award payouts are tied directly to the achievement of an appropriate balance of short and long term goals and objectives agreed in advance and related to targeted financial and operating performance and an assessment of the individual's contribution as well as long term value creation for unitholders.
- The setting of target and maximum KPIs are undertaken for each financial year. The maximum hurdles set for both STIP and LTIP awards are to encourage exceptional performance within the Group's risk profile.
- For the Chief Executive Officer and the Chief Financial Officer, the majority of their "at risk" pay is delivered through conditional and deferred rights to SCP securities to build an alignment of interests with unitholders.
- To encourage management to secure the long-term future of SCP, unvested incentive opportunities are retained by the executive upon resignation unless the Board determines they should be forfeited.
- Performance-based remuneration opportunities are designed to ensure they do not encourage excessive risk-taking or breaches of workplace health and safety that may compromise SCP's value and/or reputation.
- All incentives contain 'malus' provisions allowing the forfeiture of unvested rights in certain circumstances, including in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.

In addition, the Committee has benefitted from discussions on executive remuneration with key stakeholders and have taken these views into account in formulating the remuneration strategy of the Group where appropriate.

5.2 Structure and components of remuneration

Building on the above philosophy and principles, the Committee has developed, and the Board and the Committee have approved, the executive remuneration structure, explained in Section 6 of this report. This structure was in place for all KMPs with effect from 1 July 2013 and has influenced the nature and amount of total remuneration paid to the executives in relation to the financial year ended 30 June 2014.

5.3 Key developments (Unaudited)

In response to the queries raised on our 2013 Remuneration Report at the 2013 AGM and in broader consultation with stakeholders, the Board's proposed key actions and comments are summarised in three key areas in the table below:

1. Improved communication and engagement with key stakeholders	
Improved engagement with stakeholder groups on remuneration	The Board has significantly increased its engagement with key stakeholders to better understand issues raised in relation to SCP's executive remuneration framework. Representatives from the Board have met with key stakeholders over the last 9 months as part of this process.
Increased context and disclosure of information	The Board is committed to providing meaningful disclosure in respect of its remuneration of KMPs through enhanced detail in the Remuneration Report and ongoing dialogue with key stakeholders.

Remuneration Report

(Unaudited)

2. Changes to FY14 performance hurdles	
STIP hurdles revised	The Board resolved to increase the financial and operational hurdles at the threshold and target levels for the FY14 STIP. No changes were made to the maximum metrics as the Board considered the original hurdles represented exceptional performance within the Group's risk parameters.
LTIP DEPU measure annualised and normalised resulting in an increased baseline for the purpose of calculating vesting of potential awards	It is not the Board's intention to reward management twice for the same initiatives in circumstances where the financial benefits from an initiative taken and rewarded in one period flow through to future periods. 50% of the FY14 LTIP is allocated to DEPU growth. The hurdle set at the beginning of the period was 1–3% per annum growth over the 3-year period. The Board reviewed this growth target in light of the unique characteristics of the Group as well as considering the FY13 remuneration awarded to the KMP which recognised a number of key initiatives taken by management post listing. The majority of the benefit of two of these initiatives (namely the accretive acquisition of 7 assets in June 2013 and the registry cost savings following the Small Unitholding Sale Facility undertaken in February 2013) was delivered in the FY14 period with flow-on into subsequent periods. As a result of the review and the incentive payments awarded to the CEO in FY13, the Board revised (or normalised) the calculation of the 'baseline' DEPU as at 30 June 2013 to 12.1 cents per unit, up from the annualised FY13 figure of 11.9 cents per unit. This change in the baseline requires effective growth of 1.6% -3.6% per annum (off the annualised DEPU of 11.9 as at 30 June 2013) over the 3-year period from 1 July 2013 for any of the DEPU tranche of the FY14 LTI award to vest.

3. Changes to FY15 Remuneration Structure	
Enhanced malus provisions on incentives *(FY15 STIP)*	An additional 'malus' provision will apply to the FY15 STIP, such that any unvested STIP Rights may be forfeited if distributable earnings fall below the previous year's level, underscoring the importance the Board places on maintaining distributable earnings levels.
Improved alignment with unitholders *(FY15 STIP and LTIP)*	The Board has revised the structure of the STIP and LTIP to recognise the higher yield nature of SCP securities. Executives will be entitled to receive the distributions that would have accrued on vested STIP and LTIP Rights during the relevant vesting period. This will be in the form of additional units in SCP. No distributions will be paid on unvested Rights. It is the Board's view that this change will further enhance the alignment between executive and unitholders' interests. The total remuneration opportunity has not materially changed when compared to the prior year as the maximum percentage of their fixed salary for LTI has been reduced.
Longer vesting period *(FY15 LTIP)*	From the FY15 grant, the vesting period for all LTIP Rights will be increased to 4 years to further emphasise their longer-term nature. It will also allow the Board to review the quality and sustainability of DEPU performance achieved over the prior 3 years, such that it can exercise negative discretion to forfeit unvested equity if required. For the FY14 grant, 50% of the LTIP Rights will continue to vest at the end of the 3 year performance period (on or about 1 July 2016) with the other 50% vesting on or about 1 July 2017.
Additional performance metric to be added (*FY15 LTIP*)	A Return on Equity (ROE) measure will be introduced as a third performance metric for the FY15 LTIP. ROE is defined as the total return on equity employed (as measured under accounting standards) and takes into account both capital appreciation of the assets and distributions. The introduction of a third measure is expected to produce a more balanced and fairer outcome which is a greater reflection of management's overall performance. The benefits of ROE includes encouraging active management of properties to secure greater long term capital and income returns.
Change in comparator group for relative TSR *(FY15 LTIP)*	The Board has determined to replace the bespoke comparator group for the relative TSR performance condition with a benchmark in more common use with the investor community. The ASX-200 REIT Accumulation index has been selected to benchmark performance, as it is transparent and readily available. This change will apply from FY15.
Graduated vesting schedule *(FY15 LTIP)*	A more graduated vesting schedule will be introduced for the FY15 LTIP, replacing the existing "cliff" vesting. For each of the 3 performance measures, vesting will be on a straight line basis between threshold and maximum, with 0% vesting at threshold and 100% vesting at maximum or greater.

As the 2014 remuneration framework was already in place at the time the First Strike was received, a number of the key changes outlined above will only take effect from the 2015 financial year.

The Board will review and re-set all performance metrics annually in advance and will consider changes to the Group, its strategy and the market when setting hurdles. The Board expects to see these performance metrics, in terms of content, weighting and levels to adjust over time as the portfolio matures and the short term unique characteristics of the Group become less significant to the Group's overall performance.

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6. EXECUTIVE REMUNERATION COMPONENTS

6.1 Overview of components for the 2014 financial year

The SCP executive remuneration structure comprises a combination of fixed remuneration plus performance or "at risk" remuneration. The performance remuneration comprises Short Term Incentives (**STI**) and Long Term Incentives (**LTI**). The Total Remuneration Opportunity (**TRO**) components, which apply for the 2014 financial year, are:

Remuneration component	Description	How is it delivered
Total Fixed Remuneration (**TFR**) *Fixed Pay*	– The TFR package is the fully costed value of salary, superannuation, motor vehicle and other short term benefits including Fringe Benefit Tax (FBT). – TFR provides a fixed level of income to compensate executives for their level of responsibility, relative expertise and experience.	The TFR package is paid in cash, superannuation contributions as well as motor vehicle and other employee benefits provided on salary sacrifice.
Short Term Incentive Plan (**STIP)** *Variable Pay* *(At-Risk)*	– STIP motivates and rewards executives for achieving or exceeding annual SCP objectives aligned with value creation. – STIP recognises individual contributions to SCP performance.	The STIP award for the Chief Executive Officer and Chief Financial Officer is made up of 50% cash and 50% deferred rights to SCP units under the SCP Incentive Plan (**STIP Rights**). For other executives, the STIP award is 100% in cash. The cash component of the STIP award is payable after the end of the financial year to which the entitlement arose and the FY14 cash component was paid in September 2014. FY14 STIP Rights fully vest on or about 30 June 2016.
Long Term Incentive Plan (**LTIP**) *Variable Pay* *(At-Risk)*	– LTIP aligns the interests of executives with unitholders by emphasising sustained growth in SCP's earnings and the performance of SCP units relative to its industry peers. – LTIP performance period is 3 years with final vesting 4 years after the grant of the LTIP Rights. – Provides a forfeitable ownership stake to encourage executive alignment and retention.	The LTIP Rights awarded at the end of the performance period (30 June 2016) will vest in two equal instalments: – 50% immediately following testing at the end of the LTIP performance period (i.e. on or about 1 July 2016); and – 50% at the end of the next financial year, being 4 years from the grant of FY14 LTIP Rights (i.e. on or about 1 July 2017).
STIP and LTIP	The Board retains discretion on the final determination of STIP and LTIP awards in cases of exceptional individual performance where the Group's financial metrics may not have been met. Conversely, there may be cases where although the Group's financial metrics have been achieved, the Board may exercise its discretion to withhold STIP or LTIP. Reasons for any material exercise of Board discretion will be disclosed in the relevant year's remuneration report. Conditions dealing with unvested LTIP and STIP rights where executives cease employment are outlined in section 7.4.	

The amount and the mix of each executive's total remuneration takes into account a range of factors, including the following:

- Position and responsibilities;
- Capability, skills, and experience;
- SCP's scale and complexity;
- Remuneration paid by competitors and general employment market conditions;
- Ability to impact achievement of the strategic objectives of SCP;
- The need to secure tenure of executive expertise;
- The nature of the business and the strategic direction of the Group.

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6.2 Performance based remuneration mix for the 2014 financial year

The table below summarises the maximum performance based remuneration opportunity in respect of each of the remuneration components for the 2014 financial year for those KMP employed as at 30 June 2014:

	Maximum Potential Cash STI		Maximum Potential Equity STI[2]		Maximum Potential SPR Tranche 1 & 2[3]		Maximum Potential LTI[4]	
Executive[1]	**$**	**% of total potential rem**	**$**	**% of total potential rem**	**$**	**% of total potential rem**	**$**	**% of total potential rem**
Anthony Mellowes, CEO	200,000	9%	158,000	7%	369,250	17%	595,792	28%
Mark Fleming, CFO	110,000	12%	94,600	10%	-	-	196,611	21%
Mark Lamb, GC/CS	129,000	18%	-	-	-	-	76,884	11%

[1] For former executive Ms Shambly's performance based remuneration, see section 6.7 of this Remuneration Report.

[2] STI incentives for Mr Mellowes and Mr Fleming are payable 50% in cash and 50% in equity. The difference between the cash and equity components is due to the fair valuation of the equity granted under AASB 2 *Share based payments* (AASB2), and is approximately equal to the gross value of equity discounted by the dividends forgone during the vesting period.

[3] Amounts for SPR Equity are recognised above at the fair value of the equity instruments granted under AASB2.

[4] For Mr Mellowes, the LTI maximum incentive is $1,000,000, for Mr Fleming $330,000 and for Mark Lamb $129,045. All of the LTI is payable in equity and represents the fair value of equity instruments granted under AASB2.

6.3 Total Fixed Remuneration (TFR)

TFR or Total Fixed Remuneration comprises base salary, superannuation contributions, motor vehicle and other salary sacrifice employee benefits and other short term benefits.

Remuneration levels for executives are reviewed annually; however, there is no guarantee of an increase. The Board and PPC will generally obtain independent advice from external consultants as part of this process and did so during the Period. Any increase awarded takes effect from 1 October.

6.4 Short Term Incentive Plan (STIP)

KEY DEVELOPMENTS: 2014 FINANCIAL YEAR

- A number of key metrics were revised and reset including threshold and target levels to ensure robust hurdles rewarded performance above guidance and for strong to exceptional performance within the Group's desired risk parameters.

KEY DEVELOPMENTS: 2015 FINANCIAL YEAR (Unaudited)

- Enhanced malus provisions to apply to future STIP awards.
- Improved alignment between executive and unitholder interests by incorporating rights to receive accrued distributions on vested STIP equity in the form of additional units in SCP.

The STIP applicable for FY14 is an incentive used to reward strong performance against the achievement of key performance indicators (**KPIs**) set at the commencement of the financial year to which they relate. For the CEO, Mr Mellowes, and the CFO, Mr Fleming, 50% of the actual STIP award is delivered in cash and 50% in the form of deferred rights to stapled units (**STIP Rights**). All other executives receive their STIP award in cash only.

The Board, at the recommendation of the Committee, determines the appropriate financial and non-financial KPIs for the CEO. The Board also reviews the KPIs the CEO will use to assess the performance of those KMP that are his direct and functional reports.

Incentive awards are determined following the end of the financial year. The Board determined the performance of the CEO against KPIs and that of the CEO's direct and functional reports and approved the STIP's amounts to be paid.

Individual STIP allocations are determined through an assessment of performance against a scorecard comprising financial metrics and strategic business objectives. This scorecard assesses both the accomplishments of the executive as well as how the performance was achieved with allocations adjusted accordingly.

The mix of performance criteria for each KMP is shown in the table below. The weighting reflects the current strategic priorities for SCP around maximising net rental income and occupancy and lowering the management expense ratio (**MER**) to competitive levels through managing costs relative to the size of SCP's portfolio of assets. Specific quantifiable performance measures have been agreed and award payout levels have been calibrated between threshold (minimum expected performance), target and maximum (exceptional performance, significantly above agreed targets and guidance). Target is set at 80% of maximum for all STI financial and operational management performance conditions.

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Category	Weighting	Measure	Performance Highlights
Financial and Operational Management Performance Conditions	30%	Distributable Earnings per unit (DEPU) This KPI was selected to focus management on increasing the DEPU by actively managing SCP's portfolio of assets and its operations, as well as undertaking activities in line with SCP's business strategy while maintaining SCP's adopted risk profile. The hurdles were set having regard to the mix and characteristics of SCP's portfolio of assets and the Board's expectations of earnings performance. The 30% weighting is lower than many of its peers to reflect the underlying characteristics of the assets owned by the Group and the Woolworths income guarantee.	Performance was above threshold but below the revised target level. The DEPU achieved for the year ended 30 June 2014 was 12.4 cpu, representing an increase of 4.2% when compared to the annualised prior year of 11.9 cpu and 5.1% increase on the October 2012 PDS forecasts.
	20%	Net Operating Income (excluding the Woolworth's Rental Guarantee) This measures portfolio level net operating income (**NOI**) from SCP's portfolio of assets but excludes any contributions to NOI from the Woolworth's rental guarantee. This KPI was selected to focus management on increasing property level NOI by improving occupancy levels, maximising receipts following rent-reviews and managing property level expenses. This metric looks through to the underlying quality of the cashflows with a focus on recurring income. When assessing the award the Board looks at the assets held over the full 12-month period (excludes any acquisitions or divestments).	Performance was above threshold but below the revised target level. The performance in excess of threshold was primarily driven by increased net speciality and other income.
	10%	Management Expense Ratio (MER) This measure focuses on SCP's management expense ratio (**MER**). This KPI was selected to ensure management efficiently resource the operations of SCP with reference to the total funds under management. Threshold, target and maximum levels were set considering SCP's budget and referencing its A-REIT peers.	This performance was at threshold. MER as at 30 June 2014 was 0.65%. Corporate costs include $3.2m of unitholder and registry related expenses due to SCP's unitholder base of ~110,000.
	20%	Portfolio Occupancy (based on Gross Lettable Area) A key focus for management since listing has been to maximise the **occupancy of the portfolio** while benefitting from the Woolworths guarantee. This KPI is intended to focus management on increasing the occupancy level of SCP's portfolio by active management of the leasing program while maintaining an appropriate tenancy mix, tenant quality and commercially appropriate leases. This is particularly critical as the Woolworths rental guarantee is a short term asset for the Group and a large proportion of this guarantee will expire in December 2014. In determining the award, the Board assessed the progress, the quality of the tenant mix achieved and the commercial outcomes from deals completed. At the time the Group listed in December 2012, the Board aimed to achieve a stabilised specialty vacancy rate of 3–5% by December 2014.	This performance exceeded threshold and was close to the revised target level. Specialty vacancy as at 30 June 2014 was 8.6% which had reduced from 14.0% vacancy as at 30 June 2013.
Personal Performance Conditions	20%	The Personal Performance component assesses individual contributions based on factors judged as important for adding value. While the factors assessed are common to executives, the expectations of each person will vary, depending on the focus and accountabilities of their position. Therefore the weighting of these factors may vary for each executive. These factors include: – execution and refinement of the SCP strategy; – sound capital management in line with the strategy; – identification of business and growth initiatives; – organisational capability, leadership and personal effectiveness; – risk management, compliance and governance; and – communications and external relationships.	The Board assessed the CEO's performance and considered his recommendations for his direct and functional reports. The Board used its judgement to assess, re-balance or re-weight the factors considered for each KMP to reflect their sphere of influence.

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STIP Awards

The table below sets out the actual STIP awarded for the 2014 financial year for those KMP employed as at 30 June 2014, including the breakdown between cash and the STIP Rights (where applicable). For Ms Shambly, who ceased being a KMP on 19 August 2013, see Section 6.7 of this Remuneration Report.

The STIP Rights are subject to a two-year deferral period, and on vesting, executives will be entitled to receive SCP units or their then cash equivalent value (at the discretion of the Board).

Executive	Total STIP awarded ($)	Amount of cash award ($)	Number of STIP Rights (Rights to units)[1]	Equity STI ($)[2]
Anthony Mellowes, CEO	202,000	101,000	54,805	19,453
Mark Fleming, CFO	122,100	61,050	33,127	12,800
Mark Lamb, GC/CS	68,394	68,394	-	-

[1] STIP Rights were granted to participants in dollars with effect from 1 July 2013 and the number of STIP Rights awarded was determined based on the volume weighted average price of SCP Units for the 5 trading days following the release of SCA Property Group's 2014 full year results (being $1.8429).

[2] For Mr Mellowes and Mr Fleming the STI awarded is payable 50% in cash and 50% in equity. The values for equity based remuneration have been determined in accordance with AASB2 and represent the current year amortisation of the fair value of rights over the vesting period adjusted for service and non-market vesting conditions.

6.5 Long Term Incentive Plan (LTIP) FY14

KEY DEVELOPMENTS: 2014 FINANCIAL YEAR

- Baseline FY13 DEPU has been annualised and normalised to take into account the impact of accretive acquisitions and cost savings completed in the FY13 period. It also allows for a steady state resourcing level which was not fully in place in the FY13 period as the Group established staffing levels.

KEY DEVELOPMENTS: 2015 FINANCIAL YEAR (Unaudited)

- Improved alignment between executive and unitholder interests by incorporating the right to receive accrued distributions on vested LTIP rights in the form of additional units in SCP.
- Various structural enhancements made to the LTIP, including a longer vesting period and a graduated vesting schedule.
- Adopting the ASX 200 A-REIT accumulation index as the benchmark for Total Shareholder Return.
- Introduction of a third metric measuring Return on Equity.

The LTIP applies to eligible staff from 1 July 2013. The eligible staff for the current period are Mr Mellowes, Mr Fleming and Mr Lamb.

The LTIP is designed to link unitholder value to the achievement of key financial and relative market based returns. They are aimed at aligning executive and unitholder value while also providing a retention tool as LTIP is intended to vest over time.

LTIP takes the form of rights to units in SCA Property Group (**LTIP Rights**). LTIP participants are advised of their maximum LTIP opportunity and the number of LTIP Rights. For the FY14 award, the number of LTIP Rights was determined by dividing the award opportunity by the volume weighted average price of SCP units for the 5 trading days following release of SCP's 2013 full year results ($1.54836).

The FY14 LTIP Rights are tested against 2 performance hurdles over a 3 year performance period. The LTIP Rights that meet the performance hurdles will then vest in two equal instalments – one half immediately following testing (1 July 2016) and the remaining half at the end of the next financial year (1 July 2017) (i.e. four years from the commencement of the performance period). Conditions dealing with where the executive leaves prior to vesting are set out at Section 7.4 below.

The performance hurdles for the FY14 LTIP with a performance period from 1 July 2013 to 30 June 2016 are:

Tranche 1 = 50% of LTIP rights – measure is relative Total Shareholder Return (TSR) performance target.

TSR measured over the performance period must be better than the TSR of half of the comparator group. The objective of this metric is to drive superior performance relative to comparable peers.

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The comparator group selected in July 2013 is:

Group	ASX Code
Abacus Property Group	ABP
BWP Trust	BWP
Challenger Diversified Property Group	CDI
Cromwell Property	CMW
CFS Retail Property Trust Group	CFX*
Commonwealth Property Office Fund	CPA*
Charter Hall Retail REIT	CQR
Dexus Property Group	DXS
Federation Centres	FDC
GPT Group	GPT
Investa Office Fund	IOF
Westfield Retail Trust	WRT*

*As at the date of this report, these entities have undergone a significant change since July 2013 and their inclusion in the comparator group at the testing date will be reviewed.

This comparator group was chosen to ensure a suitable size peer group of listed entities that compete for expertise in the REIT and property sectors and have a significant proportion of income derived from direct real estate holdings. The listed entities in the comparator group have been selected from entities within the ASX 300 A-REIT Index. The Board has absolute discretion to amend the list of comparators where it considers it is appropriate and necessary. This may occur where an entity in the comparator group is delisted, merged or it may be appropriate for another entity to be selected to join the comparator group.

The TSR vesting schedule is shown in the table below:

Position of SCP relative to 3 year TSR of Comparator Group	% of Tranche 1 LTIP Rights to Vest
Below 51st percentile	0%
At or between 51st percentile and Upper Quartile	Pro-rata from 50% to 100%
Upper Quartile and above	100%

Tranche 2 = 50% of LTIP rights – measure is growth in annualised distributable earnings per unit measured over 3 years.

The objective of this measure is to recognise that a key focus of REIT investors is reliable income yield and growth and to focus management to implement an overall strategy that supports a sustainable level of distributable earnings growth per unit over the medium to long term.

The growth rates take into account that SCP's opportunities for growth are limited during its initial years due to such matters as:

- limited base rent growth as the majority of major tenants are on relatively new leases;
- the small proportion of majors to have reached turnover rent threshold; and
- the short term benefit of the rental guarantee from Woolworths.

The Board increased the "baseline" DEPU as at 30 June 2013 to 12.1 cents per unit, up from the annualised figure of 11.9 cents per unit to account for earnings accretions expected from the acquisitions in June 2013 and costs savings from initiatives KMPs were rewarded for in FY13. This change in the baseline requires effective growth of 1.6%–3.6% per annum (off the annualised DEPU of 11.9 as at 30 June 2013) over the 3-year period from 1 July 2013 for any of the DEPU tranche of the FY14 LTI award to vest.

The metric is calibrated as follows and uses a baseline of 12.1 cents per unit:

Growth in annualised distributable earnings per unit measured over 3 yrs	% of Tranche 2 LTIP Rights to Vest
Below 1% p.a.	0%
At or between 1% and 3% p.a.	Pro-rata from 35% to 100%
3% and above p.a.	100%

LTIP Awards

The table below sets out details of grants made to executives during the 2014 financial year. This was the first grant of LTIP Rights made under the SCA Property Group Executive Incentive Plan. No LTIP Rights were vested or forfeited during the year.

Executive	Held at 1 July 2013	Granted during year[1]	Vested during year	Forfeited during year	Held at 30 June 2014
Anthony Mellowes, CEO	-	645,845	-	-	645,845
Mark Fleming, CFO	-	213,129	-	-	213,129
Mark Lamb, GC/CS	-	83,343	-	-	83,343

[1] This is the maximum number of LTIP Rights granted. LTIP Rights have a performance period from 1 July 2013 to 30 June 2016 and the number of LTIP Rights granted was determined based on the volume weighted average price of SCP Units for the 5 trading days following the release of SCA Property Group's 2013 full year results (being $1.54836).

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6.6 Legacy remuneration arrangements

As outlined in the 2013 Remuneration Report, a "one-off" award of Special Performance Rights (**SPR**s) was provided to each CEO, Mr Mellowes, and former CFO, Ms Shambly, in conjunction with the listing of SCP in December 2012. The purpose of this special award was:

– To acknowledge each executive's contributions pre and post the successful listing of SCP.

– To provide an incentive aligned to achieving the pro-forma financial and operational projections contained in the Product Disclosure Statement (**PDS**) dated 5 October 2012.

– To acknowledge that no Long Term Incentive (**LTIP**) award was made to these executives at the time of listing or in respect of the period from listing to 30 June 2013.

– For a newly created Group, these SPRs provide more immediate alignment between Unitholders and the CEO earlier than would have been achieved through deferred equity issued under the STI and LTI programs

Each award of SPRs was granted in two tranches, with vesting subject to meeting performance criteria in the relevant period:

– **Tranche 1** – period to 30 June 2013: rights vest if SCP achieves or exceeds specific pro-forma financial and operational projections contained in the PDS for the period to 30 June 2013. These projections were met in full. The rights qualifying from this performance test will vest on 1 July 2015.

– **Tranche 2** – period 1 July 2013 to 30 June 2014: rights vest if SCP achieves or exceeds specific pro-forma financial and operational projections contained in the PDS for the 2014 financial year. The Board has resolved that these projections were met in full. The rights qualifying from this performance test will vest on 1 July 2016.

The number of SPRs awarded to the CEO and former CFO across each tranche are shown in the table below.

In respect of the award to the former CFO, the number of SPRs in Tranche 2 was pro-rated based on the portion of the financial year that Ms Shambly worked (1 July through to 30 September 2013) reducing the maximum possible award of Tranche 2 SPR units from 118,125 to 29,531 units. As outlined in the 2013 Remuneration Report and 2013 AGM Notice of Meeting, as unitholders did not approve the award of SPRs to Ms Shambly, she will receive a cash equivalent award in lieu of stapled units in SCP, based on the ASX market price of SCP securities on the relevant vesting date.

In respect of Tranche 1 and Tranche 2 of SPRs for Mr Mellowes, these were approved by unitholders at the 2013 AGM with 68.8% of votes cast for the resolution to allow an award of 100,000 SPR's in Tranche 1 and 175,000 in Tranche 2.

Special Performance Rights	CEO, Mr Mellowes Rights to Units	Former CFO, Ms Shambly[1] Rights to Units	Total Rights to Units
Tranche 1 – rights tested 30 June 2013, vesting 1 July 2015	100,000	68,750	168,750
Tranche 2 – rights tested 30 June 2014, vesting 1 July 2016	175,000	29,531	204,531
Total SPRs Awarded	**275,000**	**98,281**	**373,281**

[1] Ms Shambly's award of rights was not approved at the 2013 AGM and accordingly she will receive a cash payment based on the ASX market price of SCP securities on the relevant vesting date.

6.7 Former executive arrangements

Ms Kerry Shambly's employment with SCP was terminated by mutual agreement, effective 30 September 2013. In accordance with her employment contract, Ms Shambly ceased to hold office as a Director and KMP on 19 August 2013 and ceased working with SCP on 30 September 2013.

Ms Shambly was entitled to receive a STIP payment, with a maximum entitlement pro-rated based on the portion of the 2014 financial year worked. The STIP was subject to SCP meeting the DEPU financial metric only for FY14 (calculated on the same basis as for the continuing executives).

Ms Shambly also was entitled to cash in lieu of SPRs in respect of the 2013 and 2014 (pro-rated to her period of service in FY14) financial years under the SCA Property Group Executive Incentive Plan in recognition of her contributions both pre and post the listing of SCP. Detail of the SPRs awarded (upon which the cash award will be determined) is outlined in Section 6.6 above and the treatment on cessation of employment is outlined in Section 7.4.

The potential and actual performance based remuneration (including STIP and SPR awards) is noted below:

Executive	Maximum potential cash bonus award ($)	Percentage of total potential remuneration (%)	Actual cash bonus ($)	Percentage of total actual remuneration (%)
Kerry Shambly	354,975	37%	76,489	11%

Ms Shambly's entire STIP entitlement was awarded in cash and she did not receive any STIP Rights. The issue of SPRs was not approved at the 2013 AGM and accordingly Ms Shambly will receive a cash payment based on the ASX market price of SCP securities on the relevant vesting date. Ms Shambly was never awarded any LTIP Rights.

Detail of the remuneration paid to Ms Shambly for the 2013 and 2014 financial years is provided in the tables in Section 6.8 below.

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6.8 Table of actual executive remuneration recognised

The following is the actual remuneration recognised during the financial year to 30 June 2014[1].

Executive 2014	Salary & fees[4] $	Cash Bonus[5] $	Other $	Total $	Super $	Long service leave $	Termination payment[6] $	Share based payments[7] $	Total $
Anthony Mellowes, CEO	758,576	101,000		859,576	31,262	12,909	-	217,514	1,121,261
Mark Fleming, CFO[2]	448,384	61,050	30,000	539,434	4,166	7,115	-	41,605	592,320
Mark Lamb, GC/CS	486,305	68,400		554,705	25,000	8,687	-	11,264	599,656
Former Executive Kerry Shambly[3]	150,231	76,489		226,720	27,719	-5,070	420,000	-	669,369
Total	**1,843,496**	**306,939**	**30,000**	**2,180,435**	**88,147**	**23,641**	**420,000**	**270,383**	**2,982,606**

[1] Amounts recognised above were determined subsequent to the release of the financial statements on 20 August 2014. Accordingly, they differ to the provisional estimates recognised in Note 19 to the financial statements.

[2] Mr Fleming commenced employment with SCP on 20 August 2013.

[3] Ms Shambly ceased employment with SCP on 30 September 2013.

[4] Salary reviews take effect from 1 October.

[5] The amount shown under "Cash Bonus" refers to the amount which was paid to executives in September 2014 under the Short Term Incentive Plan for performance over the 2014 financial year. In the case of Ms Shambly the amount shown is made up of $29,315 (cash) and an estimated amount of $47,174 for cash in lieu of SPR Tranche 1 and Tranche 2 (the estimated value of units has been determined in accordance with AASB2 and represents the current year amortisation over the vesting period of the amount expected to be vest).

[6] As outlined in the 2013 Remuneration Report, Ms Shambly was entitled to a termination payment of $420,000 in return for agreeing to a non compete and non solicitation period through to May 2014.

[7] The values for equity based remuneration have been determined in accordance with AASB2 and represent the current year amortisation of the fair value of rights over the vesting period adjusted for service and non-market vesting conditions. The share-based payments are made up of SPRs (Tranche 1 & 2), STI equity and LTI equity. Please refer to the following table for additional details of the share based payments.

The break-up of the amounts recognised for performance based compensation relevant for the financial year ended 30 June 2014, including details of the share based payments recognised, are presented below:

	Performance based component of actual remuneration in 2014								
	Actual Cash STI		Actual Equity STI		Actual Equity SPR[2]		Actual Equity LTI[2]		Total Equity STI, SPR, LTI
Executives	$[1]	% of total rem	$	% of total rem	$	% of total rem	$	% of total rem	$
Anthony Mellowes, CEO	101,000[1]	9%	19,453	2%	110,775	10%	87,286	8%	217,514
Mark Fleming, CFO	61,050[1]	10%	12,800	2%	-	-	28,804	5%	41,605
Mark Lamb, GC/CS	68,400[1]	11%	-	-	-	-	11,264	2%	11,264
Kerry Shambly	76,489[1]	11%	-	-	-	-	-	-	-

[1] The amount shown is made up of $29,315 (cash) and an estimated amount of $47,174 for cash in lieu of SPR Tranche 1 and Tranche 2 (the values for equity based remuneration have been determined in accordance with AASB2 and represent the current year amortisation of the fair value of rights over the vesting period adjusted for service and non-market vesting conditions).

[2] Represents the current year amortisation of the fair value of the equity granted, adjusted for non-market vesting conditions which is amortised over the vesting period.

The following is the actual remuneration recognised during the period from 3 October 2012 to 30 June 2013:

Executive 2013	Salary & fees $	Cash Bonus $	Total $	Super $	Long Service Leave $	Total $
Anthony Mellowes, CEO[1]	470,974	225,000	695,974	46,667	-	742,641
Mark Lamb, GC/CS[2]	313,845	96,300	410,145	31,385	5,524	447,054
Former Executive Kerry Shambly[3]	320,103	116,000	436,103	28,883	5,070	470,056
Total	1,104,922	437,300	1,542,222	106,935	10,594	1,659,751

[1] The amount shown for 2013 includes the period from 23 November 2012 to 30 June 2013, during which time Mr Mellowes was employed and paid by Woolworths (amounts paid were reimbursed by SCP to Woolworths).

[2] Mr Lamb commenced employment with SCP on 26 September 2012.

[3] The amount shown for Ms Shambly in 2013 includes the period from 23 November 2012 to 11 December 2012, during which time Ms Shambly was employed and paid by Woolworths (amounts paid were reimbursed by SCP to Woolworths).

Remuneration Report

(Audited)

6.9 Equity Holdings of Executives

The only executive with unrestricted interest is Mr Mellowes. Mr Mellowes' interest in unrestricted units is 3,039 units for the period 1 July 2013 and up to the date of this report.

A summary of the executives' interests in restricted units is below. No units were under option or right as at 30 June 2013. Rights granted under the SPR, STI and LTI plans were issued in accordance with Section 6.4, 6.5 and 6.6 of this report. No units under option or right vested or lapsed during the year.

Executive	Held at 1 July 2013	Granted during year SPRs	Granted during the year STI	Granted during the year LTI	Vested during year	Forfeited or lapsed during year	Held at 30 June 2014
Anthony Mellowes, CEO	-	275,000[1]	54,805	645,845	-	-	975,650
Mark Fleming, CFO	-	-	33,127	213,129	-	-	246,256
Mark Lamb, GC/CS	-	-	-	83,343	-	-	83,343

[1] Relates to SPR Tranche 1 of 100,000 which vest 1 July 2015 and SPR Tranche 2 of 175,000 units which vest 1 July 2016.

No other securities were granted, issued, vested, exercised or forfeited during the year. Additionally Kerry Shambly, a KMP until 19 August 2013, held 2,416 securities from the time the Group commenced trading. These securities were held up to at least the time she ceased being a KMP on 19 August 2013.

6.10 Share based payments valuation

During 2013 the Group established a Group Executive Incentive Plan that entitles key management personnel, subject to performance, to become entitled to acquire stapled securities at nil cost to the employee. The Group Executive Incentive Plan was approved at the Group's Annual General Meeting in November 2013.

Rights pursuant to the Group Executive Incentive Plan have been issued for:

– Special Performance Rights (SPRs)
– Short Term Incentive Plan Rights (STIP)
– Long Term Incentive Plan Rights (LTIP).

Under the Group Executive Incentive Plan, grants of rights have been made with respect to:

– Mr Mellowes (Director and Chief Executive Officer)
– Mr Fleming (Chief Financial Officer)
– Mr Lamb (Company Secretary and General Counsel).

Remuneration Report
(Audited)

The table below summarises the rights issued and the fair values as determined by applying AASB2. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. No stapled securities were granted, issued, vested, exercised or forfeited during the year.

Type and eligibility	Vesting Conditions[1]	Unit price at grant date[3]	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
SPRs (tranche 1) (Mr Mellowes)	Service and non-market	$1.57	July 2013	July 2015	100,000 securities	$1.40 per unit
SPR's (tranche 2) (Mr Mellowes)	Service and non-market	$1.57	July 2014	July 2016	175,000 securities	$1.31 per unit
STIP (FY14) (Mr Mellowes)	Service and non-market	$1.57	August 2014	July 2016	Maximum of $200,000 or 129,169 securities	$0.79 per $1.00
STIP (FY14) (Mr Fleming)	Service and non-market	$1.57	August 2014	July 2016	$89,468	$0.86 per $1.00
LTIP (FY14 – FY16) (tranche 1: vest July 2016) (Messrs Mellowes, Fleming, Lamb)	Service and Relative TSR[2]	$1.57	July 2016	July 2016	$359,250	$0.60 per unit
LTIP (FY14 – FY16) (tranche 2: vest July 2016) (Messrs Mellowes, Fleming, Lamb)	Service and non-market	$1.57	July 2016	July 2016	$359,250	$1.31 per unit
LTIP (FY14 – FY16) (tranche 1: vest July 2017) (Messrs Mellowes, Fleming, Lamb)	Service and Relative TSR[2]	$1.57	July 2016	July 2017	$359,250	$0.56 per unit
LTIP (FY14 – FY16) (tranche 2: vest July 2017) (Messrs Mellowes, Fleming, Lamb)	Service and non-market	$1.57	July 2016	July 2017	$359,250	$1.22 per unit

[1] Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.

[2] TSR is Total Shareholder Return measured against a comparator group.

[3] Grant date is November 2013.

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Binomial option pricing models where applicable, performed by an independent valuer, and models the future unit price of the Group's stapled units. The grant date of the above rights was November 2013.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

Key inputs to the pricing models include:

Volatility	20%
Dividend yield	6.8%
Risk-free interest rate	2.73% – 3.24%

Remuneration Report

(Audited)

6.11 SCP performance

The tables below set out summary information about the Group's earnings and distributable earnings, stapled security ("unit") NTA and ASX price since the Group commenced trading on 11 December 2012. These measures and the performance outcomes were taken into account in determining the SPR awards for the 2014 financial year.

	2014 Financial Year			2013 Financial Year[1]		
Financial	**Actual Results 30 June 2014**	**Projected results to 30 June 2014 in PDS**	**Outcome relative to PDS**	**Actual Results 30 June 2013**	**Projected results to 30 June 2013 in PDS**	**Outcome relative to PDS**
Statutory profit / (loss) after tax	$111.6m	$73.3m	Exceeded by $38.3m	(4.4m)	(0.0m)	Worse by $4.4m
Statutory profit / (loss) cents per unit (cpu)	17.3	12.5	Exceeded by 4.8cpu	(0.7)	Not meaningful	N/A
Distributable earnings	$80.4m	$68.8m	Exceeded by $11.6m	$38.6m	$38.2m	Exceeded by $0.4m
Distributable earnings cents per unit	12.4	11.8	Exceeded by 0.6cpu	6.6	5.6	Exceeded by 1.0cpu
Distributions paid and payable cents per unit	11.0	10.4	Exceeded by 0.6cpu	5.6	5.6	Met

Distributable earnings and distributable earnings per unit and sustainable growth in distributable earnings per unit are also a significant input in reviewing the Group's performance and may impact incentives. The distributable earnings and distributable earnings per unit for the 2014 financial year exceeded the 2013 financial year and the PDS 2014 forecasts.

Operational	**Actual Results 30 June 2014**	**Actual Results 30 June 2013**	
Net tangible assets per unit	$1.64	$1.57	Improved by $0.07
Security price (as at 30 June)	$1.72	$1.59	Improved by $0.13
MER %[2]	0.65%	0.70%	Improved by 5bps

[1] Results for the 2013 financial period are for the period of when trading commenced on 11 December 2012 to 30 June 2013.
[2] MER refers to Management Expense Ratio (**MER**). The MER for the period to 30 June 2013 has been annualised.

In addition, over the period from allotment to 30 June 2014, the total unit holder return, including the distribution declared on 18 June 2014 of 5.6 cents per unit and paid on 28 August 2014, was in excess of 35%. This compares to the S&P/ASX 200 A-REIT accumulation index total return for the same period of 23.9% and the UBS Retail Property Accumulation Index of 20.2%.

7. EXECUTIVE SERVICE AGREEMENTS

7.1 Executive Director, Chief Executive Officer: Anthony Mellowes

Contract duration	Commenced 1 July 2013, open-ended.
Total Fixed Remuneration (TFR) as at 30 June 2014	$800,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CEO is eligible to participate in the SCP's plans for performance based remuneration and in FY14 that included: **Special 'one off' award of Special Performance Rights:** Applicable for FY13 and FY14 periods only (conditions satisfied with vesting deferred) Tranche 1: FY13: maximum 100,000 SCP units (vest 1 July 2015) Tranche 2: FY14: maximum 175,000 SCP units (vest 1 July 2016) **FY14 STIP: Maximum opportunity:** 50% of TFR **FY14 LTIP: Maximum opportunity:** 125% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	9 months
Notice by executive	9 months
Termination Payments to compensate for non-solicitation / non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 12 months based on prior year fixed and variable remuneration.

Remuneration Report

(Audited)

7.2 Chief Financial Officer: Mark Fleming

Contract duration	Commenced 20 August 2013, open-ended.
TFR as at 30 June 2014	$550,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits and other short term benefits.
Review of TFR	Reviewed annually effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CFO is eligible to participate in the SCP's plans for performance based remuneration and in FY14 that included: **FY14 STIP: Maximum opportunity**: 40% of TFR **FY14 LTIP: Maximum opportunity:** 60% of TFR
Non-compete period	6 months
Non-solicitation period	6 months
Notice by SCP	6 months
Notice by executive	3 months
Termination Payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 6 months based on prior year fixed and variable remuneration.

7.3 General Counsel and Company Secretary: Mark Lamb

Contract duration	Commenced 26 September 2012, open-ended.
TFR as at 30 June 2014	$516,181. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The GC/CS is eligible to participate in the SCP's plans for performance based remuneration and in FY14 that included: **FY14 STIP: Maximum opportunity:** 25% of TFR **FY14 LTIP: Maximum opportunity:** 25% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	6 months
Notice by executive	3 months
Termination Payments to compensate for non-solicitation/non-compete clause in certain circumstances	Total fixed remuneration for 6 months

Remuneration Report
(Audited)

7.4 Termination provisions
The following illustrates how termination payments will be managed in various termination scenarios.

Notice period, Non-compete/ non-solicitation	SCP can elect to make a payment of TFR in lieu of the notice period by SCP or the executive, as applicable. At the Board's discretion, an additional termination benefit may be made to acknowledge any post-termination non-compete/non-solicitation agreements made with the executive. The combined total cash benefit arising from these termination payments (excluding statutory entitlements) will be capped at 12 months TFR.
STIP (Cash)	Where termination by SCP is without cause, redundancy, diminution of responsibility, retirement, death or disability, the STIP is tested based upon full year performance and paid in cash in the normal course, based on the pro rata period of the financial year worked by the executive. In the event of the executive's resignation or termination by SCP for cause prior to the end of the performance period, all STIP unpaid cash entitlements are forfeited.
STIP Rights	If an executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, then any unvested STIP Rights (that have been granted based on performance in prior financial years or in the financial year of such termination) will vest in the normal course. Where only a partial year is served, unvested STIP rights will be pro-rated to the time served. The Board may exercise its discretion to forfeit these unvested rights. All unvested STIP Rights will lapse if the executive is terminated by SCP for cause.
LTIP Rights	If an executive ceases employment prior to the end of the performance period by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, in general, a pro rata number of LTIP Rights will be determined from the date of award to the date of termination (including any period of notice paid in lieu). This pro rata portion will continue on foot under the same terms and performance conditions. All unvested LTIP Rights will lapse if the executive is terminated by SCP for cause.
Special Performance Rights (SPR)	If an executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, a pro rata number of SPRs will continue on foot under the same terms and tested against any remaining performance conditions with the determined benefit vesting in the ordinary course. All unvested SPRs will lapse if the executive is terminated by SCP for cause.
Board discretion	The Board has full discretion to amend any of the above termination arrangements to acknowledge exceptional circumstances and determine appropriate alternative vesting outcomes that are consistent, fair and reasonable, and balance multiple stakeholder interests. The Board acknowledges that, consistent with its approach to voluntarily adopt certain Corporate Governance obligations not otherwise applicable to SCP given its structure, unitholder approval will be sought where termination payments exceed the limits prescribed by the Corporations Act.
Change of control	In the event of a change of control in SCP before the vesting date of any equity, the Board reserves the right to exercise its discretion for early vesting of the equity. In exercising its discretion, the Board may take account of the extent to which performance conditions have or have not been met and the portion of the vesting period that has elapsed at the relevant date.

Remuneration Report

(Unaudited)

8. REMUNERATION OF KMP - NON-EXECUTIVE DIRECTORS (NEDs)

8.1 Director Fees

SCP aims to attract and retain a high calibre of Directors who are equipped with diverse skills to oversee all functions of SCP. SCP aims to fairly remunerate Directors for their service relative to organisations of similar size and complexity.

Non-Executive Directors' remuneration comprises a base fee plus statutory superannuation contributions.

Currently, attendance at Committees of the Board and being Chairman of a Committee of the Board is included in this base fee, however the engagement letter for each Non-Executive Director allows for additional fees to be paid for membership of Board Committees or attending to the business of SCA Property Group outside the scope of standard duties as a Non-Executive Director. The amount and nature of these fees will be determined at the relevant time.

The maximum aggregate fee pool available to Non-Executive Directors has been established at $1,300,000 per annum. Any increases to this amount will be put to unitholders for approval.

The Non-Executive Director and Chairman of the Board receives annual remuneration of $300,000, plus statutory superannuation. The other Non-Executive Directors receive annual remuneration of $120,000 (each) plus statutory superannuation.

The remuneration of Non-Executive Directors is based on advice from independent remuneration consultants.

8.2 Performance based remuneration

Independent (Non-Executive) Directors receive their fees in cash. They receive a flat fee and do not receive options or bonus payments or incentive payments of any type. Non-Executive Directors are not entitled to any special payment on retirement, removal or resignation from the Board.

SCP has no current intention to remunerate the Non-Executive Directors by any way other than cash benefits such as those currently in place.

8.3 Equity based remuneration

There is no equity based remuneration plan in place for Non-Executive Directors, however all Non-Executive Directors have self-funded the purchase of SCP units. Their unitholdings (direct and indirect) as at 30 June 2014 are shown in the table below:

Non-Executive Director	Number of SCP securities held as at 30.6.14
Philip Marcus Clark AM (Chairman)	10,000
James Hodgkinson	274,285
Ian Pollard	103,571
Philip Redmond	62,500
Belinda Robson	7,142

8.4 Table of Non-Executive Directors' remuneration

Base pay to Non-Executive Directors was not increased in 2014. The differences between 2014 and 2013 shown below are mostly related to 2013 being a partial period and charges to the rate of statutory superannuation. The following table outlines the remuneration paid to Non-Executive Directors for each of the 2014 and 2013 financial years:

Non-Executive Director	Year [1]	Director Fees $	Other compensation[2] $	Superannuation $	Total $
Philip Clark AM	**2014**	**300,000**	-	**17,775**	**317,775**
	2013	236,539	50,000	12,986	299,525
James Hodgkinson	**2014**	**120,000**	-	**10,806**	**130,806**
	2013	91,846	15,000	8,560	115,406
Ian Pollard	**2014**	**120,000**	-	**11,100**	**131,100**
	2013	91,846	15,000	8,266	115,112
Philip Redmond	**2014**	**120,000**	-	**11,100**	**131,100**
	2013	91,846	15,000	8,266	115,112
Belinda Robson	**2014**	**120,000**	-	**11,100**	**131,100**
	2013	91,385	15,000	8,225	114,610
Total	**2014**	**780,000**	-	**61,881**	**841,881**
	2013	603,462	110,000	46,303	759,765

[1] The remuneration paid in relation to the 2013 financial year includes the period from the appointment date of the relevant Non-Executive Director (as shown in Section 3 of this remuneration report) through to 30 June 2013.

[2] Other compensation relates to a one off fee paid in the 2013 financial year to the Non-Executive Chairman and other Non-Executive Directors in recognition of the additional work required in preparing SCP for listing. No additional fee was received in the 2014 financial year.

Remuneration Report

(Unaudited)

9. EVENTS SUBSEQUENT

9.1 Executive Remuneration

FY15 Short term incentives

As SCA Property Group's objectives remain substantially the same for FY15, the FY15 Short Term Incentive hurdles have been built on those developed for FY14 but now include the impact of the expiry of a significant proportion of the Woolworth's rental guarantee. The STI hurdles for FY15 include:

1. ***DEPU STIP Performance Condition***: A condition rewarding performance where SCP's Distributable Earnings per Unit (**DEPU**) exceed certain levels;
2. ***MER STIP Performance Condition:*** A condition rewarding performance where SCP's management expense ratio (**MER**) as at 30 June 2015 is less than certain specified hurdles;
3. ***Speciality Tenant Occupancy STIP Performance Condition:*** A condition rewarding performance where by the end of FY15, the percentage of the specialty tenant gross lettable area is greater than prescribed levels. This hurdle takes into account capital and rent free parameters;
4. ***NOI STIP Performance Condition:*** A condition rewarding performance that achieves property portfolio net operating income (**NOI**) from the shopping centres included in SCP's balance sheet as at 30 June 2014 (but excluding any contributions to NOI from the Woolworths rental guarantee and NOI contributions from assets bought or sold during the performance period) exceeding certain prescribed levels; and
5. ***Personal STIP Performance Condition:*** The Personal component will measure KMP's performance over 4 key areas being (i) people (recruiting, training and retaining the right team); (ii) strategy (both development and implementation), (iii) stakeholder engagement (from investors, to major tenants to regulators and service providers) and (iv) operational (including risk management and governance).

Hurdles will be set to reward strong to exceptional performance with target set at 75% of the maximum potential award.

As a director of SCPRE, units may only be acquired under the incentive plan by Mr Mellowes (instead of their equivalent cash value at the time of vesting) if unitholders approve the issue.

Remuneration Report

(Unaudited)

FY15 Long term incentives

High level details of the changes to the LTI Performance Conditions are given elsewhere in this report and the key LTI hurdles are included below. The ranges below are designed as stretch targets for strong to exceptional performance. They do not represent management or the Board's forecasts, and nor should they be taken as guidance as to likely or potential future outcomes.

LTI Rights

Summary of Performance Conditions

Satisfaction of specified performance hurdles weighted as follows:

- TSR against the ASX200 REIT Accumulation Index (33.33%) ("***Tranche 1 - RTSR Tranche***")
- Specified distributable earnings growth per annum (33.33%) ("***Tranche 2*** - ***DEPU Tranche***")
- Specified Return on Equity (33.33%) ("***Tranche 3*** - ***ROE Tranche***")

Details of Relative TSR Performance Condition Tranche 1

The Relative TSR Performance Condition measures SCP's total security holder return performance over the Tranche 1 LTI Performance Period (being from 1 October 2014 to 30 September 2017) relative to the change in the ASX 200 A-REIT Accumulation Index over that same period.

Total security holder return is the growth in the unit price plus distributions, assuming distributions are reinvested. SCP's TSR will be calculated using SCP's closing security price on the ASX on:

- 30 September 2014 (the trading day prior to the LTI Performance Period); and
- 30 September 2017 (the last trading day of the LTI Performance Period).

The Tranche 1 LTI Rights subject to the Relative TSR Performance Condition will vest on the following basis:

	Position of SCP relative to ASX 200 A-REIT Accumulation Index	% of Tranche 1 LTI Rights that vest	% of total LTI Rights that vest
At or below Threshold	Less than or equal to Index return	0%	0%
Between Threshold and Maximum	Between Index return and Index return plus 4.0% per annum compound	Vest on a straight line basis between 0% at Threshold and 100% at Maximum	Vest on a straight line basis between 0% vesting at Threshold and 33.33% at Maximum
Maximum	At or above Index return plus 4.0% per annum compound	100%	33.33%

Details of DEPU Performance Condition Tranche 2

The DEPU Performance Condition requires the growth in SCP's distributable earnings per unit (***DEPU***) over the Tranche 2 LTI Performance Period (being from 1 July 2014 to 30 June 2017) to exceed a certain level.

The FY15 "base point" for measuring the rate of DEPU growth is 12.40 cents per unit. The Board may at its absolute discretion adjust the DEPU achieved (for the purpose of measurement) to remove abnormal items or items not affected by management.

The Tranche 2 LTI Rights subject to the DEPU Performance Condition will vest on the following basis:

	Growth in DEPU over Tranche 2 Performance Period above Base Point	% of Tranche 2 LTI Rights that vest	% of total LTI Rights that vest
At or below Threshold	Less than or equal to 2.0% p.a.	0%	0%
Between Threshold and Maximum	Between 2.0% and 4.0% p.a	Vest on a straight line basis between 0% at Threshold and 100% at Maximum	Vest on a straight line basis between 0% at Threshold and 33.33% at Maximum
Maximum	At or above 4.0% p.a.	100%	33.33%

Remuneration Report

(Unaudited)

LTI Rights

Details of ROE Performance Condition ***Tranche 3***

The Return on Equity ("ROE") Performance Condition requires SCP's total return on equity (defined below) over the Tranche 3 LTI Performance Period (being from 1 July 2014 to 30 June 2017) to exceed a certain level.

Return on Equity will be calculated as the internal rate of return (expressed as a percent per annum) for the cashflow comprising an initial investment being the NTA per Unit at 30 June 2014, all distributions paid (on a per Unit basis) over the performance period (excluding the June 2014 distribution payable in August 2014) and an assumed realisation being the NTA per unit on 30 June 2017 plus the June 2017 half year distribution (if declared).

The Board may, in its absolute discretion, adjust the ROE achieved (for the purpose of measurement) to remove abnormal items or items not affected by management.

The Tranche 3 LTI Rights subject to the ROE Performance Condition will vest on the following basis:

	ROE over Tranche 3 Performance Period	% of Tranche 3 LTI Rights that vest	% of total LTI Rights that vest
At or below Threshold	Less than 9.0% p.a.	0%	0%
Between Threshold and Maximum	Between 9.0% p.a. and 11.0% p.a.	Vest on a straight line basis between 0% at Threshold and 100% at Maximum	Vest on a straight line basis between 0% at Threshold and 33.33% at Maximum
Maximum	At or above 11.0% p.a.	100%	33.33%

Performance and vesting period

The LTI Rights are subject to a 4-year forward-looking performance period and deferral period (together the "vesting period").

The performance period for:

– the TSR Tranche commences on 1 October 2014 and is tested following 30 September 2017; and

– each of the DEPU and ROE Tranche commences 1 July 2014 and is tested following 30 June 2017.

Any Rights awarded then vest at the end of a deferral period ending on 30 June 2018 unless the Board exercises its discretion to forfeit the awarded Rights under the malus provisions of the SCA Property Group Executive Incentive Plan Rules. Any Rights which do not vest following testing of the performance conditions will lapse.

Allocation of Stapled Units

Each vested LTI Right entitles the relevant Executive to acquire one Stapled Unit plus an additional number of Stapled Units calculated on the basis of the distributions that would have been paid in respect of those Stapled Units over the vesting period calculated as the number of Stapled Units that would have been acquired if distributions as announced to ASX had been paid during the vesting period on the Stapled Units received on vesting of the LTI Rights and those distributions were reinvested in Stapled Units applying the formula set out in clause 3.3 of SCA Property Group's Distribution Reinvestment Plan (**DRP**) (whether or not that plan is operative at the relevant time) assuming a discount of 0.0%. Fractions of Stapled Units will be rounded down to the nearest whole number and no residual positive balance carried forward.

No distributions accrue in respect of LTI Rights that lapse.

9.2 Non-Executive Director (NED) Remuneration

The NED Remuneration was set at the current level prior to SCP's listing in December 2012 and the People Policy Committee intends to obtain a benchmarking report of NED Remuneration to consider the appropriateness of this level.

If a change is recommended, it is intended that it will apply from 1 January 2015.

This report is made in accordance with a resolution of Directors.

Chairman

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Board of Directors of SCA Property Group

We have audited the accompanying remuneration report of Shopping Centres Australasia Property Group ("SCA Property Group") comprising Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust and their controlled entities for the year ended 30 June 2014 as set out on pages 21 to 41. The remuneration report has been prepared by management based on the requirements of section 300A of the Corporations Act 2001.

Management's Responsibility for the remuneration report

Management is responsible for the preparation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the remuneration report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the remuneration report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the remuneration report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the remuneration report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the remuneration report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu.

Remuneration Report

Opinion

In our opinion, the financial information in the remuneration report of SCA Property Group for the year ended 30 June 2014 is prepared, in all material respects, in accordance with section 300A of the Corporations Act 2001.

Basis of Preparation

Without modifying our opinion, we draw attention to the "Management's Responsibility for the remuneration report" paragraph above which states that the remuneration report has been prepared in accordance with section 300A of the Corporations Act 2001. This Report has been prepared to assist SCA Property Group to fulfil the reporting requirements of the Board of Directors. As a result, the Report may not be suitable for another purpose.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 17 September 2014

CORPORATE GOVERNANCE

Corporate Governance

SCA Property Group is an independent internally managed group comprising two listed managed investment schemes the units of which are stapled together to form the stapled group.

Shopping Centres Australasia Property Group RE Limited (ACN 158 809 851) (**SCPRE**) is the responsible entity to the Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) (SCA Management Trust) and the Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788) (**SCA Retail Trust**). The shares in SCPRE are ultimately held by the SCA Management Trust.

The Board of SCPRE (**Board**) and senior management recognise the need to establish and maintain best practice corporate governance policies and practices that reflect the requirements of the market regulators and the expectations of stapled security holders (unitholders), market participants and others who deal with the Trusts. These policies and procedures are regularly reviewed as the corporate governance environment and good practice continue to evolve.

This statement outlines governance systems SCPRE used during this current reporting period and SCA Property Group's compliance with this system as at the end of the Financial Year, by reference to the second edition of the Corporate Governance Principles and Recommendations published in August 2007 (as amended in 2010) by the ASX Corporate Governance Council (**Recommendations**) and to the *Corporations Act 2001* (**Act**). While SCP's first period for reporting on the 3rd Edition of the Recommendations will be as at 30 June 2015, where available and appropriate we have included information required under the 3rd Edition of the Recommendations in this Statement.

As at 30 June 2014 SCPRE achieved substantial compliance with the Recommendations. Corporate governance documentation, including charters and relevant corporate policies referred to in this statement, can be found at: www.scaproperty.com.au/about/governance.

In this statement the reporting period is the period from 1 July 2013 to 30 June 2014 ("**Reporting Period**"). This corporate governance statement has been approved by the SCPRE Board.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The Board has adopted a Board Charter setting out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at: www.scaproperty.com.au.

The Board Charter underlines that the Board is accountable to unitholders for SCA Property Group's performance and for proper management of SCP's business and affairs.

The Board schedules to meet 11 times each year in the ordinary course of business, with additional meetings held as required. The Board met 15 times during the Reporting Period and each Director's attendance at those meetings is set out in the Director's Report included in this Annual Report.

To assist the Board in carrying out its responsibilities, the following standing committees of its members have been established:

– Audit Risk Management Compliance Committee (ARMCC);
– Nomination Committee;
– People Policy Committee (PPC).

Each committee has its own charter that describes the roles and responsibilities delegated to the committee by the Board. The charters are available at: www.scaproperty.com.au. The Board reviewed the charters for the Board and its committees during the Reporting Period and determined no substantial changes were required.

The Board has responsibility for reviewing the strategic direction and approving and monitoring the implementation of corporate strategic initiatives developed by management. The Board delegates responsibility for implementing the Group's strategic direction and managing the day-to-day operations of SCA Property Group to management. During the year the Board and management undertook a significant review of the strategic direction for the Group.

The Board has approved specific limits of authority for management with respect to approving expenditure, contracts and other matters, and regularly reviews those limits.

As part of the Board evaluation process, Directors' attendance at Board and Committee meetings was reviewed noting the majority of Directors had 100% attendance records and each Director confirmed that they considered that they have sufficient time to fulfil their responsibilities as a Director of SCPRE and, where relevant, as Chairman of the Board or as a Chair of a Committee of the Board. This review is undertaken at least annually as part of the Nomination Committee's work.

SCPRE's Company Secretary, Mr Mark Lamb, is accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board.

1.2 Companies should disclose the process for evaluating the performance of senior executives

Given the short history of the Group and small number of senior executives, the Board has provided regular informal feedback to senior executives over the period. In addition to this informal feedback the Board, in conjunction with the PPC, set more formal objectives and key performance indicators (KPIs) for senior executives at the beginning of the Reporting Period. Together with financial and operational objectives, senior executives are given personal objectives for the period. The PPC together with the Board assess each executive's achievement against these personal criteria. The Board may adjust a KPI during a period where a change in SCP's circumstances warrants it.

Corporate Governance

PRINCIPLE 2: STRUCURE THE BOARD TO ADD VALUE

2.1 The majority of the Board should be independent directors

As at 30 June 2014, the Board comprises six directors, five of whom are independent. Each Independent Director was appointed in September 2012 and the Chief Executive Officer in October 2012. The Independent Directors are:

Philip Marcus Clark AM	Independent Chair
James Hodgkinson	Independent Director
Dr Ian Pollard	Independent Director
Philip Redmond	Independent Director
Belinda Robson	Independent Director

The Board considers an independent director to be:

– A director who is not a substantial unitholder in SCA Property Group nor is an officer of or otherwise associated directly with a substantial unitholder of SCA Property Group.
– A non-executive director who is not a member of management and who has not been employed in an executive capacity by SCA Property Group in the last 3 years.
– A director who has not within the last 3 years been a principal of a material professional adviser to SCA Property Group.
– A director who is not a material supplier to or customer or tenant of SCA Property Group, nor an officer of nor otherwise associated directly or indirectly with a material supplier, customer or tenant.
– A director who does not have a material contractual relationship with SCA Property Group in any capacity other than as director.
– A director free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgement.

Independent Directors may access independent professional advice at SCP's expense after first consulting with the Chair.

The Board regularly assesses whether each Non-executive Director is independent. Each director provides the Board with the information necessary for the Board to assess whether they remain an Independent Director under the above criteria.

The skills, experience and expertise relevant to the position of each Director are set out in the Directors' Report that forms part of this annual report. The Nominations Committee considers the matrix of skills of the Directors standing on the Board at least annually to identify gaps in their skills that may be addressed through professional development or by the appointment of additional directors.

As at 30 June 2014, Anthony Mellowes was the sole executive director on the Board, having been formally appointed as Chief Executive Officer and Managing Director on 1 July 2013 following an extensive executive search. Prior to that time he was acting CEO and MD.

On 19 August 2013, Ms Shambly resigned as an Executive Director of the Board and subsequently resigned as CFO of the Group. Mark Fleming, who replaced Ms Shambly as Group CFO, was not appointed as an Executive Director to SCPRE.

2.2 The Chair should be an independent director.

The Board has elected Philip Marcus Clark AM as Chair of the Board. The Board is satisfied Mr Clark is and was for the entire Reporting Period an independent director. Mr Clark's details are provided in the Director's Report.

2.3 The roles of the Chair and the chief executive officer should not be exercised by the same individual.

The role of Chair and Chief Executive Officer (**CEO**) are held by separate Directors. Mr Anthony Mellowes was appointed as CEO with effect from 1 July 2013 and Philip Marcus Clark AM is Chair of the Board.

The Board Charter, Mr Mellowes' executive services agreement and the Board-approved limits of authority (with respect to approval of expenditure, contracts and other matters) provide the framework for the division of responsibilities between the Chair and the CEO.

2.4 The Board should establish a nominations committee

The Board has established the Nominations Committee. The charter for the Nominations Committee is available at www.scaproperty.com.au/about/governance. The following Independent Directors are members of the Nominations Committee:

James Hodgkinson	Chair
Belinda Robson	Member
Philip Marcus Clark AM	Member

Corporate Governance

The Nominations Committee is responsible for:

- Reviewing and recommending to the Board the size and composition of the Board, including:
  - assessment of necessary and desirable competencies, experience and attributes of Board members;
  - strategies to address Board diversity; and
  - Board succession plans and the succession of the Chair.
- Assisting the Board, as required, to identify individuals who are qualified to become Board members (including Executive Directors such as the CEO), in accordance with the criteria set by the Board.
- Reviewing and recommending to the Board the membership of the Board, including recommendations for the appointment and re-election of Directors, and, where necessary, propose candidates for consideration by the Board, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves.
- Assisting the Board and the Chair of the Board as required in evaluating the performance of the Board, its Committees and individual Directors against appropriate measures.
- Assisting the Board as required in developing and implementing plans for identifying, assessing and enhancing Director competencies.
- Reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time.
- Reviewing the Board Charter on a periodic basis, and recommending any amendments for Board consideration.
- Reviewing the time expected to be devoted by Non-executive Directors in relation to SCPRE's affairs.
- Ensuring that an effective induction process is in place and regularly reviewing its effectiveness.

The Nominations Committee will meet a minimum of two times a year. During the Reporting Period the Nominations Committee formally met once with all members attending. Given this is the first full year of operations for SCA Property Group, aspects of the work usually delegated to the Committee were undertaken at the full Board level. In addition, the Committee met informally a number of times including as part of the extended session between Board and management focused on the strategy for the Group.

2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors

At the start of the Reporting Period and building on the FY13 Board Performance Evaluation, the Chair met with each Independent Director to discuss the results of the FY13 questionnaire. The Chair followed up the results of those discussions with management and the Board as appropriate. In addition, following the end of the Reporting Period, the Nominations Committee developed a questionnaire examining those areas of performance not previously reviewed and those areas identified by the FY13 evaluation as opportunities for improvement. The Directors completed and returned to the Chair of the Nominations Committee the confidential questionnaire and the Nominations Chair compiled the results reporting them to the Board.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Companies should establish a code of conduct.

SCA Property Group has established a Code of Conduct that all Directors, officers and staff members are required to abide by.

The Code of Conduct will be reviewed at least annually to ensure it remains relevant. Staff members are trained in the Code of Conduct and, on joining, are required to confirm that they have read it.

All Directors, officers and employees of SCA Property Group ("SCP Officers") are required to meet the following standards of ethical behaviour:

- To act honestly and in good faith at all times.
- To exercise the degree of care and diligence that a reasonable person would exercise if they were in that SCP Officer's position.
- To act in the best interests of Unitholders and, if there is a conflict between the Unitholders' interests and the interests of SCPRE, give priority to Unitholders' interests.
- Not to make use of information acquired through being an SCP Officer in order to:
  - gain an improper advantage for the SCP Officer or another person; or
  - cause detriment to unitholders.
- Not to make improper use of their position as an SCP Officer to gain, directly or indirectly, an advantage for themselves or for any person or to cause detriment to Unitholders.
- To take all reasonable steps that a reasonable person would take if they were in the SCP Officers' position to ensure that SCPRE complies with:
  - the Corporations Act
  - any condition imposed on SCPRE's AFSL
  - the constitutions of SCA Retail Trust or SCA Management Trust; and
  - the Compliance Plans of SCA Retail Trust or SCA Management Trust.

Corporate Governance

- Not to take advantage of property, confidential information or position, or opportunity arising from any of these, for personal gain or to compete with SCA Property Group;
- To avoid any conflicts between the Officer's personal interests (including the interests of any family member) and the interests of SCPRE, the SCA Property Group and where relevant, Unitholders. This includes avoiding any perceived conflicts of interests.
- To report to a Director of SCPRE any breach of law, the Constitutions of SCPRE, SCA Management Trust, SCA Retail Trust, or the Compliance Plans of SCA Management Trust and SCA Retail Trust.
- Respect the confidentiality of all information acquired in the course of their duties and not use or disclose to third parties confidential information other than in accordance with SCA Property Group's Privacy Policy.
- In addition to any of the duties set out above to generally uphold the fiduciary responsibilities the SCP Officer owes to Unitholders.
- Not to engage in conduct likely to discredit SCA Property Group.
- To respect the rights of Unitholders, other employees, tenants, suppliers, Outsource Providers and the community at large and to meet legal and other obligations to these parties.
- To comply with the spirit, as well as the letter, of the law and with the principles of SCP's Code of Conduct.

SCP Officers should request all key contractors acting on behalf of SCA Property Group adhere to a similar set of ethical standards and cease using any contractor who they consider is not adhering to an ethical standard at least as rigorous as the standard set out above.

SCA Property Group has adopted a "Whistle-blower" procedure whereby employees are encouraged to report to either their manager or a Director where they observe a serious matter not in Unitholders' or the public's interest including:

- financial malpractice, impropriety or fraud;
- auditing matters, including non-disclosure or any subversion of the internal or external audit process;
- criminal activity; and
- improper conduct or unethical behaviour.

The manager or relevant Director must then take any action they consider appropriate in the circumstances including investigating the alleged misconduct themselves or appointing a third-party investigator.

The investigator must assess the complaint and recommend a course of action. The Chairman of the Board will ultimately decide what action is to be taken. If appropriate, a copy of the report will be provided to SCA Property Group's auditors or other relevant authorities.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.

SCA Property Group's continued success depends largely on its staff, who must continually meet the high expectations of investors in a changing and competitive financial services industry. SCA Property Group depends, therefore, on the support of a body of competent, informed and motivated employees. To maintain these standards and to continue meeting our business goals, it is essential SCP recruit appropriately qualified personnel.

SCA Property Group is committed to an inclusive workplace that embraces and promotes diversity. The Group rewards and promotes team members based on assessments of individual performance, capability and potential. The Board is committed to providing opportunities that allow individuals to reach their full potential irrespective of individual backgrounds or differences.

SCA Property Group values and respects the unique contributions of people with diverse backgrounds, experiences and perspectives. We recognise that team members will assume changing domestic responsibilities during their careers. SCP's Diversity Policy is on our website.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them

In view of the Group's current limited staff numbers, it is impractical for the Board to set measurable diversity-related objectives and targets. The Board will continue to monitor this as the Group grows in size, with a view to setting measurable diversity-related objectives in the future, once staff numbers have increased.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board

In respect of SCA Property Group, as at 30 June 2014

Female Board Directors (Includes independent directors on New Zealand Subsidiary Trustee Board).	25%
Female executives in senior management. (Senior management means CEO-2 being the CEO, his direct or functional reports and certain of their reports who have responsibility for an area and / or report regularly to the Board or a Committee of the Board on the performance of that area)	20%
Female employees	50%

Corporate Governance

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 and 4.2 The Board should establish an appropriately structured audit committee

SCPRE has established the Audit Risk Management and Compliance Committee (**ARMCC**). The ARMCC provides advice and assistance to the Board regarding fulfilling its responsibilities in respect of external and internal audit functions; risk management and compliance systems and practice; financial statements and market reporting systems; internal accounting and control systems; and other matters as directed by the Board.

The following Independent Directors are members of the ARMCC:

Dr Ian Pollard	Chair
James Hodgkinson	Member
Philip Redmond	Member

The qualifications and experience of each of the members of the ARMCC are set out in the Directors Report included in this Annual Report.

The ARMCC met four times during the Reporting Period and all members attended all meetings with those directors not members of the Committee generally attending as observers (details are set out in the Directors Report included in this Annual Report).

4.3 The audit committee should have a formal charter

The ARMCC's formal charter is available at www.scaproperty.com.au/about/governance.

Under the Charter the responsibilities of the ARMCC include:

- **External audit**: the Committee oversees the effectiveness of processes in place for the appointment, performance, and independence of external audit services.
- **Internal controls**: the Committee examines the adequacy of the nature, extent and effectiveness of the internal audit control processes of SCA Property Group.
- **Risk management**: the Committee assists the Board in overseeing and reviewing the risk management framework and the effectiveness of risk management of SCA Property Group. Management is responsible for identifying, managing and reporting on and effecting measures to address risk.
- **Risk event consideration**: the Committee oversees the appropriate investigation and management reporting of significant risk events and incidents.
- **Compliance**: the Committee assists the Board in fulfilling its compliance responsibilities and oversees and reviews SCA Property Group's compliance framework and its effectiveness, including the extent of compliance with each of SCA Management Trust's and SCA Retail Trust's Compliance Plans. The Committee also assists management to foster and support a compliance culture based on appropriate benchmarks.
- **Financial reports**: the Committee oversees SCA Property Group's financial reporting processes and reports to the Board on the results of its activities. Specifically, the Committee reviews (with management and the external auditor) SCA Property Group's annual financial statements and reports to unitholders.
- **Accounting standards and quality**: the Committee oversees the adequacy and effectiveness of SCA Property Group's accounting and financial policies and controls and risk management system and seeks assurance of compliance with relevant regulatory and statutory requirements.
- **Trust compliance plans**: the Committee assesses at regular intervals whether SCA Management Trust's and SCA Retail Trust's Compliance Plans are adequate and makes recommendations to the Board about any changes that it considers should be made.

PRINCIPLE 5: Make timely and balanced disclosures

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies

SCA Property Group's Continuous Disclosure Policy underlines the Group's commitment to ensuring unitholders and the market receive timely, accurate and relevant information regarding the Group. SCA Property Group acknowledges that providing information in this way enables investors to trade in SCP units in an informed, efficient and competitive market.

All staff members are trained in the Group's Continuous Disclosure Policy to ensure all market sensitive information is provided to senior management, thereby enabling prompt disclosure. Discussion of events relevant to the Group that may require disclosure to the market is a standing agenda item at all Board meetings.

SCA Property Group's continuous disclosure policy is available at: www.scapropety.com.au/about/governance.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

SCA Property Group's Unitholder Communications Policy is available at: www.scaproperty.com.au/about/governance.

One of SCA Property Group's key communication tools is its website: www.scaproperty.com.au. SCA Property Group endeavours to keep its website up-to-date, complete and accurate. Important information about the Group can be found in the "About us", "Investor Centre" and "News & Announcements" sections. All material price sensitive information is first announced on the ASX website in accordance with the Listing Rules.

SCP is conscious of the large number of retail unitholders it has on its register and has considered their needs in each communication it makes, both in terms of content and the channels used for the dissemination of information. The Board has balanced the communication preferences of some Unitholders against the cost to the Group of meeting those Unitholders' preference for personal contact or paper-based communication.

As two stapled managed investment schemes SCA Property Group is not required to hold an annual general meeting. The Board has determined, however, that the Group will follow the annual general meeting regime specified for companies to the extent reasonably practicable.

Corporate Governance

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

SCA Property Group holds properties in Australia and New Zealand. Our growth and success depends on our ability to understand and respond to the challenges of an uncertain and changing world. This uncertainty generates risk and can be a source of both opportunities and threats. By understanding and managing risk, we provide greater certainty and confidence for all our unitholders.

The Board is responsible for ensuring at least annually that management has developed and implemented an effective risk-management framework. Detailed work on this task is delegated to the ARMCC and reviewed by the full Board.

The ARMCC has responsibility for overseeing risk management. Under the ARMCC Charter, the Committee performs the following functions to assist the Board in overseeing the Group's system of risk management and internal control:

- Reviews and updates SCPRE's policies on risk oversight and management and ensures that a summary of those policies is publicly available.
- Oversees management's actions in the identification, evaluation, management, monitoring and reporting of material operational, financial, compliance, reputational and strategic risks. In providing this oversight, the Committee:
  - reviews the framework and methodology for risk identification, the management of risk and the processes for auditing and evaluating SCPRE's risk-management system;
  - provides input into rating business risks;
  - reviews material business risks that are reported to the Committee, including risk reports and action plans that are periodically presented to the Committee and any other communication from senior management;
  - reviews, and where necessary approves, guidelines and policies governing identification, assessment and management of SCPRE's exposure to risk, including the periodic review of those guidelines and policies;
  - reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis;
  - reviews SCPRE's insurance arrangements to ensure appropriate and cost-effective coverage;
  - ensures that SCPRE's risk-management activities are adequately resourced;
  - evaluates SCPRE's exposure to fraud and oversees the appropriate investigation and management reporting of allegations of fraud or malfeasance and other significant risk events and incidents;
  - liaises with the People Policy Committee to ensure that remuneration-related risks (particularly executive remuneration) are regularly monitored and controls are reviewed, updated and linked to SCPRE's risk-management program.
- Reports to the Board, or ensures management reports to the Board, on any material developments in relation to SCA Property Group's risk activities and makes recommendations as appropriate for changes to the risk-management framework or risk tolerance levels.

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks

SCA Property Group has adopted the risk-management process described in the Australian/New Zealand Standard (AS/NZS ISO 31000:2009 Risk management – Principles and guidelines). All risk-management systems and methodologies must be consistent with this process.

Management reports to the Board on the material business risks facing SCA Property Group and provides details on appropriate risk mitigation. Management has developed a comprehensive risk register and provides this to the ARMCC/Board for review at least annually. During the FY14 period management's risk register was reviewed by both the ARMCC and the Board.

The safety of visitors, workers and SCP's own staff at SCA Property Group's retail shopping centres is a key focus for the Board. The Board has charged management with taking all reasonable steps to ensure safety at SCP's centres. Safety is a standing agenda item on each Board agenda.

7.3 The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

In respect of both the half-year financial statements and the full year financial statements the CEO and the CFO confirm in writing first to the ARMCC and ultimately when the Board approves the financial statements that:

- The financial statements and associated notes comply in all material respects with the applicable Accounting Standards as required by the *Corporations Act 2001*.
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at the relevant balance date and performance of the Group for the relevant financial period as required by the *Corporations Act 2001*.
- With regard to the financial records and systems of risk management and internal compliance and control of the Group for the relevant period:
  - the financial records of the Group have been properly maintained in accordance with the Corporations Act;
  - the statements made in regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control;
  - the risk management and internal compliance and control systems of the Group relating to financial reporting objectives are operating effectively, in all material respects; and
  - subsequent to the balance date, and up to the date of the relevant financial report no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Group.
- With regard to solvency, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 The board should establish a remuneration committee

The Board has established the People Policy Committee (**PPC**) which is responsible for recommending to the Board appropriate remuneration for senior executives. The PPC's charter can be found at: www.scaproperty.com.au/about/governance.

The following independent directors are members of the PPC:

Belinda Robson	Chair
Philip Redmond	Member
James Hodgkinson	Member

The People Policy Committee will meet a minimum of four times a year. Reflecting the seriousness with which the Board and PPC regarded the "first strike" received against SCP's 2013 Remuneration Report, the Committee formally met nine times during the Reporting Period and Ms Robson and Mr Hodgkinson attended all meetings and Mr Redmond all but one. The People Policy Committee members also worked together during the period, including through frequent workshops and out-of-session communications, to ensure the remuneration structure was designed and implemented fairly and responsibly. During the Period the PPC Chair and the Board Chair met with numerous stakeholders with regards to the Group's remuneration including meetings with investors and proxy and governance advisors (more details are included in the Remuneration Report included in this Annual Report).

The PPC must, at least annually, review and approve the Group's overall remuneration policy to assess whether remuneration is market competitive and designed to attract, motivate and retain valuable members of staff. In terms of the overall remuneration of officers and staff employed by the Group, the PPC considers the following elements:

Short Term Incentive Plans

- Review and approve the structure of incentive plans annually to determine if they are designed to effectively motivate and reward the achievement of SCA Property Group's objectives.
- Review the implementation and outcomes of incentive plans annually to determine if they reward individuals fairly and equitably and within the Group's cost parameters.

Long Term Incentive Plans

- Review the design of all employee long term incentive and equity plans annually to determine whether the following are being achieved:
  - SCA Property Group's objectives;
  - compliance with legislative and regulatory requirements;
  - alignment with industry standards; and
  - overall cost effectiveness.
- Approve the categories of employees who will be eligible to participate in employee long term incentive and equity plans.
- Review and recommend to the Board for approval the overall structure and the level of participation in the plans.

CEO and Executive Directors' Remuneration

The remuneration of the CEO and other Executive Directors will be the responsibility of the Chair of the Board in direct consultation with the Committee and the full Board.

Management Remuneration

- Review and approve, having regard to the CEO's recommendations, proposed remuneration packages (including STI payments and LTI awards) of executives of SCA Property Group.
- Review the objectives and performance assessments of the management of SCA Property Group.

Remuneration for Non-Executive Directors

Review and recommend to the Board the remuneration structure for the Non-Executive Directors of SCPRE, within the maximum amount approved by unitholders.

8.2 The remuneration committee should be appropriately structured

The Committee comprised three independent Directors. The Chair of the Committee is an independent Director who is neither the Chair of the SCPRE Board nor Chair of any committee of the Board.

The Committee appointed an independent advisor to assist it in formulating the Committee's recommendations to the Board.

While members of management may attend meetings of the PPC, no member of management may be present while their own remuneration is being discussed.

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

Independent (Non-executive) Directors receive their fees in cash. They receive a fixed amount and do not receive options, bonus payments or other performance incentives.

Executives receive both fixed and incentive based remuneration. Details of executives' remuneration and the policies adopted by SCA Property Group in setting that remuneration are set out in the Remuneration Report included in this Annual Report.

FINANCIAL REPORT

Directors' Report

For the year ended 30 June 2014

Shopping Centres Australasia Property Group ("SCA Property Group" or the "Group") comprises of the stapled units in two Trusts, Shopping Centres Australasia Property Management Trust ("Management Trust") and Shopping Centres Australasia Property Retail Trust ("Retail Trust") (collectively the "Trusts") and their controlled entities.

The Responsible Entity for both Trusts is Shopping Centres Australasia Property Group RE Limited, which now presents its report together with the Trusts' Financial Reports for the year ended 30 June 2014 and the auditor's report thereon.

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012 including trading on the Australian Securities Exchange (ASX: SCP).

The Trusts' Financial Report for the year ended 30 June 2014 includes, where required, comparatives to the prior period. Where this is the case, the prior corresponding period is the period from commencement of trading on 11 December 2012 to 30 June 2013.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Management Trust has been identified as the Parent for preparing Consolidated Financial Reports.

The Directors' Report is a combined Directors' Report that covers both Trusts. The financial information for the Group is taken from the Consolidated Financial Reports and notes.

Directors

The Directors of the Responsible Entity at any time during or since the end of the financial year are:

Philip Marcus Clark AM

Non-Executive Director and Chairman (appointed 19 September 2012)

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director of Ingenia Communities Group (June 2012 to date) and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to date). Former Non-Executive Director and chairman of the Audit Committee of ING Management Limited until 2012. ING Management Limited was the Responsible Entity of a number of listed real estate funds.

Other positions held: Other Group positions are member of the Nominations Committee. Other positions held unrelated to the Group include member of the JP Morgan Australia Advisory Council. Chairman of a number of Government and private Boards. Director of several charitable foundations.

Other Experience: Mr Clark was formerly Managing Partner of the law firm Minter Ellison from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a Director and Head of Corporate with ABN Amro Australia, and prior to that he was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years.

Qualifications: BA, LLB, and MBA (Columbia University).

James Hodgkinson

Non-Executive Director (appointed 26 September 2012)

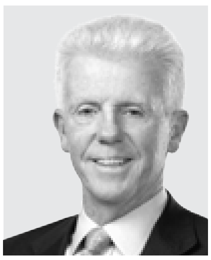
Independent: Yes.

Other listed Directorships held in last 3 years: Former Non-Executive Director of Goodman Group from February 2003 to September 2011.

Other positions held: Other Group positions are Chair of the Nominations Committee, member of the People Policy Committee, and the Audit, Risk Management and Compliance Committee. Other positions held unrelated to the Group include a Governor of the Cerebral Palsy Alliance Foundation and Chairman of CPA's NSW's 20/Twenty Challenge.

Other experience: Formally an Executive Director of the Macquarie Group and a division head within Macquarie's Real Estate Group. He has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations. Formerly served as a member of the Advisory Committee of the Macquarie Foundation.

Qualifications: BEcon, CPA, FAPI, and FRICS.



Ian Pollard

Non-Executive Director (appointed 26 September 2012)

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director and Chairman of Billabong International Limited (October 2012 to date) and Director of Milton Corporation Limited (1998 to date).

Other positions held: Other Group positions are Chair of the Audit, Risk Management and Compliance Committee. Other positions held unrelated to the Group include chairman of RGA Reinsurance Company of Australia Limited, and Director of the Wentworth Group of Concerned Scientists. Formerly a Director and chairman of a number of listed companies including: Corporate Express Australia (Chairman) (listed until 2010), and Just Group (Chairman) (listed until 2008).

Other experience: Dr Pollard has been a company director for over 30 years and an author of a number of books, including three on Corporate Finance.

Qualifications: Actuary and Rhodes Scholar, BA, MA (First Class Honours) (Oxon), DPhil, FIAA, FAICD.

Directors' Report

For the year ended 30 June 2014

Philip Redmond

Non-Executive Director (appointed 26 September 2012)

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director Galileo Funds Management Limited the Responsible Entity for Galileo Japan Trust (2006 to date).

Other positions held: Other Group positions are member of the Audit, Risk Management and Compliance Committee and the People Policy Committee.

Other experience: Mr Redmond has over 30 years of experience in the real estate industry including over five years with AMP's real estate team and over 12 years with the investment bank UBS in various roles including as Managing Director Head of Real Estate Australasia.

Qualifications: BAppSc (Valuation), MBA (AGSM) and MAICD.

Belinda Robson

Non-Executive Director (appointed 27 September 2012)

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Other positions held: Other Group positions are Chair of the People Policy Committee and member of the Nominations Committee.

Other experience: Mrs Robson is an experienced real estate executive, having worked with Lend Lease for over 20 years in a range of roles including most recently as the Fund Manager of the Australian Prime Property Retail Fund. At Australian Prime Property Retail Fund, Mrs Robson was responsible for portfolio management and the development and implementation of the fund strategy, as well as reporting to the Fund Board and its Investor Advisory Board. Ms Robson is a Non-Executive Director of several Lend Lease Asian Retail Investment Funds.

Qualifications: BComm (Honours).

Anthony Mellowes

Executive Director and CEO (appointed Director 2 October 2012)

Independent: No.

Other listed Directorships held in last 3 years: None.

Other experience: Mr Mellowes is an experienced property executive, having worked with Woolworths for over 10 years and holding a number of senior property related positions including Head of Asset Management and Group Property Operations within Woolworths. Prior to joining Woolworths, Mr Mellowes was with the Lend Lease Group.

Qualifications: Bachelor of Financial Administration and completion of Macquarie Graduate School of Management's Strategic Management Program.

Kerry Shambly

Director (appointed Director 2 October 2012; ceased 19 August 2013)

Independent: No.

Other listed Directorships held in last 3 years: None.

Other experience: Ms Shambly has over 20 years experience in the property and retail sectors.

Qualifications: BComm, CA.

Company Secretary

Mark Lamb

General Counsel and Company Secretary (appointed 26 September 2012)

Experience: Mr Lamb is an experienced transaction lawyer with over 20 years experience in the private sector as a Partner of Corrs Chambers Westgarth (and subsequently Herbert Geer) and in the listed sector as General Counsel and Company Secretary of ING Real Estate.

Mr Lamb has extensive experience in retail shopping centre developments, acquisitions, sales and major leasing transactions, having acted for various REITs and public companies during his career.

Qualifications: LLB

Directors' Report

For the year ended 30 June 2014

Directors' relevant interests

The relevant interest of each Director in ordinary stapled units in the Group as at the date of signing this report is shown below.

Director	Number of stapled units at 30 June 2013	Net Movement	Number of stapled units at end of year and date of this report
P Clark AM	10,000	-	10,000
J Hodgkinson	274,285	-	274,285
I Pollard	53,571	50,000	103,571
P Redmond	62,500	-	62,500
B Robson	7,142	-	7,142
A Mellowes	3,039		3,039[1]

[1] Additionally, Mr Mellowes has a possible maximum entitlement to an additional 975,650 units under equity based executive incentive plans.

Additionally Kerry Shambly, a director from 2 October 2012 until 19 August 2013, held 2,416 units at 30 June 2013 and up to at least 19 August 2013.

Directors' attendance at meetings

The number of Directors' meetings, including meetings of committees of the Board of Directors, held during the year and the number of those meetings attended by each of the Directors at the time they held office are shown below:

Number of meetings held	Number
Board of Directors (Board)	15
Audit, Risk Management and Compliance Committee (ARMCC)	4
People Policy Committee (People)	9
Nominations Committee (Nomination)	1

	Board		ARMCC		People		Nomination	
Director	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended[3]	Held[1]	Attended
P Clark AM	15	15	-	4[2]	-	3[2]	1	1
J Hodgkinson	15	15	4	4	9	9	1	1
I Pollard	15	15	4	4	-	5[2]	-	1[2]
P Redmond	15	13	4	4	9	8	-	1[2]
B Robson	15	14	-	3[2]	9	9	1	1
A Mellowes	15	14	-	4[2]	-	4[2]	-	1[2]
K Shambly	1	1	-	-	-	-	-	-

[1] Held reflects the number of meetings which the director was eligible to attend.

[2] Attended as a guest and not as a member of the Committee.

[3] No executive director attended where their own remuneration was discussed.

Principal activities

The principal activity of the Group during the year was investment in, and asset management of, shopping centres in Australia and New Zealand. There were no significant changes in the nature of those activities during the year.

Property portfolio

The investment portfolio as at 30 June 2014 consisted of 75 (30 June 2013: 75) shopping centres in Australia and New Zealand including one remaining property under development by Woolworths Limited (Greystanes) (30 June 2013: Greystanes, Katoomba and Lilydale). Lilydale was completed in July 2013 and Katoomba was completed in April 2014.

In November 2013 the Group purchased six properties in Tasmania and exchanged contracts to purchase Claremont Plaza, Tasmania. Claremont Plaza has a purchase price of $27.9 million, excluding transactions costs, and will settle following completion of the Woolworths extension and refurbishment which is expected in late 2014.

The portfolio is geographically diverse and spread across all six States in Australia and also in New Zealand. It consists of sub-regional, neighbourhood and freestanding retail assets, with nearly half the portfolio located in new growth corridors and regions, and a strong weighting toward non-discretionary retail segments. The portfolio comprises modern retail assets with an average age of less than 6 years, therefore capital expenditure on the portfolio is expected to be relatively low over the medium term.

At 30 June 2014, the Group's investment property portfolio (including investment properties under construction and the value of the rental guarantee) is valued at $1,648.4 million (30 June 2013: $1,504.4 million).

Directors' Report

For the year ended 30 June 2014

Australian property

The total value of Australian completed investment properties (including the value of the rental guarantee) as at 30 June 2014 was $1,406.7 million (30 June 2013: $1,210.5 million). Additionally in Australia at 30 June 2014 there was one property under development (Greystanes) with a value of $30.9 million (30 June 2013: three properties (Greystanes, Lilydale, Katoomba) and $119.7 million).

The change in value during the year of the Australian completed investment properties was due principally to:

- The acquisition of six properties in Tasmania for $117.8 million (excluding transaction costs).
- The completion and reclassification of the development properties at Lilydale and Katoomba.
- Favourable unrealised fair value movements of $23.1 million (30 June 2013: $3.6 million loss).

This was partially offset by the disposal during the year of seven Australian properties for $75.7 million which had a combined book value of $72.6 million at 30 June 2013.

New Zealand property

The total value of New Zealand investment properties as at 30 June 2014 was A$210.8 million (30 June 2013: A$174.2 million). The change in value of the New Zealand investment properties was due principally to:

- The acquisition of St James in November 2013 for NZ$12.0 million.
- Favourable unrealised fair value movements of $7.0 million (30 June 2013: nil).
- Favourable unrealised exchange rate movements of $17.7 million (30 June 2013: $9.4 million).

Summary

	30 June 2014		30 June 2013	
	Number	**$m**	Number	$m
Investment properties completed including the value of the rent guarantee				
Australia	**60**	**1,406.7**	59	1,210.5
New Zealand[1]	**14**	**210.8**	13	174.2
	74	**1,617.5**	72	1,384.7
Less: value of rental guarantee	**-**	**(6.7)**	-	(12.9)
Net investment property value completed	**74**	**1,610.8**	72	1,371.8
Add: investment properties under development: Australia	**1**	**30.9**	3	119.7
Less: value of rental guarantee	**-**	**(0.9)**	-	(3.6)
Net investment property value under construction: Australia	**1**	**30.0**	3	116.1
Total net investment properties	**75**	**1,640.8**	75	1,487.9
Add: total value of the rent guarantee	**-**	**7.6**	-	16.5
Total investment property value including the value of the rental guarantee	**75**	**1,648.4**	75	1,504.4

[1] NZD converted to AUD for 30 June 2014 at AUD 1.00 = NZD 1.074 and NZD converted to AUD for 30 June 2013 at AUD 1.00 = NZD 1.180.

Revaluations

During the year ended 30 June 2014 independent valuations were completed for 36 investment properties (30 June 2013: 75). The independent valuations included Australian and New Zealand investment properties. All of the remaining investment properties were internally valued. The weighted average capitalisation rate as at 30 June 2014 was 7.83% (30 June 2013: 8.05%).

The weighted average capitalisation rate for the Australian investment properties at 30 June 2014 tightened by 21bps to 7.86% (30 June 2013: 8.07%) and for the New Zealand investment properties at 30 June 2014 tightened by 20bps to 7.68% (30 June 2013: 7.88%).

For the year ended 30 June 2014 the overall unrealised fair value movement was a favourable increase in the value of the investment properties of $30.1 million (30 June 2013: $3.6 million loss). The main driver of the $30.1 million favourable unrealised fair value movement of the investment properties was the tightening of capitalisation rates in both Australia and New Zealand.

Rental guarantee

The majority of the properties in the portfolio were divested by Woolworths Limited in December 2012. Woolworths Limited provided a rental guarantee to the Group to cover vacant tenancies (including incentives) as at December 2012 until December 2014, or when the vacant tenancy is let, whichever is first.

Development properties purchased from Woolworths Limited also have a rental guarantee under similar terms except the two year period starts from completion of development. For financial reporting purposes the value of the rental guarantee is separately reported from the gross property value.

Directors' Report

For the year ended 30 June 2014

Operating and financial review

Operational review

The Group remains focused on reducing its specialty vacancy and was able to decrease speciality vacancy significantly over the year, while at the same time ensuring that the properties secure the right tenant for the right location in order to create a sustainable and long-term tenant mix to optimise the performance of the portfolio.

Financial review

The Group recorded a statutory profit for the Financial Year (FY) ended 30 June 2014 after tax of $111.6 million compared to a $4.4 million loss in FY13. The change in statutory profit was mainly due to:

- The comparative period of FY13 was only from 11 December 2012, when trading commenced, to 30 June 2013.
- The comparative period of FY13 included $37.2 million of transaction and establishment costs associated with the creation and listing of SCP.
- The current period, FY14, included $30.1 million of unrealised fair value gains on the revaluation of investment properties (30 June 2013: $3.6 million unrealised fair value loss).

Distributable earnings after tax was $80.4 million (FY13: $38.6 million). FY14 total distributions declared are 11.0 cents per unit (FY13: 5.6 cents per unit). The final distribution of 5.6 cents per unit is in line with guidance and is intended to be paid on 28 August 2014.

A summary of the Group and Retail Trust's results for year is set out below:

	SCA Property Group		Retail Trust	
	30 June 2014	11 Dec 2012 to 30 June 2013	**30 June 2014**	11 Dec 2012 to 30 June 2013
Net profit/(loss) after tax ($m)	**111.6**	(4.4)	**111.6**	(2.7)
Basic earnings per unit for net profit/(loss) after tax (cents per unit)	**17.3**	(0.7)	**17.3**	(0.5)
Diluted earnings per unit for net profit/(loss) after tax (cents per unit)	**17.3**	(0.7)	**17.3**	(0.5)
Distributable earnings ($m)	**80.4**	38.6	**80.4**	40.3
Distributions paid and payable to unitholders ($m)	**71.3**	36.0	**71.3**	36.0
Distributable earnings (cents per unit)	**12.4**	6.6	**12.4**	6.9
Distributions (cents per unit)	**11.0**	5.6	**11.0**	5.6
Net tangible assets ($ per unit)	**1.64**	1.57	**1.64**	1.57

Measurement of results

The Group reports net profit / (loss) after tax (statutory) attributed to unitholders in accordance with Australian Accounting Standards (AAS). The Responsible Entity considers the non-AAS measures, Funds from Operations and Distributable Earnings, important indicators of the underlying earnings of the Group. Funds from Operations and Distributable Earnings are explained below.

Funds from Operations: In June 2013 the Property Council of Australia (PCA) released a White Paper entitled "Voluntary Best Practice Guidelines for Disclosing FFO and AFFO". The White Paper set out principles for determining Property Council Funds from Operations (FFO) and Property Council Adjusted Funds from Operations (AFFO). For financial years ended on and after 30 June 2014 the Group will measure its non-AAS performance against both Distributable Earnings and FFO. The Group also reports its AFFO.

Distributable earnings: is the basis upon which distributions are determined by the Directors having regard to the guidance in ASIC's RG 230 "Disclosing non IFRS financial information" (RG 230). A reconciliation between the statutory profit/(loss) and distributable earnings is provided below. Distributable earnings represents the Directors' view of underlying earnings from ongoing operating activities for the year, being net profit/(loss) after tax (statutory) adjusted for:

- **Non-cash items:** Non-cash items or other unrealised items included in statutory profit are reversed. This includes unrealised fair value gains/(losses), fair value adjustments on revaluations of properties or other assets or liabilities (for example, the rental guarantee receivable amount) and other items such as straight lining of rental income. During the year the results included a fair value gain of $30.1 million on investment properties (30 June 2013: $3.6 million loss). This gain is net of the transaction costs paid (including stamp duty) on the acquisition of the properties in Tasmania during the year. The gain of $30.1 million has been reversed in determining distributable earnings.
- **Transaction costs:** This includes items such as formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities including unsuccessful transactions costs.
- **Cash items**: Amounts received/receivable from rental guarantee are included in distributable earnings but are not included in net profit/(loss) after tax (statutory profit). This includes amounts received under the Woolworths rent guarantee including incentive payments reimbursed or otherwise received.
- **Structural vacancy allowance:** The inclusion of amounts received under the Woolworths rent guarantee (refer Cash items above) effectively results in a fully let income being included in distributable earnings. Therefore a notional allowance is made to reduce distributable earnings to allow for a normalised vacancy and this reduction is referred to as a structural vacancy allowance. The allowance is reviewed periodically and is currently set at 4% of the fully leased speciality income. Fully leased speciality income is the speciality income received plus any amounts received or receivable as Woolworths rent guarantee. Once the Woolworths rent guarantee expires this adjustment will no longer be made to statutory profit, as the statutory profit will include the actual rent received (and vacancy will reduce the rent otherwise available).

Directors' Report

For the year ended 30 June 2014

The table below provides a reconciliation from the net profit/(loss) after tax to FFO and Distributable Earnings.

	SCA Property Group		Retail Trust	
	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m	30 June 2014 $m	**11 Dec 2012 to 30 June 2013 $m**
Net profit/ (loss) after tax (statutory)	**111.6**	(4.4)	**111.6**	(2.7)
Adjustments for non cash items included in statutory profit/(loss)				
Reverse: Straight-lining of rental income and amortisation of incentives	**(7.5)**	(4.2)	**(7.5)**	(4.2)
Reverse: Fair value adjustments				
Investment properties	**(30.1)**	3.6	**(30.1)**	3.6
Derivatives	**0.2**	-	**0.2**	-
Other financial assets (rent guarantee)	**(4.8)**	(1.1)	**(4.8)**	(1.1)
Other Adjustments				
Reverse: Transaction costs	**0.4**	37.2	**0.4**	37.2
Funds from Operations	**69.8**	31.1	**69.8**	32.8
Other adjustments				
Add: Cash received/receivable from rental guarantee	**13.0**	8.2	**13.0**	8.2
Less: Structural vacancy allowance	**(2.4)**	(0.7)	**(2.4)**	(0.7)
Distributable Earnings	**80.4**	38.6	**80.4**	40.3
Less: Maintenance capital expenditure	**(0.7)**	-	**(0.7)**	-
Less: Incentives (including fit-out incentives) and leasing costs provided during the year	**(0.3)**	-	**(0.3)**	-
Adjusted Funds From Operations	**79.4**	38.6	79.4	40.3

Distributable earnings for the year to 30 June 2014 increased from $38.6 million (30 June 2013) to $80.4 million primarily due to:

- The comparative period of FY13 was from 11 December 2012, when trading commenced, to 30 June 2013.
- Increased net property income due to the benefit of the full year of income from the acquisition of seven properties in June 2013.
- Increased property income due to the completion of two development properties during the year: Lilydale (July 2013) and Katoomba (April 2014), the development and expansion of Kwinana (since occupied by Dan Murphy's), and the settlement of St James in New Zealand following its completion by Woolworths and the acquisition of six properties in Tasmania in November 2013.

This was partially offset by the cessation of income from the disposal of seven properties during the year.

Fair value of assets

A summary of the financial value of the Group's and the Retail Trust's total assets is below.

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Value of assets	**1,672.9**	1,531.2	**1,672.1**	1,524.6

The value of the Trusts' assets is derived using the basis set out in Note 2 of the Consolidated Financial Report.

The increase in the value of assets is primarily due to:

- The acquisition of six properties in Tasmania for $117.8 million (excluding transaction costs).
- Completion of two development properties during the year (Lilydale (July 2013) and Katoomba (April 2014)), the development and expansion of Kwinana (since occupied by Dan Murphy's), and the settlement of St James in New Zealand following its completion by Woolworths.
- Favourable unrealised fair value movements of $30.1 million.
- Movement in the NZD (NZD converted to AUD for 30 June 2014 at AUD 1.00 = NZD 1.074 and NZD converted to AUD for 30 June 2013 at AUD 1.00 = NZD 1.180.

This was partially offset by the disposal during the year of seven Australian properties for $75.7 million which had a combined book value of $72.6 million at 30 June 2013.

Directors' Report

For the year ended 30 June 2014

Contributed equity

The movement in gross contributed equity (excluding equity issue costs) during the year is set out below:

	SCA Property Group 30 June 2014 $m	Retail Trust 30 June 2014 $m
Opening balance at 1 July 2013	1,071.9	1,065.5
Equity issued on 29 November 2013	10.0	9.9
Closing balance at 30 June 2014	1,081.9	1,075.4

The equity issued on 29 November 2013 was to assist with the acquisition of six properties in Tasmania for $117.8 million (excluding transaction costs). The equity was issued at $1.61 per stapled unit.

On 14 February 2014, the Group announced the commencement of an on-market buyback for up to 5% of its issued stapled units (or a maximum of 32.4 million stapled units) at a price of up to the net tangible asset value per unit (which was $1.59 at the date of the announcement). The on-market buyback is open for a period of up to 12 months (to 13 February 2015). No units have been bought back to date.

Significant changes and developments during the year

Development Properties

In July 2013 the Lilydale Marketplace development was completed by Woolworths; on completion the Group paid $18.2 million to Woolworths. In April 2014 the Katoomba development was completed by Woolworths; on completion the Group paid $16.3 million to Woolworths.

In November 2013 the Group settled on the St James property in New Zealand following the completion of the construction of St James by Woolworths; the Group paid NZ$12.0 million for St James.

Additionally at the existing property at Kwinana, a $5.0 million development and extension (now occupied by Dan Murphys) was completed by Woolworths in December 2013.

Property Acquisitions

In November 2013 the Group agreed to acquire a portfolio of seven properties in Tasmania. Six of the acquisitions were completed in November 2013 and these were established neighbourhood shopping centres in Tasmania. This was an off-market transaction with a private investment group. The six properties were purchased for $117.8 million (excluding stamp duty and other transactions costs). The acquisition of these properties was funded by the issue of $10.0 million worth of stapled units at an issue price $1.61 per stapled unit, the sale of properties and drawing on existing bank debt facilities. The remaining property, Claremont Plaza, Tasmania, with a purchase price of $27.9 million excluding transaction costs, will settle following completion of the Woolworths extension and refurbishment which is expected in late 2014. This is expected to be funded by the Group's debt facilities.

Property Disposals

In November 2013 the Group also announced that seven non-core properties were contracted to be sold. These properties had a book value of $72.6 million at 30 June 2013 and were sold during the year for $75.7 million.

Capital Management

During the year the Group agreed to a refinancing and extension of maturity and limit of its debt facilities. The new facilities are in place and the average debt maturity at 30 June 2014 is 3.5 years (30 June 2013: 3.6 years). The total facility limit availability from the lenders was $600.0 million as at 30 June 2014 (30 June 2013: $550.0 million). Additionally during the year a new lender was introduced to further diversify SCP's banking relationships from three lenders to four lenders.

In May 2014 the Group entered into two additional $50.0 million interest rate swaps for three and five years respectively.

As at 30 June 2014, 86% of the Group's floating rate debt was fixed or hedged (30 June 2013: 78%).

Additionally in June 2014 the Group agreed terms with US private investors to issue unsecured Notes with aggregate face value of US$150 million and AUD $50 million (equivalent in total to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). In June 2014 the principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 these Notes were issued and cash was received and will be used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's).

The Group's target gearing range up to 12 June 2014 was between 25% and 40%. On 12 June 2014 the Group refined its gearing policy to be within the range of 30% to 40% with a preference to be below 35%. The gearing policy includes flexibility to increase gearing beyond 35% if required, provided a reduction back to 35% or below is achievable within a reasonable timeframe. The Group maintains a prudent approach to managing the balance sheet with gearing of 32.6% as at 30 June 2014 (30 June 2013: 28.9%), comfortably within the policy target range of 30% to 40% and within the preference to be below 35%.

At 30 June 2014, the Group had cash and undrawn facilities of $56.8 million (30 June 2013: $107.8 million).

As at 30 June 2014 the Group had a debt facility drawn to $544.1 million (30 June 2013: $457.6 million) (including $5.0 million of the facility treated as drawn to support a $5.0 million bank guarantee (30 June 2013: $5.0 million)). The bank guarantee assists with the Responsible Entity's compliance with its Australian Financial Services Licence. The increase in borrowings since 30 June 2013 is primarily related to the November 2013 acquisition of the properties and the payments due on completion of the development properties referred to above.

Directors' Report

For the year ended 30 June 2014

On 14 February 2014, the Group announced the commencement of an on-market buyback for up to 5% of its issued stapled units (or a maximum of 32.4 million stapled units) at a price of up to the net tangible asset value per unit (which was $1.59 at the date of the announcement). The on-market buyback is open for a period of up to 12 months or to 13 February 2015. No units have been bought back to date.

Major Business Risk Profile

Risk	Description	Mitigation Strategy
Interest Rates	Interest rates increase over time causing earnings to decline	Hedging Policy and Strategy in place, under which the Group expects it will continue to maintain a reasonable level of short term hedging. Floating rate debt is 86% economically hedged at 30 June 2014 (30 June 2013: 78%).
Specialty Lease Up	Vacant specialty stores do not lease up	Rental Guarantee from vendor for 2 years from acquisition. Internalisation of the specialty leasing function. This is also mitigated by substantial leasing up progress since the company commenced trading in December 2012.
Property Valuations	Property valuations decrease causing earnings to decline and potential breach of financing covenant	Monitor market sales activity and increase net income to maintain values and manage a level of gearing to maintain sufficient covenant headroom.
Foreign Exchange	Value of foreign net assets decrease as foreign exchange rates move	All USD exposure economically fully hedged. NZD exposure natural hedge to over 55% of asset value by drawing bank debt in the foreign currency.
Derivatives	Movements in financial markets cause change in derivatives impacting on net tangible assets and Profit and Loss and Other Comprehensive Income.	Derivatives are only used for hedging and not for trading purposes.
General Economic - Retail Spending	Retail spending decline causing tenants to default on lease payments and growth in underlying lease rentals does not materialise	Maintain bias towards non-discretionary retail spend which is generally considered more defensive in nature and therefore less exposed to a general decline in retail spend.

Business strategies and prospects for future financial years

The Group's core strategy is to invest in, manage, and develop, a geographically diverse portfolio of quality neighbourhood and freestanding supermarkets and sub-regional retail assets, anchored by long-term leases to quality tenants with a strong bias towards the non-discretionary retail sector. The Group's focus is to grow distributable earnings by continuing to lease speciality stores to quality tenants and by maximising the productivity of every property.

The key priority for the Group remains driving growth in underlying net operating income through the leasing of specialty vacancies in the existing portfolio. Based on progress to date and the pipeline of leasing deals, management believe they are currently on track to achieve speciality vacancy of less than 5% of gross lettable area by the end of the rental guarantee periods provided by Woolworths Limited.

While growth opportunities through accretive acquisitions will be evaluated where possible, the Group is also focused on generating incremental earnings growth by optimising the performance of the existing portfolio. Initiatives include:

– Internalisation of the leasing function.

– Implementing opportunities for more cost-effective asset management through leveraging economies of scale.

– Identifying incremental income opportunities and process improvements.

It is noted that property valuation changes, movements in the fair value of derivative financial instruments and movements in foreign exchange, availability of funding and changes in interest rates may have a material impact on the Group's results in future years; however, these cannot be reliably measured at the date of this report.

Environmental regulations

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of the Group's environmental responsibility and compliance with various licence requirements and regulations. Further, the Directors of the Responsible Entity are not aware of any material breaches to these requirements and, to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

Indemnification and insurance of Directors, Officers and Auditor

The Trusts have paid premiums for Directors' and Officers' liability insurance in respect of all directors, secretaries and officers. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the policy.

The Trusts' constitutions provide that in addition to any indemnity under any law, but subject to the *Corporations Act 2001*, the Responsible Entity has a right of indemnity out of the assets of the Trusts on a full indemnity basis, in respect of any liability incurred by the Responsible Entity in properly performing any of its powers or duties in relation to the Trusts.

The auditor of the Group is not indemnified out of the assets of the Group.

Directors' Report

For the year ended 30 June 2014

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Audit and non-audit fees

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided are detailed in Note 25 of the Financial Reports.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services disclosed in Note 25 of the Financial Report do not compromise the external auditor's independence, based on the following reasons:

– All non-audit services have been reviewed and appropriately approved to ensure that they do not impact the integrity and objectivity of the auditor.

– None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing risks and rewards.

Subsequent events

In June 2014 the Group agreed terms with US private investors to issue unsecured Notes with aggregate face value of US$150 million and AUD $50 million (equivalent to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 these Notes were issued and cash was received and was used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's).

On 6 August 2014 the Group entered into a conditional agreement to acquire Prospect Vale near Launceston (Tasmania) for $26.8 million (excluding transaction costs). Completion is expected to occur in late 2014. This is expected to be funded by the Group's debt facilities.

Besides the change noted above, the Directors of the Responsible Entity are not aware of any other matter since the end of the year that has significantly or may significantly affect the operations of the Group, the result of those operations, or the state of the Group's affairs in future financial periods.

Rounding of amounts

The Trusts are of a kind of entity referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' report and consolidated financial statements. Amounts in the Directors' report and consolidated financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

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

Chairman
Sydney
20 August 2014

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
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The Board of Directors
Shopping Centres Australasia Property Group RE Limited as Responsible Entity for
Shopping Centres Australasia Property Management Trust and
Shopping Centres Australasia Property Retail Trust
Level 5, 50 Pitt Street
Sydney NSW 2000

20 August 2014

Dear Board Members

Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Shopping Centres Australasia Property Group RE Limited as Responsible Entity for Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust.

As lead audit partner for the audit of the financial statements of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu.

Consolidated Statements of Profit or Loss

For the year ended 30 June 2014

		SCA Property Group		Retail Trust	
	Notes	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m
Revenue					
Rental income		**155.0**	64.5	**155.0**	64.5
Other property income		**3.4**	7.0	**3.4**	7.0
		158.4	71.5	**158.4**	71.5
Expenses					
Property expenses		**(41.7)**	(17.5)	**(41.7)**	(17.5)
Corporate costs		**(10.9)**	(5.9)	**(10.9)**	(4.0)
		105.8	48.1	**105.8**	50.0
Net gain/(loss) on change in fair value through profit or loss					
– Investment properties	9	**30.1**	(3.6)	**30.1**	(3.6)
– Derivatives		**(0.2)**	-	**(0.2)**	-
– Financial assets		**4.8**	0.9	**4.8**	0.9
Responsible Entity fees		**-**	-	**-**	(0.2)
Transaction costs	5	**(0.4)**	(37.2)	**(0.4)**	(37.2)
Earnings before interest and tax (EBIT)		**140.1**	8.2	**140.1**	9.9
Interest income		**0.3**	0.2	**0.3**	0.2
Finance costs		**(26.4)**	(11.5)	**(26.4)**	(11.5)
Net profit / (loss) before tax		**114.0**	(3.1)	**114.0**	(1.4)
Tax	6	**(2.4)**	(1.3)	**(2.4)**	(1.3)
Net profit / (loss) after tax		**111.6**	(4.4)	**111.6**	(2.7)
Net profit / (loss) after tax attributable to unitholders of:					
SCA Property Management Trust		**-**	(1.7)		
SCA Property Retail Trust (non-controlling interest)		**111.6**	(2.7)		
		111.6	(4.4)		

		SCA Property Group		Retail Trust	
	Notes	30 June 2014 Cents	11 Dec 2012 to 30 June 2013 Cents	30 June 2014 Cents	11 Dec 2012 to 30 June 2013 Cents
Distributions per stapled unit					
Distributions per unit	3	**11.0**	5.6	**11.0**	5.6
Basic earnings per stapled unit	4	**17.3**	(0.7)	**17.3**	(0.5)
Diluted earnings per stapled unit	4	**17.3**	(0.7)	**17.3**	(0.5)
Basic earnings per unit of each Trust					
SCA Property Management Trust	4	**-**	(0.2)		
SCA Property Retail Trust	4	**17.3**	(0.5)		
Diluted earnings per unit of each Trust					
SCA Property Management Trust	4	**-**	(0.2)		
SCA Property Retail Trust	4	**17.3**	(0.5)		

The above Consolidated Statements of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

		SCA Property Group		Retail Trust	
	Notes	**30 June 2014 $m**	11 Dec 2012 to 30 June 2013 $m	**30 June 2014 $m**	11 Dec 2012 to 30 June 2013 $m
Net profit / (loss) after tax for the year		**111.6**	(4.4)	**111.6**	(2.7)
Other comprehensive income					
Items that may be classified subsequently to profit or loss					
Movement in foreign currency translation reserves:					
Net exchange differences on translation of foreign operations	13	**7.4**	3.6	**7.4**	3.6
Cash flow hedges:					
Effective portion of changes in fair value of cash flow hedges	13	**(1.4)**	0.4	**(1.4)**	0.4
Total comprehensive income / (loss)		**117.6**	(0.4)	**117.6**	1.3
Total comprehensive profit / (loss) for the period attributable to unitholders of:					
SCA Property Management Trust		**-**	(1.7)		
SCA Property Retail Trust (non- controlling interest)		**117.6**	1.3		
Total comprehensive income / (loss)		**117.6**	(0.4)		

The above Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheets

For the year ended 30 June 2014

		SCA Property Group		Retail Trust	
	Notes	**30 June 2014 $m**	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Current assets					
Cash and cash equivalents		**0.9**	15.4	**0.4**	6.5
Receivables	7	**19.0**	8.3	**19.0**	10.7
Rental guarantee	7	**7.6**	12.1	**7.6**	12.1
Derivative financial instruments	8	**0.6**	-	**0.6**	-
Other assets		**1.1**	0.6	**1.0**	0.6
Total current assets		**29.2**	36.4	**28.6**	29.9
Non-current assets					
Investment properties	9	**1,610.8**	1,371.8	**1,610.8**	1,371.8
Investment properties under construction	9	**30.0**	116.1	**30.0**	116.1
Rental guarantee	7	**-**	4.4	**-**	4.4
Derivative financial instruments	8	**2.7**	2.3	**2.7**	2.3
Property, plant and equipment		**0.2**	0.2	**-**	-
Receivables		**-**	-	**-**	0.1
Total non-current assets		**1,643.7**	1,494.8	**1,643.5**	1,494.7
Total assets		**1,672.9**	1,531.2	**1,672.1**	1,524.6
Current liabilities					
Payables	10	**29.6**	32.9	**34.6**	30.6
Distribution payable	3	**36.3**	36.0	**36.3**	36.0
Derivative financial instruments	8	**2.6**	2.0	**2.6**	2.0
Provisions		**1.0**	0.6	**-**	-
Total current liabilities		**69.5**	71.5	**73.5**	68.6
Non-current liabilities					
Payables	10	**-**	-	**-**	1.3
Derivative financial instruments	8	**1.9**	-	**1.9**	-
Interest bearing liabilities	11	**535.8**	450.3	**535.8**	450.3
Provisions		**0.1**	0.4	**-**	-
Total non-current liabilities		**537.8**	450.7	**537.7**	451.6
Total liabilities		**607.3**	522.2	**611.2**	520.2
Net assets		**1,065.6**	1,009.0	**1,060.9**	1,004.4

	Notes	**30 June 2014 $m**	30 June 2013 $m
Equity			
Equity Holders of Management Trust			
Contributed equity	12	**6.4**	6.3
Accumulated profit / (loss)	14	**(1.7)**	(1.7)
Parent entity interest		**4.7**	4.6
Equity Holders of Retail Trust			
Contributed equity	12	**1,049.0**	1,039.1
Reserves	13	**10.3**	4.0
Accumulated profit / (loss)	14	**1.6**	(38.7)
Non-controlling interest		**1,060.9**	1,004.4
Equity Holders of Management Trust		**4.7**	4.6
Equity Holders of Retail Trust		**1,060.9**	1,004.4
Total equity		**1,065.6**	1,009.0

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

Consolidated Statements of Changes in Equity

As at 30 June 2014

		SCA Property Group						
			Reserves					
	Notes	Contributed equity[1] $m	Cash flow hedge $m	Foreign currency translation $m	Accumulated profit/(loss) $m	Attributable to owners of parent $m	Non-controlling interests $m	Total $m
Opening balance		**6.3**	**-**	**-**	**(1.7)**	**4.6**	**1,004.4**	**1,009.0**
Net profit after tax		**-**	**-**	**-**	**-**	**-**	**111.6**	**111.6**
Other comprehensive income for the period, net of tax		**-**	**-**	**-**	**-**	**-**	**6.0**	**6.0**
Total comprehensive income/(loss)		**-**	**-**	**-**	**-**	**-**	**117.6**	**117.6**
Transactions with unitholders in their capacity as equity holders:								
Employee share based payments	20	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Equity issued in November 2013	12	**0.1**	**-**	**-**	**-**	**0.1**	**9.9**	**10.0**
Distributions paid and payable	3	**-**	**-**	**-**	**-**	**-**	**(71.3)**	**(71.3)**
		0.1	**-**	**-**	**-**	**0.1**	**(61.1)**	**(61.0)**
Balance at 30 June 2014		**6.4**	**-**	**-**	**(1.7)**	**4.7**	**1,060.9**	**1,065.6**
Opening balance		-	-	-	-	-	-	-
Net loss after tax for the year		-	-	-	(1.7)	(1.7)	(2.7)	(4.4)
Other comprehensive income for the year, net of tax		-	-	-	-	-	4.0	4.0
Total comprehensive income/(loss)		-	-	-	(1.7)	(1.7)	1.3	(0.4)
Transactions with unitholders in their capacity as equity holders:								
Equity issued through Woolworths in-specie distribution	12	3.1	-	-	-	3.1	506.6	509.7
Equity raised through initial public offering of stapled units	12	2.8	-	-	-	2.8	469.4	472.2
Equity raised through institutional placement in June 2013	12	0.5	-	-	-	0.5	89.5	90.0
Costs associated with equity raising	12	(0.1)	-	-	-	(0.1)	(26.4)	(26.5)
Distributions payable	3	-	-	-	-	-	(36.0)	(36.0)
		6.3	-	-	-	6.3	1,003.1	1,009.4
Balance at 30 June 2013		6.3	-	-	(1.7)	4.6	1,004.4	1,009.0

[1] Contributed equity is net of equity raising costs.

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

Consolidated Statements of Changes in Equity

As at 30 June 2014

		Retail Trust					
			Reserves				
	Notes	Contributed equity[1] $m	Cash flow hedge $m	Foreign currency translation $m	Share based payments $m	Accumulated profit/(loss) $m	Total $m
Balance at 1 July 2013		**1,039.1**	**0.4**	**3.6**	**-**	**(38.7)**	**1,004.4**
Net profit/(loss) after tax		**-**	**-**	**-**	**-**	**111.6**	**111.6**
Other comprehensive income, net of tax		**-**	**(1.4)**	**7.4**	**-**	**-**	**6.0**
Total comprehensive income/(loss)		**-**	**(1.4)**	**7.4**	**-**	**111.6**	**117.6**
Transactions with unitholders in their capacity as equity holders:							
Employee share based payments	20	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Equity issued in November 2013	12	**9.9**	**-**	**-**	**-**	**-**	**9.9**
Distributions paid and payable	3	**-**	**-**	**-**	**-**	**(71.3)**	**(71.3)**
		9.9	**-**	**-**	**0.3**	**(71.3)**	**(61.1)**
Balance at 30 June 2014		**1,049.0**	**(1.0)**	**11.0**	**0.3**	**1.6**	**1,060.9**
Opening balance		-	-	-	-		-
Net loss after tax for the period		-	-	-	-	(2.7)	(2.7)
Other comprehensive income, net of tax		-	0.4	3.6	-	-	4.0
Total comprehensive income/(loss)		-	0.4	3.6	-	(2.7)	1.3
Transactions with unitholders in their capacity as equity holders:							
Equity issued through Woolworths in-specie distribution	12	506.6	-	-	-	-	506.6
Equity raised through initial public offering of stapled units	12	469.4	-	-	-	-	469.4
Equity raised through institutional placement in June 2013	12	89.5	-	-	-	-	89.5
Costs associated with the initial public offering of stapled units	12	(26.4)	-	-	-	-	(26.4)
Distributions payable	3	-	-	-	-	(36.0)	(36.0)
		1,039.1	-	-	-	(36.0)	1,003.1
Balance at 30 June 2013		1,039.1	0.4	3.6	-	(38.7)	1,004.4

[1] Contributed equity is net of equity raising costs.

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

Consolidated Statements of Cash Flows

For the year ended 30 June 2014

		SCA Property Group		Retail Trust	
	Notes	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m
Cash flows from operating activities					
Property and other income received (inclusive of GST)		**163.3**	68.4	**163.3**	68.3
Property expenses paid (inclusive of GST)		**(46.9)**	(18.5)	**(46.9)**	(18.7)
Corporate costs paid (inclusive of GST)		**(8.1)**	(2.6)	**(8.2)**	(3.6)
Rental guarantee income received		**11.8**	5.1	**11.8**	5.1
Interest received		**0.3**	0.2	**0.3**	0.2
Finance costs paid		**(25.0)**	(10.2)	**(25.0)**	(10.2)
Transaction costs paid		**(3.7)**	(34.0)	**(3.7)**	(34.0)
Responsible Entity fees paid		**-**	-	**-**	(0.2)
Taxes paid including GST		**(11.4)**	(0.7)	**(11.4)**	(0.7)
Net cash flow from operating activities	15	**80.3**	7.7	**80.2**	6.2
Cash flows from investing activities					
Payments for investment properties purchased		**(183.1)**	(949.5)	**(183.1)**	(952.6)
Net proceeds from investment properties sold		**75.7**	-	**75.7**	-
Payments for plant and equipment		**(0.1)**	(0.2)	**-**	-
Rental guarantee on investment properties purchased		**-**	(22.8)	**-**	(22.8)
Loans to/(from) stapled entity		**-**	-	**8.5**	(1.3)
Net cash flow from investing activities		**(107.5)**	(972.5)	**(98.9)**	(976.7)
Cash flow from financing activities					
Proceeds from equity raisings		**10.0**	562.2	**9.9**	558.9
Costs associated with equity raisings		**-**	(26.5)	**-**	(26.4)
Net proceeds from borrowings		**227.2**	444.5	**227.2**	444.5
Repayment of borrowings		**(153.4)**	-	**(153.4)**	-
Distributions paid		**(71.0)**	-	**(71.0)**	-
Net cash flow from financing activities		**12.8**	980.2	**12.7**	977.0
Net (decrease) / increase in cash and cash equivalents held		**(14.4)**	15.4	**(6.0)**	6.5
Cash and cash equivalents at the beginning of the year		**15.4**	-	**6.5**	-
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	-	**(0.1)**	-
Cash and cash equivalents at the end of the year		**0.9**	15.4	**0.4**	6.5

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. Corporate information

Shopping Centres Australasia Property Group (the "Group") was formed on 3 October 2012 by the stapling of the units in two Australian managed investment schemes, Shopping Centres Australasia Property Management Trust ("Management Trust") (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust ("Retail Trust") (ARSN 160 612 788) (collectively the "Trusts"). Both Trusts and their Trustee and other entities in the Group were established during 2012 prior to the registration of the Trusts with the Australian Securities & Investments Commission as a managed investment scheme. The Trusts were registered with the Australian Securities & Investments Commission as a managed investment scheme on 3 October 2012 and the Group commenced trading on 11 December 2012.

The Responsible Entity of both Trusts is Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603) ("Responsible Entity").

The Financial Statements of the Group comprise the consolidated Financial Statements of the Management Trust and its controlled entities including the Retail Trust and its controlled entities.

The Financial Statements of the Retail Trust comprise the consolidated Financial Statements of the Retail Trust and its controlled entities.

The Directors of the Responsible Entity have authorised the Financial Report for issue on 20 August 2014.

2. Significant accounting policies

(a) Basis of preparation

In accordance with AASB 3 Business Combinations, the stapling arrangement discussed above is regarded as a business combination and Shopping Centres Australasia Management Trust has been identified as the Parent for preparing consolidated Financial Statements.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, these Financial Statements are combined financial statements and accompanying notes of both Shopping Centres Australasia Property Group and the Shopping Centres Australasia Property Retail Trust Group.

The Financial Statements have been presented in Australian dollars unless otherwise stated.

Historical cost convention

The Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at fair value.

Going concern

These consolidated financial statements are prepared on the going concern basis. In preparing these consolidated financial statements the Directors note that the Group and Retail Trust are in a net current asset deficiency position due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2014 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on 28 August 2014, having available headroom on the Group's facilities of $56.8 million.

Additionally in June 2014 the Group agreed terms with US private investors to issue unsecured Notes with aggregate face value of US$150 million and AUD $50 million (equivalent to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 these Notes were issued and cash was received and was used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's).

Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the Financial Statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

i. Statement of compliance

The Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the Corporations Act 2001.

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

For the purposes of preparing the financial statements, the Group is a for-profit entity. The Financial Report is presented in Australian dollars.

ii. New and amended accounting standards and interpretations

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. These include:

AASB 10 Consolidated Financial Statements (AASB 10); AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 10 replaces the parts of AASB 127 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and Interpretation 112 *Consolidation –Special Purpose Entities.* AASB 10 changes the definition of control such that an investor controls an investee when:

a) it has power over an investee,

b) it is exposed, or has rights, to variable returns from its involvement with the investee, and

c) has the ability to use its power to affect its returns.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards (AASB 11)

AASB 11 replaces AASB 131 Interests in Joint Ventures, and the guidance contained in a related interpretation, Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and has been incorporated in AASB 128 (as revised in 2011).

Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

AASB 12 Disclosure of Interests in Other Entities (AASB 12); and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 119 Employee Benefits (2011) (AASB 19) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur.

AASB 2011-4 Removal of individual KMP note disclosure requirement

This standard removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the key management personnel compensation disclosure is only required in total and for each of the categories required in AASB 124.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs, none of which are applicable to the Group.

AASB 2012-9 Amendment to AASB 1048 arising from withdrawal of Australian Interpretation 1039

This standard makes amendment to AASB 1048 *Interpretation of Standards* following the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

This standard makes amendment to AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

AASB CF 2013-1 Amendments to the Australian conceptual framework

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. The application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

The Group's adoption of all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current year has not had any material impact on the amounts recognised in the consolidated financial statements.

Application of new and revised Accounting Standards not yet effective

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current period. The potential impact of these other Standards and interpretations has not yet been fully determined. The Group does not intend to adopt any of these announcements before their effective dates. These include:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 *Financial Instruments*, and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 *Materiality* (2013)	1 January 2014	30 June 2015
AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	1 January 2014	30 June 2015
AASB 2013-3 *Amendments to AASB 135 – Recoverable Amount Disclosures for Non - Financial Assets*	1 January 2014	30 June 2015
AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014	30 June 2015
AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* 1 January 2014 30 June 2015	1 January 2014	30 June 2015
AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	1 January 2014	30 June 2015
International Financial Reporting Interpretations Committee (IFRIC) Interpretation 21 *Levies*	1 January 2014	30 June 2015

Additionally, at the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 *Revenue*	1 January 2017	30 June 2018
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 14 Regulatory Deferral Accounts 1 January 2016 30 June 2017	1 January 2016	30 June 2017

(b) Basis of consolidation

The consolidated Financial Statements of Shopping Centres Australasia Property Group incorporate the assets and liabilities of Shopping Centres Australasia Property Management Trust (the Parent) and all of its subsidiaries, including Shopping Centres Australasia Property Retail Trust and its subsidiaries, as at 30 June 2014. Shopping Centres Australasia Property Management Trust has been identified as the parent entity in relation to the stapling. The results and equity of Shopping Centres Australasia Property Retail Trust (which is not directly owned by Shopping Centres Australasia Property Management Trust) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Shopping Centres Australasia Property Retail Trust are disclosed as a non-controlling interest, the stapled security holders of Shopping Centres Australasia Management Trust are the same as the stapled security holders of Shopping Centres Australasia Property Retail Trust.

These Financial Statements also include a separate column representing the Financial Statements of Shopping Centres Australasia Property Retail Trust, incorporating the assets and liabilities of Shopping Centres Australasia Property Retail Trust (the Parent) and all of its subsidiaries, as at 30 June 2014.

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the reporting year, the assets, liabilities and results are consolidated only from the date control commenced or up to the date control ceased.

In preparing the consolidated Financial Statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance sheet date, revenue is reflected in the balance sheet as receivable and carried at its recoverable value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Certain tenant allowances that are classified as lease incentives are recorded as part of investment properties and amortised over the term of the lease. The amortisation is recorded against property income.

Where revenue is obtained from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment on completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when the conditions are satisfied.

All other revenues are recognised on an accruals basis.

(d) Expenses

Expenses are brought to account on an accruals basis.

(e) Finance costs

Finance costs include interest payable on bank overdrafts and short-term and long-term borrowings, payments on derivatives and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Finance costs are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale. Total interest capitalised within the Group must not exceed the net interest expense of the Group in any year, and project values, including all capitalised interest attributable to projects, must continue to be recoverable. In the event that development is suspended for an extended period of time, the capitalisation of borrowing costs is also suspended.

(f) Taxation

The Group comprises taxable and non-taxable entities. A liability for current and deferred taxation is only recognised in respect of taxable entities that are subject to income and potential capital gains tax as detailed below:

Retail Trust is the property owning trust and is treated as a trust for Australian tax purposes. Under current Australian income tax legislation, Retail Trust is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with the Trust's constitution. The Retail Trust's New Zealand entities are subject to New Zealand tax on their earnings. Distributions paid by the New Zealand entity to the Retail Trust will not be subject to New Zealand withholding tax (or if there is any reduction in Australian receipts because of any withholding tax it will be reimbursed by way of a supplementary dividend) to the extent the distributions are paid out of earnings that have been subject to New Zealand tax.

Management Trust is treated as a company for Australian tax purposes.

Deferred tax is provided on all temporary differences on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities, with the exception of those related to investment properties, are measured at the tax rates that are expected to apply when the asset is realised through continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. For investment properties, deferred tax assets and liabilities will be presumed to be recovered entirely through sale rather than through continued use.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchases of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amounts of GST included. The net amount of GST receivable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

i. Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Ground rent obligations for leasehold property that meets the definition of an investment property are accounted for as a finance lease.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

ii. Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments under lease and are disclosed as an asset or investment property.

Capitalised lease assets, with the exception of investment property, are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability.

(i) Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars. Australian dollars is the presentation currency for the consolidated financial statements.

Foreign currency transactions are converted to Australian dollars at the prevailing exchange rates at the date of those transactions. Amounts payable and receivable in foreign currency at balance sheet date are translated to Australian dollars at the prevailing exchange rates at that date. Exchange differences arising from amounts receivable and payable are recognised in profit and loss in the period in which they arise, except as noted below.

The balance sheets of foreign subsidiaries are translated at the prevailing exchange rates at balance sheet date and the income statement of foreign subsidiaries are translated at average exchange rates for the period. Exchange differences arising on translation of the interest in foreign operations are taken directly to the foreign currency translation reserve. On consolidation, exchange differences and the related tax effect on foreign currency loans denominated in foreign currency, which hedge net investments in foreign operations and equity accounted entities, are taken directly to the foreign currency translation reserve.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Trade and other receivables are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectable are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that the Group will not be able to collect the receivables.

(l) Rental guarantee

The rental guarantee is measured at the present value of expected future cash flows predominantly under the guarantee arrangements with Woolworths Limited. Any change in the expected future cash flows of the rental guarantee is recorded in the statement of profit or loss.

(m) Investment properties

Investment properties comprise investment interest in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income, including properties that are under construction for future use as investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. Fair value of investment properties is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market suitable for similar property in the same location and condition. Gains and losses arising from changes in the fair values of investment properties are recognised in profit and loss in the period in which they arise.

At each reporting date, the carrying values of the investment properties are assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

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

Investment properties under development are classified as investment property and stated at fair value at each reporting date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the reduction in value of the building content due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment for the building, are not depreciated.

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. Leasing fees may also be paid for the negotiation of leases. These incentives and lease fees are capitalised to the investment property and are amortised on a straight-line basis over the lesser of the term of the lease and the useful life of the fit out, as a reduction of rental income. The carrying amounts of the lease incentives and leasing fees are reflected in the fair value of investment properties.

(n) Recoverable amount of assets

At each reporting date, an assessment is made as to whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the recoverable amount is estimated and if the carrying amount of that asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(o) Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted.

Distribution

Distributions payable are recognised in the reporting period in which they are declared, determined or publicly recommended by the Directors on or before the end of the reporting period, but not distributed at reporting date.

All distributions will be paid out of retained earnings / accumulated losses, whether they are capital or income in nature from a tax perspective.

(p) Provisions

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that a future sacrifice of economic benefit will be required to settle the obligation, the timing or amount of which is uncertain.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(q) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Equity based compensation arrangements

Equity based payments to employees are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest and adjusted for non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

(r) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement.

(s) Derivative and other financial instruments

The Group holds derivative financial instruments to hedge foreign currency and interest rate risk exposures arising from operational, financing and investing activities.

The Group has set defined policies and has implemented a comprehensive hedging program to manage interest and exchange rate risk. Derivative financial instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy. Derivative instruments are not transacted for speculative purposes.

Derivative financial instruments are recognised initially at fair value and remeasured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain interest rate swaps as cash flow hedges. At the inception of the hedge relationship, the relationship between the hedging instrument and the hedged item is documented, along with the risk management objectives and the strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Where applicable, the fair value of forward exchange contracts, currency and interest rate options and cross currency swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to applicable market yield curves and include counterparty risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. Changes in fair value of all other derivatives is recognised in the profit and loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item.

Gains or losses arising from the movement in the fair value of instruments which hedge net investment in foreign operations are recognised in the foreign currency translation reserve. Where an instrument, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in profit and loss. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to profit and loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(t) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary units are recognised in equity as a reduction of the proceeds received.

(u) Earnings per unit

Basic earnings per unit is calculated as profit after tax attributable to unitholders divided by the weighted average number of ordinary units issued.

Diluted earnings per unit is calculated as profit after tax attributable to unitholders adjusted for any profit recognised in the period in relation to dilutive potential ordinary units divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(v) Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of the Responsible Entity.

(w) Comparatives

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012. There was no trading during the period of 3 October 2012 to 11 December 2012. Therefore comparatives are for the period when trading commenced from 11 December 2012 to 30 June 2013.

(x) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements and estimates used in the preparation of these financial statements are outlined below:

Judgement - Selection of parent entity

In determining the parent entity of the Shopping Centre Australasia Property Group, the Directors considered various factors including asset ownership, debt obligation, management and day to day responsibilities. The Directors concluded that management activities were more relevant in determining the parent.

Shopping Centres Australasia Property Management Trust has been determined as the parent of the Shopping Centres Australasia Property Group.

Judgement – Investment properties

In management's view there are two classes of investment properties: those located in Australia and those located in New Zealand. The investment properties in Australia and New Zealand are shopping centres, but are located in different economic environments. Additionally the New Zealand properties are valued in New Zealand dollars. The fair value hierarchy within which the fair value measurements are categorised is disclosed in note 9.

Estimate - Valuation of property investments

Critical judgements are made by the Directors in respect of the fair value of investment properties including properties under construction and those that are classified as assets held for sale. The fair value of these investments are reviewed regularly by management with reference to independent property valuations, recent transactions and market conditions existing at reporting date, using generally accepted market practices. The major critical assumptions underlying estimates of fair values are those relating to the capitalisation rate and to a lesser extent the discount rate. Other assumptions of lesser importance include net passing rent, gross market rent, net market rent, average market rental growth, and terminal yield. If there is any change in these assumptions or economic conditions, the fair value of the investment properties may differ. See further disclosure regarding assumptions used in valuation of investment properties in note 9.

Estimate - Valuation of financial instruments

The fair value of derivatives assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Group's derivatives are set out in note 24. The value of derivatives may differ in future reporting periods due to the passing of time and / or changes in market rates including interest rates, foreign exchange rates and market volatility.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Distributions paid and payable

	Cents per unit	Total amount $m	Date of payment or expected date of payment
2014			
SCA Property Group			
Interim distribution[1]	**5.4**	**35.0**	**30 January 2014**
Final distribution[2]	**5.6**	**36.3**	**28 August 2014**
	11.0	**71.3**	
Retail Trust			
Interim distribution	**5.4**	**35.0**	30 January 2014
Final distribution	**5.6**	**36.3**	28 August 2014
	11.0	**71.3**	

2013			
SCA Property Group			
Final distribution	5.6	36.0	28 August 2013
Retail Trust			
Final distribution	5.6	36.0	28 August 2013

[1] The interim distribution of 5.4 cents per stapled unit was declared on 18 December 2013 and was paid on 30 January 2014.

[2] The 2014 final distribution of 5.6 cents per stapled unit was declared on 18 June 2014 and is expected to be paid on or about 28 August 2014. The tax components will be advised on or about that time.

The Management Trust has not declared or paid any distributions.

The Group has a Distribution Reinvestment Plan (DRP) in place which is not currently operating. The DRP was not available for any of the distributions declared or paid to date.

4. Earnings per unit

	SCA Property Group		Retail Trust	
	30 June 2014	30 June 2013	**30 June 2014**	30 June 2013
Per stapled unit				
Net profit/(loss) after tax for the period ($ million)	**111.6**	(4.4)	**111.6**	(2.7)
Weighted average number of units (millions)	**646.1**	588.6	**646.1**	588.6
Basic earnings per unit for net profit/(loss) after tax (cents)	**17.3**	(0.7)	**17.3**	(0.5)
Diluted earnings per unit for net profit/(loss) after tax (cents)	**17.3**	(0.7)	**17.3**	(0.5)

	Management Trust		Retail Trust	
Per unit of each Trust	**30 June 2014**	30 June 2013	**30 June 2014**	30 June 2013
Net profit/(loss) after tax for the period ($ million)	-	(1.7)	**111.6**	(2.7)
Weighted average number of units (millions)	**646.1**	588.6	**646.1**	588.6
Basic earnings per unit for net profit/(loss) after tax (cents)	-	(0.2)	**17.3**	(0.5)
Diluted earnings per unit for net profit/(loss) after tax (cents)	-	(0.2)	**17.3**	(0.5)

The weighted average number of units used to determine basic earnings per unit is 646,058,763 (30 June 2013: 588,557,007) and diluted earnings per unit is 646,572,319 (30 June 2013: 588,557,007).

5. Transaction costs

	SCA Property Group		Retail Trust	
	30 June 2014 $m	**11 Dec 2012 to 30 June 2013 $m**	**30 June 2014 $m**	**11 Dec 2012 to 30 June 2013 $m**
Stamp duty and registration costs	-	23.2	-	23.2
Advisers' and consultants' fees	**0.4**	13.8	**0.4**	13.8
ASX listing costs	-	0.2	-	0.2
	0.4	37.2	**0.4**	37.2

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Costs incurred in the prior period relate to the establishment of Shopping Centres Australasia Property Group in December 2012.

6. Taxation

	SCA Property Group		Retail Trust	
	30 June 2014 $m	11 Dec 2012 to 30 June 2013 $m	**30 June 2014 $m**	11 Dec 2012 to 30 June 2013 $m
Current tax	**(2.4)**	(1.3)	**(2.4)**	(1.3)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:				
Net profit/(loss) before tax	**114.0**	(3.1)	**114.0**	(1.4)
Prima facie tax (expense)/benefit at 30%	**(34.2)**	0.9	**(34.2)**	0.4
Tax effect of income/(expenses) that are not assessable/deductible in determining taxable profit	**31.9**	(1.9)	**31.9**	(1.4)
Tax effect of difference between Australian and foreign tax rates	**0.2**	-	**0.2**	-
Withholding tax paid on interest from New Zealand	**(0.3)**	(0.3)	**(0.3)**	(0.3)
	(2.4)	(1.3)	**(2.4)**	(1.3)

7. Receivables

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Current				
Rental receivable	**3.4**	3.9	**3.4**	3.9
Provision for doubtful debts	**(0.4)**	(0.3)	**(0.4)**	(0.3)
	3.0	3.6	**3.0**	3.6
Rental guarantee invoiced and receivable	**4.1**	3.1	**4.1**	3.1
Site access fee receivable	**-**	0.8	**-**	0.8
Other receivables	**11.9**	0.8	**11.9**	0.7
Receivables due from related parties	**-**	-	**-**	2.5
Total receivables	**19.0**	8.3	**19.0**	10.7
Rental guarantee	**7.6**	12.1	**7.6**	12.1
Non-current				
Rental guarantee	**-**	4.4	**-**	4.4

Refer note 2(l) for accounting policy on rental guarantee receivable.

Ageing of rental receivable[1]

Current	**1.6**	2.7	**1.6**	2.7
30 days	**0.7**	0.4	**0.7**	0.4
60 days	**0.3**	0.2	**0.3**	0.2
90 days	**0.3**	0.3	**0.3**	0.3
120 days	**0.5**	0.3	**0.5**	0.3
Rental receivable	**3.4**	3.9	**3.4**	3.9

[1] Rental and other amounts due are receivable within 30 days.

There is no interest charged on any receivables. All receivables are current other than the receivables past due included in ageing above.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

8. Derivative financial instruments

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013
Current assets				
Interest rate swap contracts	**0.6**	-	**0.6**	-
Non-current assets				
Interest rate swap contracts	**2.5**	2.3	**2.5**	2.3
Cross currency swap contracts	**0.2**	-	**0.2**	-
	2.7	2.3	**2.7**	2.3
Current liabilities				
Interest rate swap contracts	**2.6**	2.0	**2.6**	2.0
Non-current liabilities				
Interest rate swap contracts	**1.9**	-	**1.9**	-

The interest rates swaps disclosed above include both swaps designated as cash flow hedges and swaps that have not been designated as cash flow hedges. The cross currency swaps disclosed above are not designated as cash flow hedges. The Group does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying instruments being hedged.

9. Investment properties

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013
Investment properties	**1,610.8**	1,371.8	**1,610.8**	1,371.8
Investment properties under construction	**30.0**	116.1	**30.0**	116.1
Total investment property value	**1,640.8**	1,487.9	**1,640.8**	1,487.9

Movement in total investment properties				
Opening balance	**1,487.9**	-	**1,487.9**	-
Acquisitions, expenditure and work in progress accruals on properties under construction[1]	**171.3**	1,477.7	**171.3**	1,477.7
Disposals	**(75.7)**	-	**(75.7)**	-
Additions including tenant incentives, leasing fees and Straight-lining of rental income net of amortisation	**9.5**	4.4	**9.5**	4.4
Unrealised gain / (loss) on property valuations	**30.1**	(3.6)	**30.1**	(3.6)
Effect of foreign currency exchange differences	**17.7**	9.4	**17.7**	9.4
Closing balance	**1,640.8**	1,487.9	**1,640.8**	1,487.9

[1] When the Group commenced trading in December 2012 the Group acquired 13 properties which were subject to Development Management Agreements (DMA's) under which Woolworths Limited was responsible for the completion of their development. For the properties subject to a DMA the Group paid an initial payment to purchase the property and a second final payment is due on completion. At 30 June 2014 the Group has one remaining property subject to a DMA (Greystanes) (30 June 2013: Lilydale, Katoomba, Greystanes). The amount of $171.3 million includes $8.9 million (30 June 2013: $13.5 million) in respect of an estimate of the work completed (but not paid for) on the last remaining DMA property (Greystanes) and also includes $21.1 million for the final payments made for Katoomba and Lilydale (net of amounts accrued as an estimate of the work completed in prior period) (30 June 2013: $29.3 million). The final payments made for Lilydale and Katoomba were $18.3 million and $16.3 million respectively (for which $13.5 million had been accrued in the prior period).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Description	Most recent Independent valuation Date	Most recent Independent valuer	Independent valuation amount $m	30 June 14 book value cap rate[1] %	30 June 14 book value discount rate %	Book value 30 June 2014 $m	Book value 30 June 2013 $m
Investment properties completed – Australia							
NSW							
Berala	June 2013	Cushman	18.5	7.75	8.50	**19.0**	18.5
Burwood DM	Dec 2012	Cushman	7.3	7.00	7.50	**7.4**	7.3
Cabarita	June 2014	Savills	16.5	8.25	9.50	**16.5**	14.9
Cardiff	June 2013	Cushman	16.2	8.00	8.75	**18.2**	16.2
Culburra Beach[2]	-	-	-	-	-	**-**	5.3
Fairfield	June 2013	Cushman	16.2	7.50	8.75	**16.2**	16.2
Goonellabah	June 2014	Cushman	17.0	8.25	9.00	**17.0**	16.0
Griffith North	Dec 2013	Cushman	8.0	7.50	8.75	**8.0**	7.8
Inverell Big W	June 2014	Cushman	16.0	10.00	10.00	**16.0**	15.5
Katoomba DM	June 2014	Cushman	6.0	7.25	8.00	**6.0**	5.8
Katoomba Marketplace[3]	June 2014	Cushman	38.5	7.50	8.00	**38.5**	-
Lane Cove	Dec 2013	Cushman	38.5	7.25	8.75	**41.5**	38.3
Leura	Dec 2012	Cushman	12.5	8.00	8.75	**13.1**	12.5
Lismore	Dec 2012	Cushman	23.6	8.75	9.50	**21.5**	23.6
Macksville	June 2014	Cushman	10.2	7.75	8.75	**10.2**	9.2
Merimbula	June 2014	Cushman	14.0	8.75	9.00	**14.0**	13.5
Mittagong Village	June 2013	Cushman	7.8	8.00	9.00	**7.5**	7.8
Moama Marketplace	Dec 2012	Savills	11.0	8.25	8.75	**11.1**	11.0
Morisset	Dec 2012	Cushman	14.0	8.50	8.75	**14.6**	14.0
Mullumbimby[2]	-	-	-	-	-	**-**	9.0
North Orange	June 2013	Cushman	24.5	7.75	8.75	**24.4**	24.5
Swansea	Dec 2013	Cushman	11.0	8.50	8.75	**11.1**	10.7
Ulladulla	Dec 2013	Cushman	15.3	8.25	9.00	**15.8**	14.7
West Dubbo	June 2014	Cushman	13.2	8.25	10.00	**13.2**	12.0
QLD							
Ayr	June 2013	Savills	18.7	8.00	9.50	**18.9**	18.7
Brookwater	June 2013	Savills	25.2	8.00	9.00	**26.6**	25.2
Carrara	June 2014	Savills	15.0	7.75	8.75	**15.0**	14.7
Central Highlands	Dec 2013	Savills	58.5	7.50	9.00	**62.6**	58.5
Chancellor Park Marketplace	Dec 2012	Savills	25.6	8.25	9.00	**28.0**	25.6
Collingwood Park	Dec 2012	Savills	11.5	8.25	9.00	**10.8**	11.5
Coorparoo	Dec 2012	Savills	21.2	7.50	8.75	**20.8**	21.2
Gladstone	Dec 2013	Savills	23.2	7.75	9.00	**24.0**	24.0
Mackay	June 2013	Savills	20.0	7.50	9.25	**21.5**	20.0
Mission Beach	June 2014	Savills	9.4	9.00	9.50	**9.4**	9.2
Woodford	Dec 2012	Savills	8.6	8.75	9.25	**8.9**	8.6
SA							
Blakes Crossing	Dec 2013	Savills	19.3	8.00	9.25	**20.0**	19.9
Mt Gambier	June 2013	Savills	67.5	7.75	9.07	**64.4**	67.5
Murray Bridge	Dec 2012	Cushman	58.0	7.75	9.00	**62.0**	58.0
Walkerville	June 2013	Savills	19.5	7.50	8.75	**19.5**	19.5

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Description	Most recent Independent valuation Date	Most recent Independent valuer	Independent valuation amount $m	30 June 14 book value cap rate[1] %	30 June 14 book value discount rate %	Book value 30 June 2014 $m	Book value 30 June 2013 $m
VIC							
Albury	June 2014	Savills	18.3	8.00	8.75	**18.3**	17.7
Ballarat	June 2013	Savills	20.0	7.50	8.50	**19.0**	20.0
Bright[2]	-	-	-	-	-	**-**	9.0
Cowes	Dec 2012	Savills	16.8	8.25	9.25	**15.8**	16.8
Drouin	June 2013	Savills	12.3	8.00	9.00	**12.4**	12.3
Emerald Park[2]	-	-	-	-	-	**-**	11.3
Epping North	Dec 2013	Savills	21.0	7.75	9.25	**21.0**	20.5
Highett	June 2013	Savills	23.7	7.50	8.75	**23.2**	23.7
Langwarrin	June 2013	M3	17.2	7.75	9.00	**17.8**	17.2
Lilydale Marketplace[3]	Dec 2013	Savills	80.5	7.50	9.25	**81.5**	-
Maffra[2]	-	-	-	-	-	**-**	9.3
Mildura[2]	-	-	-	-	-	**-**	23.0
Ocean Grove	June 2013	Savills	29.9	7.50	9.25	**30.5**	29.9
Pakenham	June 2014	Savills	68.0	7.25	8.75	**68.0**	68.0
Warrnambool	June 2013	Savills	11.1	8.00	8.75	**10.6**	11.1
Warrnambool DM[2]	-	-	-	-	-	**-**	5.7
Warrnambool Target	June 2013	Savills	19.5	8.00	9.25	**19.6**	19.5
Wyndham Vale	June 2013	Savills	18.2	8.00	9.00	**18.5**	18.2
WA							
Busselton	Dec 2013	Savills	19.2	7.75	8.25	**19.2**	18.2
Kwinana Marketplace	June 2013	Savills	88.0	8.25	9.75	**93.0**	88.0
Margaret River	June 2013	Savills	20.7	7.75	8.75	**18.7**	20.7
Treendale	June 2014	Savills	25.7	8.00	9.25	**25.7**	24.0
TAS							
Greenpoint Plaza	Oct 2013	Savills	12.5	8.75	9.50	**13.3**	-
Kingston Plaza	Oct 2013	Savills	21.8	7.75	9.25	**23.0**	-
New Town Plaza	Oct 2013	Savills	28.8	7.75	9.25	**28.8**	-
Riverside Plaza	Oct 2013	Savills	7.2	8.50	9.50	**7.2**	-
Shoreline Plaza	Oct 2013	Savills	27.0	8.00	9.25	**27.0**	-
Sorell Plaza	Oct 2013	Savills	20.5	7.75	9.25	**21.4**	-
Total investment properties completed Australia						**1,406.7**	1,210.5

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For the year ended 30 June 2014

Description	Most recent Independent valuation Date	Most recent Independent valuer	Independent valuation amount $m	30 June 14 book value cap rate[1] %	30 June 14 book value discount rate %	Book value 30 June 2014 $m	Book value 30 June 2013 $m
New Zealand							
Bridge Street	June 2013	Colliers	13.7	7.50	9.00	**14.3**	12.5
Dunedin South	Dec 2013	Colliers	14.3	7.75	9.25	**14.4**	12.7
Hornby	June 2014	Colliers	14.5	7.75	9.50	**14.5**	12.7
Kelvin Grove	June 2014	Colliers	10.3	7.75	9.25	**10.3**	9.1
Kerikeri	Dec 2012	Colliers	14.4	8.00	9.25	**13.7**	12.2
Nelson South	Dec 2013	Colliers	9.4	7.75	9.25	**9.7**	8.1
Newtown	June 2013	Colliers	19.3	7.25	9.00	**19.8**	17.5
Rangiori East	June 2014	Colliers	12.0	7.75	9.50	**12.0**	10.3
Rolleston	Dec 2012	Colliers	12.1	8.00	9.50	**13.2**	11.0
St James	Dec 2013	Colliers	11.5	7.63	9.25	**12.0**	-
Stoddard Rd	June 2013	Colliers	18.0	7.50	9.00	**17.7**	16.4
Takanini	Dec 2013	Colliers	29.6	7.63	9.38	**30.4**	25.6
Tawa	June 2013	Colliers	13.2	7.50	9.00	**13.1**	12.0
Warkworth	Dec 2012	Colliers	15.6	8.00	9.13	**15.7**	14.1
Total investment properties completed New Zealand						**210.8**	174.2
Total investment properties completed portfolio						**1,617.5**	1,384.7
Less amounts classified as rental guarantee[4]						**(6.7)**	(12.9)
Total investment properties completed						**1,610.8**	1,371.8
Investment properties under construction							
Australia							
Greystanes, NSW	Dec 2012	Cushman	38.2	8.00	9.50	**30.9**	21.8
Katoomba Marketplace, NSW	-	-	-	-	-	**-**	23.0
Lilydale Marketplace, VIC	-	-	-	-	-	**-**	74.9
Total investment properties under construction						**30.9**	119.7
Less amounts classified as rental guarantee[4]						**(0.9)**	(3.6)
Investment properties completed and under construction						**30.0**	116.1
Total completed portfolio:							
– Australia						**1,406.7**	1,210.5
– New Zealand						**210.8**	174.2
						1,617.5	1,384.7
Total development portfolio – Australia						**30.9**	119.7
Total investment properties (completed and development portfolio) including rent guarantee						**1,648.4**	1,504.4
Less amounts classified as rental guarantee[4]						**(7.6)**	(16.5)
Investment properties completed and under construction						**1,640.8**	1,487.9

[1] Capitalisation rate (or cap rate) is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal.

[2] Properties sold during the year ended 30 June 2014.

[3] Lilydale Marketplace VIC, and Katoomba Marketplace NSW, were completed in July 2013 and April 2014 respectively and they were transferred to the Investment Properties Completed Portfolio when they were completed.

[4] Woolworths Limited provided a rental guarantee to the Group to cover vacant tenancies (including incentives) as at December 2012 until the earlier of December 2014; or until the vacant tenancy is let. Development properties purchased from Woolworths Limited also have a rental guarantee under similar terms except the two year period starts from completion of development. This receivable from Woolworths Limited has been taken up as rental guarantee on the Balance sheet.

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Valuation process

The aim of the valuation process is to ensure that assets are held at fair value and that the Group is compliant with applicable regulations (for example Corporations Act and ASIC regulations) and the Trusts' Constitution and Compliance Plan.

All properties are required to be internally valued every six months with the exception of those independently valued during the current reporting period. The internal valuations are performed by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management team. Appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation based valuation and a discounted cash flow valuation.

The internal valuations are reviewed by the Chief Operating Officer who recommends each property's valuation to the Audit, Risk Management and Compliance Committee and the Board in accordance with the Group's internal valuation protocol.

The Retail Trust's Compliance Plan requires that each property in the portfolio is valued by an independent valuer at least every three years. In practice, properties may be independently valued more frequently than every three years primarily as a result of:

– A significant variation between book value and internal valuation.

– A major development project.

– A period where there is significant market movement.

Independent valuations are performed by independent and external valuers who hold a recognised relevant professional qualification and have specialised expertise in the types of investment properties valued.

Fair value measurement, valuation technique and inputs

The key inputs used to measure fair values of investment properties are disclosed below along with their sensitivity to an increase or decrease.

The investment properties fair values presented are based on market values, which are derived using the capitalisation and the discounted cash flow methods. The Group's preferred or primary method is the capitalisation method.

Capitalisation method

Capitalisation rate (or cap rate) is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal. The net operating income is determined considering the estimated gross passing income after adjustment for anticipated operating costs, potential future income from existing vacancies and an on-going vacancy and bad debt allowance. This produces a net income on a fully leased basis which is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted percentage rate investment yield reflects the capitalisation rate (cap rate) and includes consideration of the property type, location and tenancy profile together with market sales.

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the real property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The rate is determined with regards to market evidence and the prior independent valuation.

Investment properties under development are classified as investment property and stated at fair value at each reporting date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile.

Category	Fair value hierarchy	Book value 30 June 2014 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable inputs
Completed portfolio	Level 3	1,617.5	Income capitalisation and DCF[1]	Capitalisation rate Discount rate	7.00% – 10.00% 7.50% – 10.00%
Development portfolio	Level 3	30.9	Income capitalisation and DCF[1]	Capitalisation rate Discount rate	8.00% 9.50%

[1] Discounted cash flow.

All property investments are categorised as level 3 in the fair value hierarchy (refer Note 24(c) for additional information in relation to the fair value hierarchy). There were no transfers between hierarchies.

Notes to the Consolidated Financial Statements

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Sensitivity information

The key inputs to measure fair value of investment properties are disclosed below along with sensitivity to a significant increase or decrease. The following sensitivity to significant inputs applies to both classes of investment properties (refer note 2(x)).

Significant inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Capitalisation rate	Decrease	Increase
Discount rate	Decrease	Increase

Sensitivity analysis

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. The impact on the fair value of an increase in the net market rent could potentially offset the impact of an increase (softening) in the adopted capitalisation rate. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (tightening) in the adopted terminal yield. The same can be said for a decrease (tightening) in the discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield could potentially magnify the impact to the fair value.

Other inputs or factors also impact a valuation. These factors include:

- rental growth rate
- market rental
- current rental
- turnover or percentage rent
- type of tenants
- lease terms
- level of vacancy
- lease expiry profile
- property expenses
- capital expenditure
- tenant incentives

The Group has considered these factors and believes the most significant input to fair value of investment properties at balance date is the capitalisation rate as the capitalisation rate is in line with the Group's understanding of the market practice at which the price is determined for similar properties. Notwithstanding the Group's view that capitalisation rate is the most significant input, movements in one or more of other factors above may change the valuation.

Sensitivity analysis – capitalisation rate

A sensitivity analysis on the impact on the investment property valuations movements in the capitalisation rate is disclosed below as the capitalisation rate method is the primary method for conducting the valuation. While other factors do also impact a valuation, at the current time, the Group considers that the valuations are most sensitive to movements in the capitalisation rate.

The following sensitivity analysis shows the effect on profit/loss after tax and on equity of a 25 basis points (bps) increase/decrease in capitalisation rates at balance sheet date with all other variables held constant.

	Profit/loss after tax		Equity	
	25 bps lower $m	25 bps higher $m	25 bps lower $m	25 bps higher $m
30 June 2014				
SCA Property Group				
Investment properties (including development portfolio)	**50.0**	**(53.3)**	**50.0**	**(53.3)**
Retail Trust				
Investment properties (including development portfolio)	**50.0**	**(53.3)**	**50.0**	**(53.3)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

10. Trade and other payables

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Current				
Payables and other creditors[1]	**20.7**	18.8	**17.2**	16.5
Accrual for works on properties under construction[2]	**8.9**	13.5	**8.9**	13.5
Income tax payable	**-**	0.6	**-**	0.6
Payables to related parties	**-**	-	**8.5**	-
	29.6	32.9	**34.6**	30.6
Non-Current				
Payables to related parties	**-**	-	**-**	1.3

[1] Payables and other creditors are generally payable within 30 days.

[2] The remaining amount payable to Woolworths Limited on completion of development property (Greystanes) under a fixed price contract is $16.4 million. Expected completion is late 2014. The value of works completed at the balance sheet date is $8.9 million. The amount of $16.4 million comprises the value of work completed at balance date of $8.9 million and the future work required to be completed capped at the fixed price.

11. Interest bearing liabilities

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Bank loans				
– A$ denominated	**418.5**	349.5	**418.5**	349.5
– NZ$ denominated	**120.6**	103.1	**120.6**	103.1
Total debt outstanding	**539.1**	452.6	**539.1**	452.6
Less: unamortised establishment fees	**(3.3)**	(2.3)	**(3.3)**	(2.3)
	535.8	450.3	**535.8**	450.3

Bank loans are carried at amortised cost.

The debt facilities are made up of bilateral bank loans which are multi-use revolving unsecured facilities which may also be used partially for bank guarantees.

As at 30 June 2014 the total debt facilities available were $600.0 million (30 June 2013: $550.0 million). During the year the Group agreed to a refinancing and extension of maturity and limit of its debt facilities. This was completed in December 2013. The new facilities are in place and the average debt maturity is 3.5 years at 30 June 2014 (30 June 2013: 3.6 years). Additionally a new lender was also introduced to further diversify SCP's banking relationships from three lenders to four lenders.

As at 30 June 2014 and 30 June 2013, in addition to the interest bearing liabilities above, $5.0 million of the debt facilities available was used to support a $5.0 million bank guarantee. The bank guarantee assists with the Responsible Entity's compliance with its Australian Financial Services Licence.

The debt maturity profile in respect of interest bearing liabilities is set out below:

	Weighted average interest rate [1]		SCA Property Group		Retail Trust	
	30 June 2014 %	30 June 2013 %	**30 June 2014 $m**	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Due December 2015	**-**	5.3	**-**	194.0	**-**	194.0
Due December 2016	**3.7**	-	**145.0**	-	**145.0**	-
Due November / December 2017	**4.1**	5.1	**220.0**	258.6	**220.0**	258.6
Due July 2018	**5.0**	-	**120.6**	-	**120.6**	-
Due November /December 2018	**4.2**	-	**53.5**	-	**53.5**	-
			539.1	452.6	**539.1**	452.6

[1] Includes interest, margin and line fees only. After the December 2013 refinancing the total average weighted interest rate including establishment costs and interest rate swaps was approximately 4.9% (30 June 2013: 5.5%).

Notes to the Consolidated Financial Statements

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	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Financing facilities and financing resources				
Committed financing facilities available	**600.0**	550.0	**600.0**	550.0
Less: amounts drawn down	**(539.1)**	(452.6)	**(539.1)**	(452.6)
Less: amounts utilised for bank guarantee	**(5.0)**	(5.0)	**(5.0)**	(5.0)
	55.9	92.4	**55.9**	92.4
Add: Cash and cash equivalents	**0.9**	15.4	**0.4**	6.5
Financing resources available	**56.8**	107.8	**56.3**	98.9
Maturity profile of committed financing facilities				
Due 1 – 3 years	**150.0**	200.0	**150.0**	200.0
Due 3 – 5 years	**450.0**	350.0	**450.0**	350.0
	600.0	550.0	**600.0**	550.0

The sources of funding are spread over eight debt facilities with four banks (30 June 2013: 5 debt facilities with 3 banks) to reduce liquidity risk, and the terms are negotiated to achieve a balance between capital availability and the cost of debt. The facilities are unsecured, revolving, and can be used interchangeably. The usage of the facilities in place at 30 June 2014 is below:

30 June 2014 Unsecured Bank facilities	**Facility Limit $m**	**Used $m**	**Unused facility $m**	**Facility Maturity Date**
Bank bilateral	**150.0**	**145.0**	**5.0**	**11-Dec-16**
Bank bilateral	**75.0**	**75.0**	**-**	**20-Nov-17**
Bank bilateral	**75.0**	**75.0**	**-**	**11-Dec-17**
Bank bilateral	**75.0**	**75.0**[1]	**-**	**11-Dec-17**
Bank bilateral	**150.0**	**120.6**	**29.4**	**23-Jul-18**
Bank bilateral	**25.0**	**25.0**	**-**	**20-Nov-18**
Bank bilateral	**25.0**	**3.5**	**21.5**	**11-Dec-18**
Bank bilateral	**25.0**	**25.0**	**-**	**11-Dec-18**
	600.0	**544.1**	**55.9**	

30 June 2013 Unsecured Bank facilities	**Facility Limit $m**	**Used $m**	**Unused facility $m**	**Facility Maturity Date**
Bank bilateral	100.0	99.0[1]	1.0	05-Dec-15
Bank bilateral	50.0	-	50.0	05-Dec-15
Bank bilateral	50.0	42.5	7.5	05-Dec-17
Bank bilateral	100.0	100.0	-	05-Dec-17
Bank bilateral	250.0	216.1	33.9	05-Dec-17
	550.0	457.6	92.4	

[1] Used includes $5.0 million allocation of facility limit used for a $5.0 million bank guarantee.

Forward start facilities: USPP

Additionally in June 2014 the Group agreed terms with US private investors to issue unsecured Notes with aggregate face value of US$150 million and AUD $50 million (in total equivalent to A$210 million). The maturity profile of the Notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates) through interest rate swaps and cross currency swaps. On 14 August 2014 these Notes were issued, the cash was received and will be used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's). The debt under these Notes was not available or drawn at 30 June 2014 are not in the tables above.

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Debt Covenants

The Group is required to comply with certain financial covenants in respect of the bank facilities. The major financial covenants are summarised as follows:

(a) Interest cover ratio (EBITDA to net interest expense) is more than 2.00 times;

(b) Gearing ratio (finance debt net of cash divided by total tangible assets net of cash and derivatives) does not exceed 50%;

(c) Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%; and

(d) Aggregate of the total tangible assets held by the Obligors represents not less than 90% of the total tangible assets of the Group.

The Group was in compliance with all of the financial covenants for the year to and as at 30 June 2014. The covenants under the US PP Notes (refer above) are similar to the bank facility covenants above.

12. Contributed equity

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Equity	**1,081.9**	1,071.9	**1,075.4**	1,065.5
Issue costs	**(26.5)**	(26.5)	**(26.4)**	(26.4)
	1,055.4	1,045.4	**1,049.0**	1,039.1
Equity of Management Trust				
Opening balance	**6.3**	-		
Equity issued through Woolworths in-specie distribution December 2012	**-**	3.1		
Equity raised through initial public offering of stapled units December 2012	**-**	2.8		
Equity raised through institutional placement 20 June 2013	**-**	0.5		
Equity issued 29 November 2013	**0.1**	-		
Issue costs	**-**	(0.1)		
Closing balance	**6.4**	6.3		
Equity of Retail Trust				
Opening balance	**1,039.1**	-	**1,039.1**	-
Equity issued through Woolworths in-specie distribution December 2012	**-**	506.6	**-**	506.6
Equity raised through initial public offering of stapled units December 2012	**-**	469.4	**-**	469.4
Equity raised through institutional placement 20 June 2013	**-**	89.5	**-**	89.5
Equity issued 29 November 2013	**9.9**	-	**9.9**	-
Issue costs	**-**	(26.4)	**-**	(26.4)
Closing balance	**1,049.0**	1,039.1	**1,049.0**	1,039.1
Balance at the end of the period is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	**6.4**	6.3	**-**	-
Shopping Centres Australasia Property Retail Trust	**1,049.0**	1,039.1	**1,049.0**	1,039.1
	1,055.4	1,045.4	**1,049.0**	1,039.1

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For the year ended 30 June 2014

Number of units on issue	SCA Property Group 30 June 2014 millions	SCA Property Group 30 June 2013 millions	Retail Trust 30 June 2014 millions	Retail Trust 30 June 2013 Millions
Opening balance	**642.4**	-	**642.4**	-
Equity issued through Woolworths in-specie distribution December 2012	**-**	248.2	**-**	248.2
Equity raised through initial public offering of stapled units December 2012	**-**	337.3	**-**	337.3
Equity raised through institutional placement 20 June 2013	**-**	56.9	**-**	56.9
Equity issued 29 November 2013	**6.2**	-	**6.2**	-
Closing balance	**648.6**	642.4	**648.6**	642.4

As long as Shopping Centres Australasia Property Group remains jointly quoted, the number of units in each of the Trusts shall be equal and the unitholders identical. Holders of stapled units are entitled to receive distributions as declared from time to time and are entitled to one vote per stapled unit at unitholder meetings.

On 29 November 2013 the Group raised $10.0 million through a placement of 6,211,180 units at a price of $1.61. The proceeds of the issue were used to assist with the acquisition of six established neighbourhood shopping centres in Tasmania for $117.8m (excluding stamp duty and other transactions costs). The remainder of the acquisition price was funded by drawing on existing bank debt facilities and the sale of properties. After the issue of units in November 2013 the Group at 30 June 2014 has 648,628,320 units on issue (30 June 2013: 642,417,140).

On 14 February 2014, the Group announced the commencement of an on-market buyback for up to 5% of its issued stapled units (or a maximum of 32.4 million stapled units) at a price of up to the net tangible asset value per unit (which was $1.59 at the date of the announcement). The on-market buyback is open for a period of up to 12 months or to 13 February 2015. No units have been bought back to date.

13. Reserves (net of income tax)

	SCA Property Group 30 June 2014 $m	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2014 $m	Retail Trust 30 June 2013 $m
Cash flow hedge reserve	**(1.0)**	0.4	**(1.0)**	0.4
Share based payment reserve	**0.3**	-	**0.3**	-
Foreign currency translation reserve	**11.0**	3.6	**11.0**	3.6
	10.3	4.0	**10.3**	4.0
Movements in reserves				
Cash flow hedge reserve				
Opening balance	**0.4**	-	**0.4**	-
Effective portion of changes in the fair value of cash flow hedges during the year	**(1.4)**	0.4	**(1.4)**	0.4
Closing balance	**(1.0)**	0.4	**(1.0)**	0.4
Share based payment reserve (Note 20)				
Balance at the beginning of the year	**-**	-	**-**	-
Employee share based payments	**0.3**	-	**0.3**	-
Transfer to/(from) retained profits on lapsing of Performance rights	**-**	-	**-**	-
Issue of stapled securities	**-**	-	**-**	-
Closing balance	**0.3**	-	**0.3**	-
Foreign currency translation reserve				
Opening balance	**3.6**	-	**3.6**	-
Translation differences arising during the year	**7.4**	3.6	**7.4**	3.6
Closing balance	**11.0**	3.6	**11.0**	3.6

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Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

Share based payment reserve

Refer note 20.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14. Accumulated loss

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Opening balance	**(40.4)**	-	**(38.7)**	-
Net profit/(loss) for the year	**111.6**	(4.4)	**111.6**	(2.7)
Distributions paid and payable (note 3)	**(71.3)**	(36.0)	**(71.3)**	(36.0)
Closing balance	**(0.1)**	(40.4)	**1.6**	(38.7)
Balance at the end of the year is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	**(1.7)**	(1.7)		
Shopping Centres Australasia Property Retail Trust	**1.6**	(38.7)		
	(0.1)	(40.4)		

15. Notes to statements of cash flows

Reconciliation of profit to net cash flow from operating activities is as follows:

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Net profit/(loss) after tax	**111.6**	(4.4)	**111.6**	(2.7)
Net unrealised (gain) / loss on change in fair value of investment properties	**(30.1)**	3.6	**(30.1)**	3.6
Net unrealised (gain) on change in fair value of financial assets	**(4.8)**	(0.9)	**(4.8)**	(0.9)
Net unrealised loss on change in fair value of derivatives	**0.2**	-	**0.2**	-
Amortisation of borrowing costs	**1.1**	0.3	**1.1**	0.3
Straight line lease revenue	**(7.5)**	(4.2)	**(7.5)**	(4.2)
Rental guarantee income received	**11.8**	5.1	**11.8**	5.1
(Decrease) / increase in payables	**(0.3)**	15.2	**(0.3)**	11.9
Other non-cash items	**0.3**	(0.1)	**0.3**	(0.1)
Increase in receivables	**(2.0)**	(6.9)	**(2.1)**	(6.8)
Net cash flow from operating activities	**80.3**	7.7	**80.2**	6.2

16. Operating leases

All the completed investment properties (refer note 9) are subject to operating leases.

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Significant types of tenants include supermarkets, discount department stores, liquor stores and speciality stores. Lease terms can vary for each lease.

For supermarkets and discount department stores lease terms for new leases would commonly be from 15 years to over 20 years and are typically followed by a number of optional lease extensions exercisable by the tenant. The lease for these tenants also generally includes provision for additional rent in the form of sales turnover rent. Where sales turnover rent applies it is payable annually in arrears where the sum of the initial rent and the turnover rent percentage amount for a year exceeds the sum of the base rent. Additionally the base rent for some of these tenants is subject to fixed periodic increases of up to 5% at the rent review date.

For other tenants lease terms would commonly be for shorter periods such as five years with provisions for annual reviews which typically comprise either CPI based increases, fixed percentage increases or market reviews. Optional lease extensions exercisable by the tenant are also relatively common. Speciality leases also incorporate provisions for reporting of sales turnover and may include payment of turnover rent percentage rental if appropriate.

Notes to the Consolidated Financial Statements

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Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Within one year	**144.1**	126.1	**144.1**	126.1
Between one and five years	**528.1**	482.2	**528.1**	482.2
After five years	**1,268.3**	1,326.1	**1,268.3**	1,326.1
	1,940.5	1,934.4	**1,940.5**	1,934.4

Additionally there was $0.9m of percentage or turnover rent recognised as income in the current year (30 June 2013: nil).

17. Capital commitments

Estimated capital expenditure committed at balance sheet date but not provided for:

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Within one year	**44.3**	21.1	**44.3**	21.1
Between one and five years	**-**	16.4	**-**	16.4
	44.3	37.5	**44.3**	37.5

The 30 June 2014 balances above relate to forecasted payments to be made to Woolworths Limited following the completion of Greystanes (which is currently being developed by Woolworths under a fixed price contract) and for the acquisition of Claremont.

Greystanes

Under this contract the Group expects to pay $16.4 million as a final payment on completion of this property. Greystanes is expected to be completed in late 2014.

Claremont

In November 2013 the Group agreed to purchase seven properties in Tasmania. The acquisition of six of the seven properties was completed in November 2013. The remaining property, Claremont Plaza, with a purchase price of $27.9 million excluding transactions costs, will settle following completion of the Woolworths extension and refurbishment which is expected in late 2014.

Prior year balance

The 2013 balance included three properties under construction (Greystanes, Lilydale and Katoomba Marketplace). Lilydale and Katoomba were completed in July 2013 and April 2014 respectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

18. Segment reporting

The Group and Retail Trust invest in shopping centres located in Australia and New Zealand and the chief decision makers of the Group base their decisions on these segments. Previously the Group further reported on three asset classes, subregional, neighbourhood centres and freestanding properties however this was changed during the year in line with a change in the internal reporting of segments and how the chief decision maker reviews the financial information of the Group.

The Management Trust operates only within one segment, Australia.

No segmental reporting is shown for Shopping Centres Australasia Property Retail Trust as this is not required under AASB 8.

	Australia		New Zealand		Unallocated		Total	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Income and expenses								
Revenue								
Rental income[1]	**136.8**	57.4	**18.2**	7.1	**-**	-	**155.0**	64.5
Other property income	**3.4**	6.8	**-**	-	**-**	0.2	**3.4**	7.0
	140.2	64.2	**18.2**	7.1	**-**	0.2	**158.4**	71.5
Expenses								
Property expenses	**(40.1)**	(16.8)	**(1.6)**	(0.7)	**-**	-	**(41.7)**	(17.5)
Corporate costs	**-**	-	**-**	-	**(10.9)**	(5.9)	**(10.9)**	(5.9)
	(40.1)	(16.8)	**(1.6)**	(0.7)	**(10.9)**	(5.9)	**(52.6)**	(23.4)
Segment result	**100.1**	47.4	**16.6**	6.4	**(10.9)**	(5.7)	**105.8**	48.1
Fair value adjustments on investment properties	**23.1**	(3.6)	**7.0**	-	**-**	-	**30.1**	(3.6)
Fair value adjustments on derivatives	**-**	-	**-**	-	**(0.2)**	-	**(0.2)**	-
Fair value adjustments on financial assets	**4.8**	0.9	**-**	-	**-**	-	**4.8**	0.9
Transaction costs	**-**	-	**-**	-	**(0.4)**	(37.2)	**(0.4)**	(37.2)
Interest income	**-**	-	**-**	-	**0.3**	0.2	**0.3**	0.2
Financing costs	**-**	-	**-**	-	**(26.4)**	(11.5)	**(26.4)**	(11.5)
Tax	**-**	-	**-**	-	**(2.4)**	(1.3)	**(2.4)**	(1.3)
Net profit/(loss) after tax for the year attributable to unitholders	**128.0**	44.7	**23.6**	6.4	**(40.0)**	(55.5)	**111.6**	(4.4)
Assets and liabilities								
Segment assets	**1,448.7**	1,337.9	**211.0**	174.5	**13.2**	18.8	**1,672.9**	1,531.2
Segment liabilities	**(26.7)**	(24.9)	**(0.7)**	(0.2)	**(579.9)**	(497.1)	**(607.3)**	(522.2)

[1] For the purposes of segment reporting $91.3 million in rental income (30 June 2013: $41.9 million) was from a single customer.

19. Key management personnel compensation

The aggregate compensation made to the Directors and other key management personnel of the Group is set out below:

	30 June 2014 $	30 June 2013 $
Short term benefits	**2,954,836**	2,490,922
Post-employment benefits	**150,027**	153,238
Share-based payment	**336,772**	-
Termination benefits	**420,000**	-
Long term benefits	**23,640**	-
	3,885,275	2,644,160

The key management personnel during the year were:

- Directors
- Mr Fleming (Chief Financial Officer)(appointed 20 August 2013)
- Mr Lamb (Company Secretary and General Counsel)

Ms Kerry Shambly was also a key management personnel (Chief Financial Officer) during the year until 19 August 2013.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

20. Share based payments

During 2013 the Group established a Group Executive Incentive Plan that entitles key management personnel, subject to performance, to become entitled to acquire stapled securities at nil cost to the employee. The Group Executive Incentive Plan was approved at the Group's Annual General Meeting in November 2013.

Rights pursuant to the Group Executive Incentive Plan have been issued for:

– Special Performance Rights (SPRs)

– Short Term Incentive Plan Rights (STIP)

– Long Term Incentive Plan Rights (LTIP)

Under the Group Executive Incentive Plan grants of rights have been made with respect to:

– Mr Mellowes (Director and Chief Executive Officer)

– Mr Fleming (Chief Financial Officer)

– Mr Lamb (Company Secretary and General Counsel)

The table below summarises the rights issued. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. No stapled securities were granted, issued, vested, exercised or forfeited during the year.

Type and eligibility	Vesting Conditions[1]	Unit price at grant date[3]	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
SPR's (tranche 1) (Mr Mellowes)	Service and non-market	$1.57	July 2013	July 2015	100,000 securities	$1.40 per unit
SPR's (tranche 2) (Mr Mellowes)	Service and non-market	$1.57	July 2014	July 2016	175,000 securities	$1.31 per unit
STIP (FY14) (Mr Mellowes)	Service and non-market	$1.57	August 2014	July 2016	Maximum of $200,000 or 129,169 securities	$0.79 per $1.00
STIP (FY14) (Mr Fleming)	Service and non-market	$1.57	August 2014	July 2016	$89,468	$0.86 per $1.00
LTIP (FY14 – FY16) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Service and Relative TSR[2]	$1.57	July 2016	July 2016	$359,250	$0.60 per unit
LTIP (FY14 – FY16) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Service and non-market	$1.57	July 2016	July 2016	$359,250	$1.31 per unit
LTIP (FY14 – FY16) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Service and Relative TSR[2]	$1.57	July 2016	July 2017	$359,250	$0.56 per unit
LTIP (FY14 – FY16) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Service and non-market	$1.57	July 2016	July 2017	$359,250	$1.22 per unit

[1] Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.

[2] TSR is Total Shareholder Return measured against a comparator group.

[3] Grant date is November 2013.

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Binomial option pricing models where applicable, performed by an independent valuer, and models the future unit price of the Group's stapled units. The grant date of the above rights was November 2013.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was $0.3 million (30 June 2013: nil).

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Key inputs to the pricing models include:

Volatility	20%
Dividend yield	6.8%
Risk-free interest rate	2.73% – 3.24%

21. Other related party disclosures

Retail Trust has a short term receivable of nil and nil from Shopping Centres Australasia Property Operations Pty Ltd and Shopping Centres Australasia Property Group RE Ltd respectively (30 June 2013: $2.4 million and $0.2 million respectively). Both are wholly owned subsidiaries of Management Trust.

Retail Trust also has a current payable of $8.5 million to Management Trust (30 June 2013: nil) and there was no non-current payable in the current year to Management Trust (30 June 2013: $1.3 million).

These are all non-interest bearing and repayable at call.

Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments for the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed during the year under this agreement was $10.9 million (30 June 2013: $4.8 million).

22. Parent entity

	Management Trust[1]		Retail Trust[1, 2]	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Current assets	**0.2**	-	**28.4**	28.3
Non-current assets	**6.2**	6.4	**1,496.7**	1,489.3
Total assets	**6.4**	6.4	**1,525.1**	1,517.6
Current liabilities	**-**	-	**73.5**	67.5
Non-current liabilities	**-**	0.1	**419.7**	451.6
Total liabilities	**-**	0.1	**493.2**	519.1
Contributed equity	**6.4**	6.3	**1,049.0**	1,039.1
Reserves	**-**	-	**3.2**	0.4
Accumulated loss	**-**	-	**(20.3)**	(41.0)
Total equity	**6.4**	6.3	**1,031.9**	998.5
Net profit /(loss) after tax	**-**	-	**95.8**	(5.0)
Other comprehensive income	**-**	-	**2.8**	0.4
Total comprehensive income	**-**	-	**98.6**	(4.6)
Commitments for the acquisition of property by the parent	**-**	-	**44.3**	37.5

[1] Head Trusts only.

[2] The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2014 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on 28 August 2014, having available headroom on the Group's facilities of $56.8 million. Additionally in June 2014 the Group and Retail Trust agreed terms with US private investors to issue unsecured Notes with aggregate face value of US$150 million and AUD $50 million (equivalent to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 these Notes were issued and cash was received and was used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's).

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23. Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest 30 June 2014	Ownership interest 30 June 2013
Subsidiaries of Shopping Centres Australasia Property Management Trust			
Shopping Centres Australasia Property Operations Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Group RE Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Group Trustee NZ Ltd	New Zealand	100.0%	100.0%
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	0.1%	0.1%
Shopping Centres Australasia Property Retail Trust	Australia	0.0%[1]	0.0%[1]
Subsidiaries of Shopping Centres Australasia Property Retail Trust			
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	99.9%	99.9%

Shopping Centres Australasia Property Retail Trust is considered a subsidiary of Shopping Centres Australasia Property Management Trust due to stapling even though there is no ownership or shareholding interest.

24. Financial instruments

(a) Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for unitholders and benefits for other stakeholders and maintaining a capital structure that will support a competitive overall cost of capital for the Group.

The capital structure of the Group consists of cash, interest bearing liabilities (including eight bilateral debt facilities with four banks and debt capital markets) and equity of the Group (comprising contributed equity, reserves and accumulated profit/(loss)).

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (ie debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- Sufficient funds and financing facilities, on a cost effective basis, are available to assist the Group's property investment and management business;
- Sufficient liquid buffer is maintained; and
- Distributions to unitholders are in line with the stated distribution policy.

The Group can alter its capital structure by issuing new stapled units, adjusting the amount of distributions paid to unitholders, returning capital to unitholders, buying back securities, selling assets to reduce debt, adjusting the timing of capital expenditure and through the operation of a Distribution Reinvestment Plan. Additionally the Group can alter its capital structure by the use of debt facilities including repaying debt and issuing debt via debt capital markets and derivative financial instruments.

The Group's debt financial covenants are detailed in note 11.

Management monitor the capital structure by the gearing ratio. The gearing ratio is calculated in line with the debt covenants as:

- finance debt net of cash and excluding derivatives; divided by,
- total tangible assets net of cash and excluding derivatives.

The Group's target gearing range up to 12 June 2014 was between 25% and 40%. On 12 June 2014 the Group refined its gearing policy to be within the range of 30% to 40% with a preference to be below 35%. The gearing policy includes flexibility to increase gearing beyond 35% if required, provided a reduction back to 35% or below is achievable within a reasonable timeframe.

The gearing ratio at 30 June 2014 was 32.6% (30 June 2013: 28.9%).

(b) Financial risk management

The Group's activities expose it to a variety of financial risk, including:

i. credit risk

ii. liquidity risk

iii. market risk (foreign exchange and interest rate)

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge certain risk exposures. The use of financial derivatives is governed by the Group's policies as approved by the Board. The Group does not enter or trade financial instruments including derivative financial instruments for speculative purposes.

(b)(i) Financial risk - Credit

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The group has exposure to credit risk on all financial assets included in its statement of financial position.

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For financial investments or market risk hedging the Group manages this risk by investing and transacting derivatives with multiple counterparties to minimise the Group's exposure to any one counterparty. Wherever possible for financial investments and hedging the Group only deals with investment grade counterparties.

Exposure to customer credit risk is also monitored. The majority of the Group's revenue for the current year and the prior period is from Woolworths Limited which has an A- Standard and Poor's credit rating.

The Group does not have any other significant concentration of credit risk to any single counterparty and reviews the aggregate exposure of tenancies across its portfolio on a regular basis.

Derivative counterparties and cash deposits are currently limited to financial institutions with an appropriate credit rating.

The Group and Retail Trust's exposure to credit risk consists of the following:

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Cash and cash equivalents	**0.9**	15.4	**0.4**	6.5
Receivables	**19.0**	8.3	**19.0**	10.7
Derivative financial instruments	**3.3**	2.3	**3.3**	2.3
Rental guarantee	**7.6**	16.5	**7.6**	16.5
	30.8	42.5	**30.3**	36.0

The maximum exposure of the Group to credit risk as at 30 June 2014 is the carrying amount of the financial assets in its statement of financial position.

Receivables relate to tenant receivables. Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). There were no significant financial assets from major tenants that were past due at 30 June 2014 or 30 June 2013. Refer also note 7.

(b)(ii) Financial risk - Liquidity

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims at having flexibility in funding by keeping sufficient cash and/or committed credit lines available whilst maintaining a low cost of holding these facilities. Management prepare and monitor rolling forecasts of liquidity requirements on the basis of expected cash flow.

The group manages liquidity risk through monitoring the maturity of its debt portfolio. The Group also manages liquidity risk by maintaining a liquidity buffer of cash and undrawn credit facilities. The weighted average debt maturity at 30 June 2014 is 3.5 years (30 June 2013: 3.6 years).

In June 2014 the Group agreed terms with US private investors to issue notes with aggregate face value of US$150 million and AUD $50 million (equivalent to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 this cash was received and was used to repay debt and for working capital.

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The following table reflects all contractual maturities of financial liabilities including principal and estimated interest cash flows based on conditions existing at balance sheet date including debt drawn at balance sheet date. The amounts due under the notes to US private investors (refer above) have not been included below as no amounts were drawn at balance sheet date. The amounts presented represent the future undiscounted cash flows.

Non-derivative financial instruments

	1 year or less $m	1 – 3 years $m	3 – 5 years $m	Total $m
30 June 2014				
SCA Property Group				
Payables	**29.6**	**-**	**-**	**29.6**
Distribution payable	**36.3**	**-**	**-**	**36.3**
Interest bearing liabilities	**22.7**	**187.7**	**408.0**	**618.4**
	88.6	**187.7**	**408.0**	**684.3**
Retail Trust				
Payables	**34.6**	**-**	**-**	**34.6**
Distribution payable	**36.3**	**-**	**-**	**36.3**
Interest bearing liabilities	**22.7**	**187.7**	**408.0**	**618.4**
	93.6	**187.7**	**408.0**	**689.3**
30 June 2013				
SCA Property Group				
Payables	32.9	-	-	32.9
Distribution payable	36.0	-	-	36.0
Interest bearing liabilities	16.5	223.2	272.2	511.9
	85.4	223.2	272.2	580.8
Retail Trust				
Payables	30.6	-	-	30.6
Distribution payable	36.0	-	-	36.0
Interest bearing liabilities	16.5	223.2	272.2	511.9
	83.1	223.2	272.2	578.5

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Derivative Financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's derivative financial instruments in place at 30 June 2014 including interest at market rates and foreign currency at rates of exchange ruling at reporting date.

	1 year or less $m	1 – 3 years $m	3 – 5 years $m	6 – 16 years $m	Total $m
30 June 2014					
SCA Property Group					
Interest rate swaps – net	**(2.0)**	**0.5**	**1.2**	**(1.6)**	**(1.9)**
Cross currency swaps – net	**(3.8)**	**(2.4)**	**(2.5)**	**(33.3)**	**(42.0)**
	(5.8)	**(1.9)**	**(1.3)**	**(34.9)**	**(43.9)**
Retail Trust					
Interest rate swaps – net	**(2.0)**	**0.5**	**1.2**	**(1.6)**	**(1.9)**
Cross currency swaps – net	**(3.8)**	**(2.4)**	**(2.5)**	**(33.3)**	**(42.0)**
	(5.8)	**(1.9)**	**(1.3)**	**(34.9)**	**(43.9)**
30 June 2013					
SCA Property Group					
Interest rate swaps – net	(2.0)	0.7	2.2	-	0.9
Retail Trust					
Interest rate swaps – net	(2.0)	0.7	2.2	-	0.9

(b)(iii) Financial Risk - Market

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk arises when anticipated transactions or recognised assets and liabilities are denominated in a currency that is not the Group's presentation currency, being Australian dollars. The Group has currency exposure to the New Zealand dollar (NZD) and will have exposure to the United States dollar (USD) (refer US Note issue discussed at ii Liquidity risk above).

The Group reduces its exposure to the foreign exchange risk inherent in the carrying value of its New Zealand investments by wholly or partly funding their acquisition using borrowings denominated in New Zealand dollars.

The Group's exposure to the impact of exchange rate movements on its earnings from its New Zealand investments is partially mitigated by the New Zealand dollar interest expense of its New Zealand dollar borrowings.

Distributions from New Zealand to Australia are not hedged.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2014

The table below reflects balances denominated in NZD at 30 June 2014 and 30 June 2013.

	30 June 2014 NZD $m	30 June 2013 NZD $m	**30 June 2014 NZD $m**	30 June 2013 NZD $m
Cash and cash equivalents	**0.1**	1.5	**0.1**	1.5
Receivables	**0.2**	0.2	**0.2**	0.2
Derivative financial instruments	**2.3**	1.2	**2.3**	1.2
Rental guarantee	**0.2**	0.5	**0.2**	0.5
Investment properties	**226.4**	205.1	**226.4**	205.1
Other assets	**0.2**	0.1	**0.2**	0.1
Total assets	**229.4**	208.6	**229.4**	208.6
Payables	**1.8**	1.4	**1.8**	1.4
Interest bearing liabilities	**129.5**	121.7	**129.5**	121.7
Total liabilities	**131.3**	123.1	**131.3**	123.1
Net exposure	**98.1**	85.5	**98.1**	85.5

Cross currency swap contracts

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer US note issue discussed above and note 11) by using cross currency swaps.

Under cross currency swap contracts, the Group agrees to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue.

The Group will receive fixed amounts in US dollars and pay both variable interest rates (based on Australian BBSW) and fixed interest rates based on agreed interest rate swap rates.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

The following table details the swap contracts principal and interest payments over various durations at balance sheet date (there were no cross currency swap contracts in place in the period ended 30 June 2013).

	1 year or less $m	1 – 3 years $m	3 – 5 years $m	More than 5 years $m	Total $m
30 June 2014					
SCA Property Group					
Sell US dollar – Principal					
Amount (USD)	150.0	-	-	-	150.0
Exchange rate	0.9387	-	-	-	0.9387
Amount (AUD)	159.8	-	-	-	159.8
Buy US dollar – interest					
Amount (AUD)	3.3	13.2	13.2	60.2	89.9
Exchange rate	0.9387	0.9387	0.9387	0.9387	0.9387
Amount (USD)	3.1	12.3	12.3	56.5	84.2
Buy US dollar – Principal					
Amount (AUD)	-	-	-	159.8	159.8
Exchange rate	-	-	-	0.9387	0.9387
Amount (USD)	-	-	-	150.0	150.0
Retail Trust					
Sell US dollar – Principal					
Amount (USD)	150.0	-	-	-	150.0
Exchange rate	0.9387	-	-	-	0.9387
Amount (AUD)	159.8	-	-	-	159.8
Buy US dollar – interest					
Amount (AUD)	3.3	13.2	13.2	60.2	89.9
Exchange rate	0.9387	0.9387	0.9387	0.9387	0.9387
Amount (USD)	3.1	12.3	12.3	56.5	84.2
Buy US dollar – Principal					
Amount (AUD)	-	-	-	159.8	159.8
Exchange rate	-	-	-	0.9387	0.9387
Amount (USD)	-	-	-	150.0	150.0

There are no comparatives for 30 June 2013 as there were no cross currency swaps in place.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Sensitivity analysis – foreign exchange risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and on equity of a 10% increase/decrease in exchange rates at balance sheet date with all other variables held constant.

	Profit/loss after tax		Equity	
	Effect of 10% increase in exchange rate $m	Effect of 10% decrease in exchange rate $m	Effect of 10% increase in exchange rate $m	Effect of 10% decrease in exchange rate $m
30 June 2014				
SCA Property Group				
Foreign exchange rates denominated in NZD	**(1.2)**	**1.5**	**(10.1)**	**12.4**
Foreign exchange rates denominated in USD	**(1.9)**	**2.3**	**(1.9)**	**2.3**
	(3.1)	**3.8**	**(12.0)**	**14.7**
Retail Trust				
Foreign exchange rates denominated in NZD	**(1.2)**	**1.5**	**(10.1)**	**12.4**
Foreign exchange rates denominated in USD	**(1.9)**	**2.3**	**(1.9)**	**2.3**
	(3.1)	**3.8**	**(12.0)**	**14.7**
30 June 2013				
SCA Property Group				
Foreign exchange rates denominated in NZD	(0.2)	0.3	(7.8)	6.4
Retail Trust				
Foreign exchange rates denominated in NZD	(0.2)	0.3	(7.8)	6.4

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk as it can borrow funds at both fixed and floating interest rates and cash holdings. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts.

Hedging activities are evaluated regularly to align with defined policy and ensuring appropriate hedging strategies are applied.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is limited to $0.9 million (30 June 2013: $15.4 million).

Interest rate swap contracts

The Group's interest rate risk arises from borrowings and cash holdings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances, as a result the Group has selected to apply hedge accounting to certain interest rate swaps only. For all other interest rate and cross currency swaps fair value movements are recorded through the statements of comprehensive income even though an economic hedge exists. Refer to accounting note 2(s). Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts.

Such contracts enable the Group to mitigate the risk of cash flow exposures on the issued variable and fixed rate debt that may be held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward market interest rate curve at reporting date. The average interest rate is based on the outstanding balances at the end of the financial year.

Certain derivatives have been recorded on the Balance Sheet at their fair value in accordance with AASB 139. Some of the derivatives have been designated as cash flow hedges for accounting purposes. As a result, the effective portion of the fair value movement of these instruments is recognised in equity. The movement in the fair value of all other derivatives is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date is in the table below:

	SCA Property Group					
			Fixed interest rate			
	Weighted average interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 – 5 years $m	More than 5 years $m	Total $m
30 June 2014						
Financial assets						
Cash and cash equivalents	2.4	0.9	-	-	-	0.9
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	4.3	(418.5)	-	-	-	(418.5)
Denominated in NZD - floating	5.1	(120.6)	-	-	-	(120.6)
Total financial liabilities		(539.1)	-	-	-	(539.1)
Total net financial liabilities		(538.2)	-	-	-	(538.2)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	380.0		380.0
Denominated in AUD floating[1]		(50.0)	-	-	-	(50.0)
Denominated in NZD fixed	3.1	-	-	81.5	-	81.5
Net exposure at reporting date		(588.2)	-	461.5	-	(126.7)

[1] The floating interest rate derivative was entered into in June 2014 and swap the fixed US PP AUD $50m note which was issued in August 2014 (refer note 11).

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at reporting date by both the Group and the Retail Trust can be summarised as follows:

	June 2015 $m	June 2016 $m	June 2017 $m	June 2018 $m	June 2019 $m	June 2020 $m
Denominated in AUD$						
Interest rate swaps (fixed)	380.0	240.0	190.0	50.0	-	-
Average fixed rate	3.3	3.4	3.5	3.6	-	-
Interest rate swaps (floating)	50.0	50.0	50.0	50.0	50.0	50.0
Denominated in NZD and in NZD						
Interest rate swaps (fixed)	87.5	43.8	43.8	-	-	-
Average fixed rate	3.1	3.3	3.3	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date is in the table below:

	Retail Trust					
			Fixed interest rate			
	Weighted average interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 – 5 years $m	More than 5 years $m	Total $m
30 June 2014						
Financial assets						
Cash and cash equivalents	**2.4**	**0.4**	**-**	**-**	**-**	**0.4**
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	**4.3**	**(418.5)**	**-**	**-**	**-**	**(418.5)**
Denominated in NZD - floating	**5.1**	**(120.6)**	**-**	**-**	**-**	**(120.6)**
Total financial liabilities		**(539.1)**	**-**	**-**	**-**	**(539.1)**
Total net financial liabilities		**(538.7)**	**-**	**-**	**-**	**(538.7)**
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	**3.3**	**-**	**-**	**380.0**	**-**	**380.0**
Denominated in AUD floating[1]		**(50.0)**	**-**	**-**	**-**	**(50.0)**
Denominated in NZD fixed	**3.1**	**-**	**-**	**81.5**	**-**	**81.5**
Net exposure at reporting date		**(588.7)**	**-**	**461.5**	**-**	**(127.2)**

[1] The floating interest rate derivative swaps the fixed US PP AUD $50m note which was issued in August 2014 (refer note 11).

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2013 is in the table below:

	SCA Property Group					
			Fixed interest rate			
	Weighted average interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 – 5 years $m	More than 5 years $m	Total $m
30 June 2013						
Financial assets						
Cash and cash equivalents	3.2	15.4	-	-	-	15.4
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.9	(349.5)	-	-	-	(349.5)
Denominated in NZD - floating	3.5	(103.1)	-	-	-	(103.1)
Total financial liabilities		(452.6)	-	-	-	(452.6)
Total net financial liabilities		(437.2)	-	-	-	(437.2)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	280.0		280.0
Denominated in NZD fixed	3.1	-	-	74.2	-	74.2
Net exposure at reporting date		(437.2)	-	354.2	-	(83.0)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

The maturity profile and the weighted average interest rate of the fixed derivatives (notional principal) held at 30 June 2013 by both the Group and the Retail Trust can be summarised as follows:

	June 2014 $m	June 2015 $m	June 2016 $m	June 2017 $m	June 2018 $m
Denominated in AUD$					
Interest rate swaps (fixed)	**280.0**	**140.0**	**140.0**	**140.0**	**-**
Average fixed rate	**3.3**	**3.3**	**3.4**	**3.4**	**-**
Denominated in NZD and in NZD					
Interest rate swaps (fixed)	**87.5**	**43.8**	**43.8**	**43.8**	**-**
Average fixed rate	**3.1**	**3.3**	**3.3**	**3.3**	**-**

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2013 is in the table below:

	Retail Trust					
			Fixed interest rate			
	Weighted average interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 – 5 years $m	More than 5 years $m	Total $m
30 June 2013						
Financial assets						
Cash and cash equivalents	3.2	6.5	-	-	-	6.5
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.9	(349.5)	-	-	-	(349.5)
Denominated in NZD - floating	3.5	(103.1)	-	-	-	(103.1)
Total financial liabilities		(452.6)	-	-	-	(452.6)
Total net financial liabilities		(446.1)	-	-	-	(446.1)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	280.0		280.0
Denominated in NZD fixed	3.1	-	-	74.2	-	74.2
Net exposure at reporting date		(446.1)	-	354.2	-	(91.9)

Sensitivity analysis – interest rate risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if market interest rates at balance sheet date had been 100 basis points higher/lower with all other variables held constant.

	Profit/loss after tax[1]		Equity	
	100bp higher $m	100bp lower $m	100bp higher $m	100bp lower $m
30 June 2014				
SCA Property Group				
Effect of market interest rate movement	**(20.5)**	**23.8**	**(12.9)**	**15.9**
Retail Trust				
Effect of market interest rate movement	**(20.5)**	**23.8**	**(12.9)**	**15.9**
30 June 2013				
SCA Property Group				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)
Retail Trust				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)

[1] The aim of the Group's interest rate hedging strategy is to reduce the impact on (cash) Distributable Earnings of movements in interest rates. However, where swaps are not hedged accounted, changes in interest rates result in changes to the non-cash market-to-market valuations of the swaps which flow through the Group's IFRS profit and loss. Included in the 2014 interest rate sensitivity analysis on profit and loss in the table above, are non-cash fair value movements ($19.3 million loss and $22.5 million gain respectively) in relation to the swaps which are fair valued through profit and loss as hedge accounting is not applied to them. Therefore, the cash impact to Distributable Earnings of the sensitivities above are a $1.2 million loss and $1.3 million gain respectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(c) Accounting classifications and fair values

The fair value of interest rate derivatives is determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observing market rates.

Except as disclosed below, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

The following table represents financial assets and liabilities that were measured and recognised at fair value at 30 June 2014 and 30 June 2013.

	SCA Property Group		Retail Trust	
	30 June 2014 $m	30 June 2013 $m	**30 June 2014 $m**	30 June 2013 $m
Assets				
Derivatives that qualify as effective under hedge accounting rules:				
Cash flow hedges	**2.1**	2.3	**2.1**	2.3
Other derivatives	**1.2**	-	**1.2**	-
	3.3	2.3	**3.3**	2.3
Liabilities				
Derivatives that qualify as effective under hedge accounting rules:				
Cash flow hedges	**3.2**	2.0	**3.2**	2.0
Other derivatives	**1.3**	-	**1.3**	-
	4.5	2.0	**4.5**	2.0

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2014				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	-	3.1	-	3.1
Cross currency swaps	-	0.2	-	0.2
	-	3.3	-	3.3
Financial liabilities carried at fair value				
Interest rate swaps	-	4.5	-	4.5
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	-	3.1	-	3.1
Cross currency swaps	-	0.2	-	0.2
	-	3.3	-	3.3
Financial liabilities carried at fair value				
Interest rate swaps	-	4.5	-	4.5
30 June 2013				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	-	2.3	-	2.3
Financial liabilities carried at fair value				
Interest rate swaps	-	2.0	-	2.0
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	-	2.3	-	2.3
Financial liabilities carried at fair value				
Interest rate swaps	-	2.0	-	2.0

There were no cross currency swaps in place at 30 June 2013.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are included in Level 2 above. Fair value of all derivative contracts have been confirmed with counterparties.

The Group does not have any Level 3 financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

25. Auditors' remuneration

	30 June 2014 $'000	11 Dec 2012 to 30 June 2013 $'000	30 June 2014 $'000	11 Dec 2012 to 30 June 2013 $'000
Audit and review of the financial statements	**191.1**	145.0	**191.1**	145.0
Assurance and compliance services	**36.4**	35.0	**36.4**	35.0
Other	**7.2**	6.0	**7.2**	6.0
Investigative accountants report and review of forecasts for Initial Public Offering	-	177.3	-	177.3
	234.7	363.3	**234.7**	363.3

The auditor of the Group and all of its subsidiaries is Deloitte Touche Tohmatsu. The fees for the year to 30 June 2014 for audit and review of the financial statements included fees for the review of the 31 December 2013 Interim Financial Report and the audit of the Financial Report for the year ended 30 June 2014. The fees for the period 11 December 2012 to 30 June 2013 for audit and review of the financial statements were only for the audit of the Financial Report for the period 11 December 2012 to 30 June 2013.

26. Subsequent events

In June 2014 the Group agreed terms with US private investors to issue notes with aggregate face value of US$150 million and AUD $50 million (equivalent to A$210 million). The maturity profile of the notes is US$100 million expiring August 2027 (13 years), and US$50 million and A$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 this cash was received and was used to repay debt and for working capital.

On 6 August 2014 the Group entered into a conditional agreement to acquire Prospect Vale near Launceston (Tasmania) for $26.8 million (excluding transaction costs). Completion is expected to occur in late 2014. This is expected to be funded by the Group's debt facilities.

Besides the change noted above, the Directors of the Responsible Entity are not aware of any other matter since the end of the year that has significantly or may significantly affect the operations of the Group, the result of those operations, or state of the Group's affairs in future financial years.

Directors' Declaration

For the year ended 30 June 2014

In the opinion of the Directors of Shopping Centres Australasia Property Group RE Limited, the Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust (the "Retail Trust"):

(a) The Financial Statements and Notes, of Shopping Centres Australasia Property Management Trust and its controlled entities, including Shopping Centres Australasia Property Retail Trust and its controlled entities, (the "Group"), set out on pages 63 to 105 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's and the Retail Trust's financial position as at 30 June 2014 and of their performance, for the year ended 30 June 2014; and

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

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

Note 2 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the period ended 30 June 2014.

Signed in accordance with a resolution of the Directors:

Chairman
Sydney
20 August 2014

Independent Auditor's Report

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Stapled Security Holders of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust

We have audited the accompanying financial reports of Shopping Centres Australasia Property Management Trust ("the Group"), and Shopping Centres Australasia Property Retail Trust ("SCA Property Retail Trust") which comprise the consolidated balance sheets as at 30 June 2014, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and SCA Property Retail Trust as set out on pages 63 to 106. The consolidated stapled entity, as described in Note 1 to the financial report, comprises SCA Property Management Trust and the entities it controlled at the year's end or from time to time during the financial year and SCA Property Retail Trust and entities it controlled at the year's end or from time to time during the financial year. SCA Property Retail Trust, as described in Note 1 to the financial report, comprises SCA Property Retail Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Shopping Centres Australasia Property Group RE Limited, the Responsible Entity of SCA Property Management Trust and SCA Property Retail Trust ("the directors"), are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial reports of the Group and SCA Property Retail Trust are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entities' financial position as at 30 June 2014 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 20 August 2014

Security Analysis

DISTRIBUTION OF EQUITY SECURITIES AS AT 25 AUGUST 2014

Number of securities held by securityholders	No. of holders	Ordinary securities held	% of issued securities
1 to 1,000	87,710	30,700,761	4.73
1,001 to 5,000	13,315	29,071,574	4.48
5,001 to 10,000	3,539	25,997,212	4.01
10,001 to 100,000	4,938	115,162,065	17.75
100,001 – and over	164	447,696,708	69.02
Total	109,666	648,628,320	100.00

SCP only has ordinary stapled securities on issue and as at 25 August, 2014 there were a total of 109,666 holders.

The total number of securityholders with less than a marketable parcel of 271 (using the closing price for SCP securities on 25 August 2014) securities is 27,901 and they hold 2,587,501 securities.

TOP 20 REGISTERED EQUITY SECURITYHOLDERS AS AT 25 AUGUST 2014

Number of securities held by securityholders	Ordinary securities held	% of issued securities
HSBC Custody Nominees (Australia) Limited	120,276,291	18.54
JP Morgan Nominees Australia Limited	88,319,493	13.62
BNP Paribas Noms Pty Ltd	44,570,457	6.87
National Nominees Limited	38,856,653	5.99
Citicorp Nominees Pty Limited	31,027,432	4.78
RBC Investor Services Australia Nominees Pty Limited	22,308,416	3.44
RBC Investor Services Australia Nominees Pty Limited	12,101,399	1.87
Citicorp Nominees Pty Limited	9,612,166	1.48
Avanteos Investments Limited	6,504,797	1.00
Kykuit Pty Ltd	6,091,180	0.94
Karatal Holdings Pty Ltd	5,153,215	0.79
Navigator Australia Ltd	5,081,981	0.78
Nulis Nominees (Australia) Limited	4,381,999	0.68
HSBC Custody Nominees (Australia) Limited	2,831,262	0.44
UBS Wealth Management Australia Nominees Pty Ltd	2,573,002	0.40
Sandhurst Trustees Ltd	2,320,000	0.36
Warbont Nominees Pty Ltd	2,103,088	0.32
Avanteos Investments Limited	2,006,602	0.31
RBC Investor Services Australia Nominees Pty Limited	1,991,428	0.31
Superlife Trustee Nominees Ltd	1,658,000	0.26
Total units held by top 20	**409,768,861**	**63.17**
Total remaining Holders Balance	**238,859,459**	**36.83**

SUBSTANTIAL SECURITYHOLDER NOTICES AS AT 25 AUGUST 2014

Ordinary securities	Date of change	Securities held	%
Mondrian Investment Partners Limited	21/06/2013	56,948,313	8.86
Aberdeen Group	27/06/2013	46,547,476	7.25
The Vanguard Group Inc	29/08/2013	44,590,460	6.94
Investors Mutual Limited	21/11/2013	39,433,402	6.14

VOTING RIGHTS AS AT 25 AUGUST 2014

The voting rights attaching to ordinary stapled securities (being the only class of equity securities SCP has on issue) are:

– On a show of hands, each member of a registered scheme has 1 vote; and

– On a poll, each member of the scheme has 1 vote for each dollar of the value of the total interests they have in the scheme.

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INVESTOR RELATIONS

SCA Property Group (SCP) was listed on the ASX on 26 November 2012, and commenced trading on 19 December 2012 on a normal settlement basis under the ASX code 'SCP'. At listing the Group had more than 400,000 unitholders, and since that time the register has changed significantly with the number of unitholders as at 30 June 2014 being approximately 112,000.

The large reduction in unitholders is predominately due to the completion of a small unitholding sale facility in April 2013. The sale facility was held to assist those unitholders who held less than $500 of units to sell their units brokerage free.

As a result of the overwhelming success of the initial small unitholding sale facility, and the continual request from unitholders for another sale facility, the Group announced on 28 August 2014 that another small unitholding sale facility would be held. The current small unitholding sale facility closes at 5:00pm (Sydney time) on 10 October 2014, and is eligible for any unitholder who held 294 or less units as at 7:00pm on 8 August 2014.

COMPANY WEBSITE

All unitholders can access important information on the Group's website at www.scaproperty.com.au. It includes all presentations, webcasts, market updates, ASX announcements and links to the online registry, as well as this annual report.

SCP only sends printed copies of the annual report to unitholders that have elected to receive a hard copy. In the interests of sustainability and reducing paper consumption, we strongly encourage unitholders to download the electronic version of this report.

ANNUAL TAXATION STATEMENT

SCP sends an annual taxation statement to unitholders in August each year. This statement provides a breakdown of the tax components of the Group's distribution for the preceding financial year. It also contains important information for completing unitholder taxation returns, and unitholders should retain this as part of their taxation records.

CONTACT THE REGISTRY

Unitholders seeking information about their holding or distribution payments can contact the registry.

1300 318 976 (toll free within Australia)
+61 3 9415 4881 (outside of Australia)

The Registrar
Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

REGISTERED OFFICE

Level 5/ 50 Pitt Street
Sydney NSW 2000
Australia
Phone +61 2 8243 4900

COMPLAINTS OFFICER

In accordance with our complaints handling procedure, if you wish to make a complaint, please forward your correspondence to:

Complaints Officer
SCA Property Group
Level 5/ 50 Pitt Street
Sydney NSW 2000
Australia

UNITHOLDER REGISTER DETAILS

You can visit the register at www.investorcentre.com to view your holdings, access information and make changes. Log on using your SRN or HIN and the postcode of your registered address.

SCP encourages unitholders to update their personal details on the register, including providing a tax file number (TFN) or Australian business number (ABN), and an email address to receive electronic communication. We will make all future distribution payments by direct credit, so we also ask that unitholders provide their banking details.

On the online register, you can:

- check your current balance
- choose your preferred annual report options
- update your address details
- provide your email address
- provide or update your banking instructions
- register your TFN or ABN
- check transaction and distribution history
- download a variety of instruction forms
- subscribe to email announcements.