SCA

Property Group

ANNUAL
REPORT
2013

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FINANCIAL CALENDAR

6 November 2013	Meeting of unitholders
December 2013	Estimated interim distribution announcement and units trade ex-distribution
February 2014	Interim results announcement
February 2014	Interim distribution payment
June 2014	Estimated final distribution announcement and units trade ex-distribution
August 2014	Full-year results announcement
August 2014	Final distribution payment
August 2014	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 6 November 2013.

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).

OUR 2013 PERFORMANCE HIGHLIGHTS

(For period 11 December 2012 to 30 June 2013)

6.6¢

DISTRIBUTABLE EARNINGS (PER UNIT)

$1 billion

MARKET CAPITALISATION ON THE ASX AS AT 30 JUNE 2013

$4.4m

STATUTORY LOSS AFTER TAX

$38.6m

DISTRIBUTABLE EARNINGS

SOLID PORTFOLIO PERFORMANCE

138

SPECIALTY STORE LEASE DEALS

covering 13,240m^2

$1.2m

INCREASE IN PROPERTY VALUE

from the external revaluation of 44% of properties

GROWING OUR PORTFOLIO

10

COMPLETED DEVELOPMENTS

integrated into our portfolio

NEWLY COMPLETED DEVELOPMENT

a sub-regional centre in Lilydale, Victoria (completed July 2013)

2

PLANNED DEVELOPMENTS

due for completion in NSW in FY14 and FY15

PRUDENT CAPITAL AND COST MANAGEMENT

ESTABLISHED DEBT FACILITIES

and entered into interest rate swap agreements at rates below IPO forecast

REDUCED THE NUMBER OF UNITHOLDERS

from more than 440,000 at time of IPO to approximately 130,000, through a small unitholding sale facility

MESSAGE FROM THE CHAIRMAN

PHILIP MARCUS CLARK AM
INDEPENDENT CHAIRMAN

On behalf of the Board, I am pleased to present SCA Property Group's first Annual Report, including its Financial Statements for the period from commencement of operations late last year to 30 June 2013.

SCA Property Group (SCP) acquired its initial portfolio of assets from Woolworths Limited and commenced operations on 11 December 2012. ASIC provided relief from financial reporting for the period to 31 December 2012, so this is the Group's first report to unitholders.

ACHIEVEMENTS

We have made good progress in achieving the goals set out in the Product Disclosure Statement issued on 5 October 2012 (PDS).

I am very pleased to report that we achieved distributable earnings of $38.6 million, compared with the PDS forecast of $38.2 million. We delivered on our PDS forecast distribution of 5.6 cents per unit to unitholders. The total SCP unitholder return, in the period of less than seven months to 30 June 2013, was over 17%, including the 5.6 cents per unit distribution for the period to 30 June 2013.

Highlights for the period under review are:

- We have appointed our Chief Executive Officer, Anthony Mellowes, and recruited our key management team. They are working well as a very effective team.
- We have undertaken several prudent capital management initiatives.
- We have made significant progress on improving the performance of the Group's portfolio. Notably, we have leased over 13,000 square metres of vacant specialty tenant space, in a relatively difficult market. That represents more than 25% of the total specialty vacancy at the time we acquired the portfolio.
- We have also improved our portfolio by the acquisition of seven new centres which complement our initial portfolio and by completing the acquisition of a number of the development properties detailed in the PDS.
- The Board and management have undertaken a detailed strategic and operational review.

5.6¢

DISTRIBUTION (PER UNIT)

93%

PAYOUT RATIO

GOVERNANCE

The Board has established best practice corporate governance processes, comprehensive workplace health and safety systems and reliable reporting procedures.

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.

The Board and management team are now working to formulate SCP's corporate responsibility and sustainability objectives and strategy.

UPDATE ON UNIT PURCHASE PLAN

In June 2013 we completed a portfolio acquisition of seven new centres, funded in part by a $90m institutional placement. At the time, the Board announced our intention to undertake a Unit Purchase Plan (UPP) to allow retail unitholders to participate in the equity raising.

As we informed unitholders at the time, we were required to apply for relief from ASIC before undertaking the UPP. Unfortunately, ASIC did not grant relief for the UPP to proceed.

While there is no current proposal to initiate a UPP, your Board is keen to give all SCP investors an opportunity to participate in equity raisings, when possible.

LOOKING AHEAD

SCP was established with strong strategic objectives and a clear vision.

SCP's core strategy is to invest in 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 toward the non-discretionary retail sector.

The Board and management have recently completed a comprehensive review of our strategies, growth options and operations. Key outcomes of that review are:

– We intend to maintain our core strategy.
– Our key focus now is to grow net operating income and the value of SCP's portfolio, in the medium-term, by continuing to lease specialty stores to quality tenants, by maximising the productivity of every asset and by containing expenses.

ACKNOWLEDGEMENTS

We held a significant number of Board and committee meetings leading up to the listing of SCP in December 2012 and during our first six months of operations. I would like to take this opportunity to thank my fellow Board members in Australia and our independent directors in New Zealand for their hard work, dedication and enthusiasm in launching and positioning SCP to provide value to unitholders.

I thank Anthony Mellowes for his leadership, particularly during the period when he acted as interim CEO. The Board is delighted to have confirmed Anthony as SCP's full-time CEO. He leads a dedicated and enthusiastic team committed to SCP's success.

We thank Kerry Shambly as outgoing CFO for her very significant contribution to the successful establishment of SCP. We also welcome our incoming CFO, Mark Fleming.

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 first annual report. We have made good progress in the short time since our ASX listing late last year, and we are on track to deliver on the rest of the Group's objectives.

It has been a busy time since SCP listed, and I am pleased to report on a number of key successes. These include completion of the acquisition of SCP's property portfolio across Australia and New Zealand and opening 11 of the Group's 13 development properties as at the date of this report.

In June 2013, we acquired a further portfolio of seven established neighbourhood retail centres across Australia, introducing Wesfarmers Limited as a tenant in two locations. We have also made solid progress in our program to lease the specialty stores within our portfolio of mostly young centres, increasing portfolio occupancy from 95 per cent to 96.6 per cent (as at 30 June 2013).

Since inception, SCP has also:

– implemented our new organisational structure and appointed our staff
– undertaken the first strategic review of our operations and growth strategy with the Board
– engaged with tenants and key suppliers, including our external property managers and leasing agents
– introduced a comprehensive health and safety strategy, including oversight, management, risk mitigation and reporting
– established a prudent approach to capital management, including entering into appropriate debt facilities and hedging arrangements
– restructured the Group's debt facility in New Zealand to reduce the cost of the New Zealand debt
– transformed our unitholder base by undertaking a small unitholding sale facility, reducing the number of unitholders from more than 400,000 to approximately 130,000, and introducing further global and domestic institutional investors to our register
– entered into interest rate swap arrangements on more beneficial terms than forecast in the PDS.

28.9%

GEARING

$1.57

NET TANGIBLE ASSETS PER UNIT

STABLE AND SECURE DISTRIBUTIONS

SCP's key objective is to deliver stable and secure income to investors. I am pleased to report that we delivered on the forecast distribution for our maiden period as a listed real estate investment trust, with a distribution of 5.6 cents per unit to unitholders. This represents an annualised yield of 7.3% (on the offer price prior to listing of $1.40) and was 47 per cent tax deferred.

TOTAL UNITHOLDER RETURN

SCP units have delivered a total unitholder return since listing of over 17% from the offer price of $1.40 and including the distribution of 5.6 cents per unit for the period to 30 June 2013.

This compares to total returns of 11.5% for the S&P/ASX 200 A-REIT Accumulation Index and 11.3% for the wider S&P/ASX 200 Accumulation Index over the same period.

FINANCIAL PERFORMANCE

As anticipated, the statutory financial result for the first financial period of SCP's operations was affected by non-recurring, non-operational costs incurred in establishing the Group. Together with fair value adjustments and transaction costs associated with the acquisition of seven shopping centres in June 2013, SCP recorded a statutory loss after tax of $4.4 million.

SCP delivered distributable earnings of $38.6 million, which was higher than the PDS forecast of $38.2 million.

STRONG SALES GROWTH IN NON-DISCRETIONARY RETAIL SECTOR

In FY13, our Australian supermarket anchor tenants delivered 8.1 per cent sales growth for stores trading for more than 24 months. While sales growth is likely to moderate over time, the attractive locations of our centres, many in new growth corridors and areas of expanding population, will stand us in good stead to deliver on our specialty leasing objectives.

STRATEGY AND OUTLOOK

Looking ahead, our focus will be on continuing to lease specialty vacancies, and generating incremental value from active portfolio and asset management. And while our priority is to optimise the performance of our portfolio, we are actively monitoring the market for accretive acquisition opportunities.

To ensure operational excellence in our convenience-based centres and with the benefit of the Woolworths Limited rent guarantee, we aim to secure the right tenants for the right locations, manage the assets for the long term and put robust processes in place. Together with registry cost savings in FY14 and potential acquisition opportunities, we are looking to further reduce our management expense ratio of 0.70 as at 30 June 2013, over time.

During FY14 and FY15, the Group will oversee the completion and integration of neighbourhood shopping centres in Lilydale, Victoria, as well as Katoomba and Greystanes in New South Wales.

FY14 distributable earnings guidance is 12.2 cents per unit, and distribution guidance is 10.8 cents per unit, marginally higher than the PDS forecast at the time of listing. We are also well positioned to provide investors with defensive and stable distributions into the future. Approximately 62 per cent of rental income is from quality anchor tenants with an average anchor tenant lease expiry of 18.2 years.

Our centres are achieving solid sales growth, with structured annual rental growth of approximately 4 per cent for specialty leases. The non-discretionary retail segment remains resilient, with good sales growth being achieved by our anchor tenants in many of our centres.

In the coming months, we will also establish our corporate responsibility and sustainability strategy framework and reporting regime.

I look forward to sharing the details of these initiatives with you in future reports. As we grow, we will continue to make decisions that are in the long-term interests of our unitholders. We appreciate your ongoing support and look forward to a successful year ahead.

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 of 30 June 2013, our portfolio consisted of 75 centres valued at $1,504 million (assuming completion of a further three development properties). 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 trusts were 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).

SCA Property Group was admitted to the official list of ASX in November 2012 and commenced trading on 19 December 2012 on a normal settlement basis.

Each Woolworths shareholder received one stapled unit in SCA Property Group for every five Woolworths shares they held on 30 November 2012. The Group also raised capital of $472 million at the time it was listed on the ASX.

Woolworths retained no ownership interest in SCA Property Group at the time of listing. SCA Property Group is an independent entity with its own Board and management team.

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.

Figure 1 Simplified ownership structure and property interests

Photo: Inverell Shopping Centre

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 2013, the Group's portfolio consisted mainly of operating properties, as well as three properties under construction by the Woolworths Group. The portfolio is valued at $1,504 million, which includes $120 million for properties under construction. Occupancy is at 96.6 per cent.

The Group's shopping centres are anchored by long-term leases to high-quality tenants with a weighted average anchor lease expiry of 18.2 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. Anchor tenants represent 62 per cent of gross income.

72

OPERATING PROPERTIES

59 in Australia valued at $1,210.5 million
13 in New Zealand valued at $174.2 million

3

PROPERTIES UNDER CONSTRUCTION

in Australia, valued at $119.7 million (as at 30 June 2013)

$1,385m

OPERATING PROPERTIES TOTAL VALUE

710

SPECIALTY TENANTS

3.1yrs

AVERAGE AGE OF PORTFOLIO

from completion or refurbishment

18.2yrs

WEIGHTED AVERAGE LEASE EXPIRY

for anchor tenants

417,894m²

GROSS LETTABLE AREA

96.6%

PORTFOLIO OCCUPANCY

increased from 95%

OUR STRATEGY

SCP aims to ensure resilient cash flows, to provide investors with secure and regular 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 3.1 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:

- prioritising leasing specialty vacancies. Initiatives include the internalisation of the leasing management function and employing dedicated leasing executives; and
- managing 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.

We are also focused on the integration of Lilydale (which was completed in early FY14), and completing and integrating Katoomba and Greystanes, which are under construction and due for completion in FY14 and FY15.

Finally, as demonstrated through the off-market portfolio acquisition in June 2013, we are always canvassing the market for appropriate acquisition opportunities. We will selectively pursue these opportunities when they arise.

REDUCE SPECIALTY LEASING VACANCIES

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, and two years from the opening of any newly completed development property to October 2016. The rental guarantee arrangements are reflected in SCP's balance sheet as an asset.

We are confident of achieving a normalised level of occupancy by the end of the rental guarantee arrangements, and are now prioritising specialty leasing.

Over the next year, we will also bring SCP's leasing and tenant coordination functions in-house, to make our processes more efficient and 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. To this end, we are developing individual leasing strategies for each centre. We also aim to reduce the time between signing a lease deal and opening the specialty store, in line with industry averages.

OPTIMISE THE PORTFOLIO

INCREASE NET OPERATING INCOME THROUGH ACTIVE PORTFOLIO MANAGEMENT

Internalise the leasing function.

Develop unique leasing strategies for each centre.

Leverage economies of scale to optimise asset management.

COMPLETE DEVELOPMENT PROPERTIES

INTEGRATE TWO NEW CENTRES UNDER CONSTRUCTION

Integration is subject to Development Management Agreements with Woolworths Limited.

Fixed-price construction contracts are in place.

Income during construction will be based on capital paid to date and market capitalisation rate.

GROW THE PORTFOLIO

SELECTIVELY PURSUE ACQUISITIONS

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.

CAPITAL MANAGEMENT POLICY

We maintain a prudent approach to managing the balance sheet, with gearing of 28.9 per cent as at 30 June 2013, which is comfortably within the policy range of 25–40 per cent. At 30 June 2013, the Group had cash and undrawn facilities of $107.8m. SCP's unsecured bank facilities were extended in July 2013 by $50 million, providing total debt facilities of $600 million in unsecured bank debt, with a weighted average debt maturity of 3.6 years.

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;
- using derivative contracts and/or other agreements to fix interest payment obligations; and
- considering reducing the reset risk by seeking different maturity dates for the fixed rate agreements.

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 2013, 78 per cent of the Group's debt was fixed or hedged, with a weighted average maturity of 3.4 years.

We have implemented a hedging policy to mitigate some of the Group's exposure to foreign exchange movements on its income and capital accounts; however, the policy is unlikely to fully eliminate this risk.

To manage risk, the Group will hedge a portion of this exposure by:

- seeking to match a portion of the foreign currency-denominated asset with a liability (a loan) denominated in the same currency, to create a natural hedge; and
- using derivative contracts or other agreements where appropriate.

DISTRIBUTION POLICY

SCP has a target payout ratio of 85–95 per cent of distributable earnings.

SCP pays distributions every six months, at the end of February and August. The first distribution was for the period 11 December 2012 to 30 June 2013 and was paid on 28 August 2013.

OUR COMMITMENT TO SUSTAINABILITY

SCP strives to create appropriate and enjoyable environments for customers, retailers, employees and the communities in which we operate. As a newly established entity, we have a unique opportunity to integrate a sustainable approach into the core of our operations. In the first few months of the Group's operations, we implemented a rigorous health and safety management strategy, which includes oversight, management, risk mitigation and reporting.

In the coming months, the management team will formulate SCP's corporate responsibility and sustainability objectives, developing comprehensive strategies and reporting metrics. We will detail our progress on this in future reports.

OUR PERFORMANCE

STRONG SALES GROWTH IN NON-DISCRETIONARY RETAIL SECTOR

In FY13, anchor tenants in the Australian portfolio that had been trading for more than 24 months delivered 8.1 per cent sales growth. This result reflects the relatively young age of the centres (an average of 3.1 years) and that most are in growth corridors, which are generally characterised by strong population growth. It is also due to the resilience of the non-discretionary retail sector.

SOLID PROGRESS IN SPECIALTY LEASING

SCP made good progress in our specialty leasing program in FY13, executing on 13,240m^2 of specialty store leasing transactions. Portfolio occupancy increased from 95 per cent to 96.4 per cent on a same-store basis for the completed portfolio. Completing ten new properties and acquiring seven retail centres in June 2013 resulted in portfolio occupancy of 96.6 per cent as at 30 June 2013.

Lower-than-forecast property income in FY13 was partially compensated by higher receipts under the rental guarantee and higher site access fees. The gross rental value of specialty vacancies covered by the rental guarantee and rent-free reimbursements was $8.2 million.

This was higher than the PDS forecast, mainly due to receipt of compensation from Woolworths Limited relating to rent-free periods provided to specialty tenants before the Group's establishment and a longer time taken for specialty stores to commence trading after agreeing lease terms. The Group is focused on reducing the time taken to open specialty stores in line with industry averages and has implemented initiatives such as bringing leasing and lease administration functions in-house.

AUSTRALIAN PORTFOLIO

The Australian portfolio comprises 59 neighbourhood and sub-regional shopping centres and freestanding properties across five states. It also includes three assets under construction as at 30 June 2013. The portfolio delivered net operating income of $47.3 million in FY13, with the majority generated by convenience-based neighbourhood shopping centres.

The total value of investment properties as at 30 June 2013 was $1,330.2 million, including $119.7 million in properties under construction. During FY13, 17 properties were independently valued. This represented 39 per cent of the Australian portfolio by value (excluding the portfolio acquisition in June 2013) and resulted in a $1.4 million revaluation increase, driven by net operating income changes. The properties valued included six development properties completed during FY13.

The weighted average capitalisation rate of 8.11 per cent for the Australian portfolio remains unchanged from the last independent valuation, which took place at the time SCP was listed. The balance of the portfolio was internally valued, with no change in value adopted since the last independent valuation.

In addition, the portfolio of seven properties we acquired in June 2013 was at independent valuation with a weighted average capitalisation rate of 7.78 per cent, reflecting the maturity of these properties.

97.1%

AVERAGE OCCUPANCY OF DEVELOPMENT PROPERTIES

	Centre type	Completion date	Anchor GLA (sqm)	Specialty GLA (sqm)	Total GLA (sqm)	Total GLA committed	Amount to date ($m)	Total purchase price ($m)	Cap rate
Completed Centres – FY13									
Fairfield Heights, NSW	Freestanding	Dec-12	3,460	342	3,802	100%	16.0	16.0	7.50%
Newtown, NZ	Neighbourhood	Dec-12	4,480	398	4,878	99%	17.4	17.4	7.25%
Brookwater Village, QLD	Neighbourhood	Feb-13	4,149	2,612	6,761	100%	25.2	25.2	8.50%
Stoddard Road, NZ	Freestanding	Feb-13	4,200	–	4,200	100%	16.3	16.3	7.50%
Tawa, NZ	Freestanding	Mar-13	4,200	–	4,200	100%	12.5	12.5	7.50%
Walkerville, SA	Neighbourhood	Apr-13	4,200	1,132	5,332	100%	19.5	19.5	7.75%
Bridge Street, NZ	Freestanding	May-13	4,293	–	4,293	100%	12.4	12.4	7.63%
Highett, Vic	Neighbourhood	May-13	4,376	1,393	5,769	97%	24.0	24.0	7.75%
Cabarita, NSW	Neighbourhood	May-13	2,627	795	3,422	97%	14.9	14.9	9.00%
Margaret River, WA	Neighbourhood	Jun-13	3,824	1,893	5,717	81%	20.7	20.7	8.25%
Total							**178.9**	**178.6**	

Table 4: Newly completed development properties

NEW ZEALAND PORTFOLIO

The New Zealand portfolio comprises 13 freestanding properties and neighbourhood shopping centres across the country. The portfolio delivered net operating income of $6.4 million in FY13, with the majority generated by freestanding shopping centres.

The total value of investment properties as at 30 June 2013 was $174.2 million. This excludes the settlement of a neighbourhood shopping centre at St James, which was delayed at the time of the Group's listing and is expected to settle in October 2013.

All four development properties completed during FY13 were independently valued, representing 34 per cent of the New Zealand portfolio. The weighted average capitalisation rates for these properties tightened slightly, from 7.96 per cent to 7.88 per cent. This was offset by an increase in statutory outgoings for these properties, and resulted in a small valuation decline of $0.2 million. The balance of the New Zealand portfolio was internally valued, with no change in value adopted since the last independent valuation at the time SCP was listed.

NEWLY COMPLETED DEVELOPMENT PROPERTIES

During FY13, ten new shopping centres in Australia and New Zealand were completed and commenced trading. They had an average occupancy of 97.1 per cent as at 30 June 2013. These centres are listed in the table above.

The completion of these centres is subject to Development Management Agreeements, with consideration based on independent valuation on a completed basis. While the properties are under construction, SCP receives monthly site access fee payments equal to the independent valuation capitalisation rate multiplied by the initial payment. During FY13, SCP received $6.8 million in site access fees, which was slightly higher than the PDS forecast of $6.4 million. This was largely due to a delay in completing the neighbourhood centre at Margaret River in Western Australia.

The sub-regional shopping centre in Lilydale, Victoria was completed and commenced trading on 31 July 2013, as anticipated. The centre includes Woolworths, BIG W and Aldi as anchor tenants, along with 53 specialty stores. Rental levels achieved are broadly in line with the PDS forecast.

Occupancy is at 95 per cent, with the centre covered by the rental guarantee from Woolworths for two years from the completion date.

Two centres in New South Wales remain under construction; the freestanding Katoomba Marketplace supermarket is due to be completed in March 2014, and the entirely refurbished neighbourhood centre at Greystanes is due for completion in October 2014. A final payment of $36 million in aggregate is due upon completion of these properties.

OUR PERFORMANCE
CONTINUED

	Langwarrin Plaza	Alfred Square	Drouin Central	Burdekin Plaza	Ocean Grove Marketplace	Target Centre Warrnambool	Wyndham Vale Square	Portfolio
State	VIC	VIC	VIC	QLD	VIC	VIC	VIC	
Independent valuation ($m)	17.2	20.0	12.3	18.7	29.4	19.5	16.7	133.8
Development land ($m)	–	–	–	–	0.5	–	1.5	2.0
Total independent valuation ($m)	17.2	20.0	12.3	18.7	29.9	19.5	18.2	135.8
Average age (years)	8.5	11.6	4.6	26.6	8.5	15.0	3.5	11.2
GLA (sqm)	5,087	8,964	3,798	5,513	6,910	6,984	6,914	44,169
Occupancy by GLA	98%	100%	99%	96%	96%	100%	97%	98%
Anchor tenant by GLA	63%	96%	88%	84%	50%	76%	62%	72%
Anchor tenant % of gross income	54%	89%	79%	77%	44%	56%	76%	66%
WALE (Years)	9.0	7.2	14.0	10.9	9.1	9.3	15.0	10.3
Fully let NOI ($m)	1.3	1.5	0.9	1.6	2.3	1.4	1.3	10.3
Capitalistation rate	7.8%	7.5%	8.0%	8.0%	7.5%	8.0%	8.0%	7.8%
No. of specialties	14	5	4	9	18	12	7	69
Anchor Tenants	Woolworths	BIG W, Dan Murphy's	Woolworths	Coles	Woolworths	Target	Woolworths	

Table 5: Properties acquired in June 2013

NEWLY ACQUIRED PORTFOLIO

In June 2013, SCP acquired a portfolio of seven mature neighbourhood shopping centres for $135.8 million, in an off-market transaction with a private investment group. This added ten per cent to the Group's total assets. The acquisition was funded by a $90 million fully underwritten institutional placement and by drawing on existing debt facilities.

We expect this acquisition to contribute to the Group's future earnings and property income profile. The centres are mature (with an average age of 11 years) and most of the anchor tenants are achieving sales levels close to or above their turnover rent thresholds. Specialty tenants have fixed annual rental increases of nearly 4 per cent per annum.

PRUDENT CAPITAL MANAGEMENT

SCP maintains a prudent approach to managing the balance sheet, with gearing of 29.8 per cent as at 30 June 2013. This is comfortably within the policy range of 25–40 per cent. At 30 June 2013, the Group had cash and undrawn facilities of $107.8 million. The Group's unsecured bank facilities were extended by $50 million in July 2013, providing total debt facilities of $600 million in unsecured bank debt, with a weighted average debt maturity of 3.6 years.

During FY13, the weighted average cost of debt (including amortisation of establishment fees) was 5.5 per cent. This was lower than the PDS forecast because the Group entered into more favourable interest rate swap agreements. As at 30 June 2013, 78 per cent of the Group's debt was fixed or hedged, with a weighted average maturity of 3.4 years.

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.

REMUNERATION REPORT

Remuneration Report

Dear Unitholders

Shopping Centres Australasia Property Group RE Limited (**SCPRE**) is pleased to present its inaugural Remuneration Report for the period to 30 June 2013.

SCPRE is the responsible entity of the Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) (**SCP Management Trust**) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788) (**SCP Retail Trust**).

Shopping Centres Australasia Property Group (**SCP**) has been formed by the stapling of the units in two Trusts, the Management Trust and the Retail Trust (collectively the **Trusts**).

The primary objective of this report is to set out:

– **Transitional Remuneration Arrangements:** this is the remuneration that was in place for the Key Management Personnel (**KMP**) for the period to 30 June 2013; and

– **Financial Year 2014 Remuneration Arrangements:** this is the underlying philosophy, principles and good governance practices that underpin the structure and design of the new remuneration arrangements for the KMP from 1 July 2013. In developing these new executive remuneration arrangements and policies, the Board sought input from external parties, including remuneration advisors, legal counsel, proxy advisors and institutional investors.

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 policies deriving from this are designed to help build and retain a talented and motivated executive team to deliver growing and sustainable total returns to unitholders.

On 16 May 2013, the Group announced that Mr Anthony Mellowes had been appointed as Chief Executive Officer (**CEO**) with effect from 1 July 2013. The remuneration terms contained in that announcement embrace the key principles that are consistent with the SCPRE overall remuneration philosophy and these principles apply to all executives.

The fixed remuneration and the overall total remuneration opportunity (subject to performance hurdles being met) have been set at a competitive level relative to the market peer group and considering the experience of the executives and the size and complexity of the SCP business. This has been determined in conjunction with independent advice provided directly to the Board.

Given the recent creation of the Group, the performance hurdles and the mix of fixed and 'at risk' incentives are designed to focus on maximising future growth opportunities and distributions. There is a strong emphasis given to long-term incentives. The long-term incentives are based on meeting performance hurdles over three years and are in the form of conditional deferred equity. This reflects the Board's intent to create long-term executive alignment and retention.

Short-term incentives for the CEO and Chief Financial Officer (**CFO**) will include half in the form of conditional and deferred equity. The conditional and deferred equity participation will vest two years after the incentive period. This further encourages alignment and retention.

Long-term incentives for all executives will be in the form of conditional and deferred equity.

A special equity-based incentive award for the CEO for the 12 months to 30 June 2014 is linked to delivery of the forward-looking targets for the period set out in the Product Disclosure Statement (dated 5 October 2012) (**PDS**).

The contractual terms, in particular around termination and "clawbacks" in different scenarios, reflect contemporary market practice and legislative requirements.

The amount and structure of remuneration provided to the KMP during the period ended 30 June 2013 was established prior to listing. The short-term incentive payments awarded to SCP executive KMP for the period to 30 June 2013 reflect both the financial and operational outcomes relative to the estimates provided in the PDS as well as consideration of the executives' individual performance during the period.

On behalf of the Board, I recommend this Report to you.

Belinda Robson
Chairman of People Policy Committee

Remuneration Report

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Remuneration Report

1. Introduction

This Remuneration Report covers the period from 3 October 2012 to 30 June 2013 (the **period**) and is in relation to the SCP Property Group (**SCP**).

This Remuneration Report has been audited. The audit opinion is attached.

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

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) (**SCP Management Trust**) and the Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788) (**SCP Retail Trust**). The shares in SCPRE are held by the SCP Management Trust.

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:

- As a newly listed entity in December 2012, there are no prior year comparables for the purposes of certain disclosures.
- The disclosures in this report have been prepared in accordance with the provisions of section 300A of the *Corporations Act*, even though there is no obligation to comply with section 300A of the *Corporations Act*. This is due to SCP's structure of the stapling of the units in two trusts, the Management Trust and the Retail Trust.
- 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**'.
- SCP did not commence business separate to Woolworths Limited (**Woolworths**) until 11 December 2012 and employment and payroll arrangements at SCP were transitioned as follows:
  - Mr Mellowes commenced with the Group on 23 November 2012 as Interim Chief Executive Officer (**CEO**). Effective 1 July 2013 Mr Mellowes was appointed as CEO. Up until, and including 30 June 2013, Mr Mellowes was employed by Woolworths. From 23 November 2012 up until 30 June 2013, SCP reimbursed Woolworths for amounts paid to Mr Mellowes.
  - Ms Shambly commenced employment with the Group on 23 November 2012 as Chief Financial Officer. From 23 November 2012 to 11 December 2012 Ms Shambly was paid by Woolworths and SCP reimbursed Woolworths for amounts paid to Ms Shambly. As of 11 December 2012, SCP paid Ms Shambly as an employee.
  - From 1 July 2013, all KMP are now employed by Shopping Centres Australasia Property Operations Pty Limited (**SCPPO**). SCPPO is wholly owned by SCP Management Trust.
- For purposes of this report, the term 'executives' excludes Non-Executive Directors.
- NEDs are not provided with performance-based incentives and may 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.

Remuneration Report

2. Key Management Personnel

SCP's KMP (during or since the end of the financial period) are:

	Position	Appointment Date
Non-Executive Directors (NEDs)		
Philip Marcus Clark AM	Chairman, Non-Executive Director	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 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 Directors		
Anthony Mellowes*	Executive Director, Chief Executive Officer.	Appointed as Director 2 October 2012 and as Interim Chief Executive Officer 23 November 2012. On 16 May 2013 SCP announced that Mr Mellowes would be Chief Executive Officer from and including 1 July 2013.
Kerry Shambly**	Executive Director, Chief Financial Officer.	Appointed as Director 2 October 2012 and as Chief Financial Officer on 23 November 2012. Ms Shambly resigned as Director on 19 August 2013 and the agreed final employment date is 30 September 2013.
Other Executives		
Mark Fleming	Chief Financial Officer.	Appointed 20 August 2013.
Mark Lamb	General Counsel and Company Secretary.	Appointed 26 September 2012 as General Counsel and Company Secretary.

* From 23 November 2012 to 30 June 2013, Anthony Mellowes was employed by Woolworths. For this period SCP reimbursed Woolworths for amounts paid to Mr Mellowes.

** From 23 November 2012 to 11 December 2012, Kerry Shambly was employed by Woolworths. For this period SCP reimbursed Woolworths for amounts paid to Ms Shambly.

Other than noted above, there have been no changes to the KMP after the reporting date and before the date of signing this Directors' Report.

Remuneration Report

3. Remuneration Governance

3.1 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.

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 established in October 2012 the People Policy Committee (**PPC**) which has responsibility for setting remuneration. The charter for the PPC can be found at www.scaproperty.com.au.

The charter for the PPC will be reviewed by the Board annually. As the Reporting Period was less than 12 months, this review has not been conducted during the initial Reporting Period.

The charter for the PPC includes:

PPC must, at least annually, review and approve overall remuneration policy to assess if remuneration is market competitive and designed to attract, motivate and retain. In terms of the overall remuneration of officers and staff employed by the Group, the PPC will have regard to the following:

Short-Term Incentive Plans

- *Review and approve the structure of incentive plans annually to determine if they are designed to effectively reward the achievement of SCA Property Group and individual 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:*
  - *If SCA Property Group's objectives are met;*
  - *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 Short-Term Incentive payments and Long-Term Incentive 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 the SCPRE, within the maximum amount approved by unitholders.

The following independent non-executive directors are members of the PPC:

Belinda Robson	Chair
Philip Redmond	Member
James Hodgkinson	Member

The Committee meets regularly and at least four times per year.

3.2 How the Committee makes remuneration decisions

The Board is ultimately responsible for recommendations made by the Committee. The Board also sets the aggregate remuneration of NEDs. This has been set at $1.3 million. Any changes to this would be subject to unitholder approval.

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 exercises judgment and discretion in making them. Individual executives do not participate in meetings where their own remuneration is being discussed by the Committee. The CEO is expected to provide his perspectives on pay and Short-Term Incentive Plan (**STIP**) performance outcomes for his direct reports.

3.3 External advisors and independence

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

The Reports and advice provided by AON Hewitt were commissioned by, engaged with, and addressed directly to the Chairman of the Board and the Chairman of the Committee. AON Hewitt has provided advice and recommendations in the following areas:

- Benchmarking non-executive and executive remuneration, including market data and trends in remuneration structures.
- The development of an executive remuneration strategy for SCP.
- The development of an equity-based plan.
- Considerations relating to executive employment contracts.
- Advice on the terms and conditions for the Chief Executive Officer.

AON Hewitt has provided a declaration to the Committee confirming that the recommendations provided on Key Management Personnel remuneration arrangements were independent and made free from undue influence from any member of SCP's executive team. The Board is satisfied of this, having regard to the processes and structure in place.

The fees paid and payable to AON Hewitt for their advice and recommendations were $54,124 (excluding GST).

3.4 Clawback 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 clawback 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 reputation or put SCP at significant risk; and/or
- A material abnormal occurrence results in an unintended increase in the award.

3.5 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.

4. Executive Remuneration Concepts

4.1 Executive Remuneration philosophy, principles and policies

The Committee believes that the structure, design and mix of remuneration should provide unitholders with the most value through the alignment of their interests with those of a motivated and talented executive team. At the same time, the Committee 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.

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 to ensure that executive remuneration packages properly reflect the person's duties and responsibilities and that the remuneration is competitive. The level of remuneration for an executive also takes into account the executive's ability to make or influence decision making and/or risk management, including capital management.
- A meaningful portion of an executive's total remuneration opportunity should be 'at risk' through performance-contingent incentive awards.
- Incentive award payouts will be 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.
- For the Chief Executive Office and the Chief Financial Officer the majority of their 'at risk' pay is to be delivered through conditional and deferred rights to SCP securities to build an alignment of interests with unitholders.
- To encourage retention, unvested incentive opportunities should be forfeitable by the executive upon voluntary termination.
- Performance-based remuneration opportunities will be designed to ensure they do not encourage excessive risk taking or breaches of occupational health and safety that may compromise SCP's value and/or reputation.
- All incentives must contain "clawbacks" in certain circumstances as well as forfeitures in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.

4.2 Structure and components of remuneration

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

Remuneration Report

5. Executive Remuneration Period Ended 30 June 2013 (Audited)

5.1 Executive Remuneration Concepts for the period ended 30 June 2013 – a period of transition

During the period to 30 June 2013 the employment and payroll arrangements of the executives were transitioned from Woolworths to SCP.

The components of remuneration provided during the period included:

- **Fixed remuneration** – salary, including superannuation, motor vehicle and other salary sacrifice employee benefits.
- **Short-Term Incentive Plan (STIP)** – arrangements were as follows:
  - Chief Executive Officer (CEO), Mr Mellowes: A maximum of $400,000 pro rata from the date of Mr Mellowes' appointment to act as Interim CEO to 30 June 2013. Mr Mellowes commenced as Interim CEO on 23 November 2012. The criteria were discretionary. An amount of $225,000 has been provided for in recognition of the contribution to the performance of SCP since listing. This amount is equal to 93.75% of the pro rata maximum opportunity.
  - Chief Financial Officer (CFO), Ms Shambly: Amount and criteria were discretionary. An amount of $116,000 has been provided for in recognition of the contribution to the performance of SCP since listing.
  - General Counsel and Company Secretary (GC/CS), Mr Lamb: Amount and criteria were discretionary. An amount of $96,300 has been provided for in recognition of the contribution to the performance of SCP since listing.
- **Special 'one-off' award of Performance Rights (SPR)** provided to each of the CEO, Mr Mellowes, and CFO, Ms Shambly, in 2013 subject to unitholder approval at the 2013 AGM. The purpose of this special award is as follows:
  - To acknowledge each executive's contributions pre- and post the successful listing of SCP in December 2012.
  - 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 (**LTI**) award was made to these executives at the time of listing nor will any LTIP award be provided for the period ended 30 June 2013.

In line with the forecast period in the PDS which includes the financial year to June 2014, the CEO is eligible for Special Performance Rights subject to meeting the PDS projection for this year.

Each of these one-off awards will be provided in two tranches and subject to meeting performance criteria:

- **Tranche 1** – period to 30 June 2013 – rights will 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 are at section 5.3. The rights qualifying from this performance test will vest on 1 July 2015.
- **Tranche 2** – period 1 July 2013 to 30 June 2014 – rights will vest if SCP achieves or exceeds specific pro-forma financial and operational projections contained in the PDS for fiscal year 2014. The rights qualifying from this performance test will vest on 1 July 2016.

The specific number of rights that vest for each tranche will be contingent on the Board's assessment of performance relative to the PDS.

The Board has assessed Tranche 1 and determined that the requirements at section 5.3 have been met.

Nonetheless, in the event the PDS criteria for each tranche are not fully met, the number of rights vesting will be reduced. Subject to the Board's discretion, no vesting will occur if none of the PDS criteria are met or if the executive is terminated for cause. For additional information on the vesting conditions where the executive leaves prior to vesting, refer to section 7.5.

The total maximum number of awards, subject to unitholder approval, across each tranche are shown in the table below:

Special Performance Rights	CEO Mr Mellowes	CFO Ms Shambly*	Total
Tranche 1 (number of units) – tested 30 June 2013 with vesting 2 July 2015	100,000	68,750	**168,750**
Tranche 2 (number of units) – tested 30 June 2014 with vesting 1 July 2016	175,000	29,531	**204,531**
Total Award	**275,000**	**98,281**	**373,281**
Awarded:			
Tranche 1 – tested 30 June 2013 and qualifying (number of units)	100,000	68,750	**168,750**

* Ms Shambly resigned as Director 19 August 2013 and the final employment date is 30 September 2013. Tranche 1, and to the extent applicable, Tranche 2 units, will vest in accordance with the vesting conditions above. Additionally, Tranche 2 units, will also be tested in accordance with the conditions above.

In the event that unitholder approval is not granted it is expected that the monetary equivalent will be paid. The monetary equivalent will be based on the relevant ASX market price at the relevant vesting date.

Remuneration Report

5.2 Table of executive remuneration paid in the period to 30 June 2013

The table below summarises the remuneration paid to 30 June 2013 and estimated to be paid in respect of incentives and bonus:

Executives	Salary & fees $	Bonus (STI)[4] $	Bonus (SPR) Tranche 1[4, 5] $	Bonus Total $	Superannuation $	Total $
Anthony Mellowes[1]	470,974	225,000	139,400	364,400	46,667	882,041
Kerry Shambly[2]	320,103	116,000	95,838	211,838	28,883	560,824
Mark Lamb[3]	313,845	96,300	–	96,300	31,385	441,530
Total	**1,104,922**	**437,300**	**235,238**	**672,538**	**106,935**	**1,884,395**

1 Mr Mellowes commenced with SCP on 23 November 2012 as Interim Chief Executive Officer (CEO). Effective 1 July 2013 Mr Mellowes was appointed as CEO. Up until, and including 30 June 2013, Mr Mellowes was employed by Woolworths. From 23 November 2012 up until 30 June 2013, the Group reimbursed Woolworths for amounts paid to Mr Mellowes. Amounts in the table above are in respect of the amounts reimbursed to Woolworths for the period 23 November 2012 to 30 June 2013.

2 Ms Shambly commenced employment with SCP on 23 November 2012 as Chief Financial Officer. From 23 November 2012 to 11 December 2012 Ms Shambly was paid by Woolworths. From 23 November 2012 up until 11 December 2012, the Group reimbursed Woolworths for amounts paid to Ms Shambly. Amounts in the table above are in respect of the amounts paid for the period 23 November 2012 to 30 June 2013.

3 Commenced employment 26 September 2012.

4 The amount shown above for Executives under 'Bonus (STI)' and 'Bonus (SPR) Tranche 1' are amounts which have been provided and have not been paid. 'Bonus STI' refers to the incentive or bonus payable under the Short-Term Incentive Plan. 'Bonus (SPR) Tranche 1' refers to the incentive payable in the form of equity under the Special Performance Rights Tranche 1. Refer also to note 5 below.

5 The amount recorded at Bonus (SPR) Tranche 1 comprises of the monetary value of stapled units in the Group in July 2015. The number of units applicable to Mr Mellowes is 100,000 units and Ms Shambly 68,750 units. The vesting of these units will be subject to security holder approval at the 2013 Annual General Meeting (**AGM**). If approval is not given for the vesting of stapled units in the Group, the Board has discretion to approve a cash award in lieu of stapled units. As the 2013 AGM has not occurred, the amounts provided for reflect the estimate of the cash award. The estimate of the cash award is based on the value of the stapled units at 30 June 2013 and discounted for time to allow for the expected payment date of July 2015.

5.3 SCP Performance for the period ended 30 June 2013

The table below sets out summary information about the Group's earnings for the period to 30 June 2013 and movements in unitholder wealth since the Group's establishment.

	Actual Results period to 30 June 2013	Projected results period to 30 June 2013 in PDS	Outcome relative to PDS
Financial			
Distributable income	$38.6m	$38.2m	Exceeded
Distribution declared per security	5.6cpu	5.6cpu	Met

	Actual Results 30 June 2013	Results as per PDS 30 June 2013	
Operational			
MER %*	0.70%	0.76%	Exceeded

* MER refers to Management Expense Ratio (**MER**). MER for 30 June 2013 has been annualised.

Additionally the unit price has increased from $1.40 (the offer price prior to listing) to $1.59 at 30 June 2013. Therefore over the period from allotment to 30 June 2013, including the distribution declared of 5.6 cents per unit, the total unitholder return was in excess of 17%. This compares to the ASX 200 accumulation index and AREIT accumulation index total return for the same period of 11.3% and 11.5% respectively.

These measures and the performance outcomes as noted were taken into account in determining the actual STI awards for the period ended 30 June 2013.

It is also noted that the net loss after tax for the period to 30 June 2013 was $4.4m compared to the projected results of $0.0m in the PDS.

Remuneration Report

6. Executive Remuneration Framework – 2013/14 (Unaudited)

6.1 Framework for 2013/14

The SCP executive remuneration structure comprises a combination of fixed remuneration plus performance or ‘at risk’ remuneration. The performance remuneration comprises of Short-Term Incentives and Long-Term Incentives. More detail on the Total Remuneration Opportunity (**TRO**) components are below:

Remuneration component	Description	How is it paid
Total Fixed Remuneration (**TFR**) Fixed Pay	– The TFR package is the fully costed value of salary, superannuation, motor vehicle, benefits and FBT. – 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)	– Motivates and rewards executives for achieving annual SCP objectives aligned with value creation – Recognises individual contributions to SCP performance	For executives, other than the Chief Executive Officer and the Chief Financial Officer, the STIP award will be in cash. The STIP award for the Chief Executive Officer and Chief Financial Officer, is anticipated to be made up of 50% cash and 50% conditional and deferred rights to equity in SCP under the SCP Incentive Plan. STIP awards payable in cash are payable after the end of the financial year to which the entitlement arose. STIP equity entitlements will vest two years after the entitlement arose. The People Policy Committee and Board retain discretion on the final determination of STIP awards in cases of exceptional individual or divisional performance where the Group’s financial metrics may not have been met. Conversely, cases may exist where the Group’s financial metrics have been achieved and the Board uses its discretion to withhold STI. Conditions dealing with unvested rights where executives cease employment are dealt with at section 7.5.
Long-Term Incentive Plan (**LTIP**) Variable Pay (At-Risk)	– 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. – Performance tested over a three-year financial period. – Provides a forfeitable ownership stake to encourage executive retention.	It is intended that the LTIP Rights to Stapled Units that meet the performance hurdles will vest in two equal instalments – one half immediately following testing (i.e. at the end of three years from the commencement of the performance period) and one half at the end of the next financial year (i.e. four years from the commencement of the performance period). Conditions dealing with unvested rights where executives cease employment are dealt with at section 7.5.

Additionally, the CEO is also entitled to a maximum of 175,000 units in Special Performance Rights (Tranche 2) in the Group subject to the meeting of projections for financial year 2014 contained in the PDS.

The quantum and the mix of each executive’s TRO takes into account a range of factors, including the following:

- Position and responsibilities.
- Capability, skills, experience.
- Ability to impact achievement of the strategic objectives of SCP.
- SCP’s overall performance.
- Remuneration paid by competitors.
- The need to secure tenure of executive talent.

Remuneration Report

6.2 Table of 2013/14 Executive remuneration at maximum

Variable pay (STI and LTI) is a key component of Executives' remuneration packages. The deferred rights for STI (CEO and CFO only) and LTI (all executives) are consistent with the remuneration policy objective to provide alignment with unitholders. The maximum annual remuneration opportunities for the KMP executives as at the date of this report is detailed below:

Position	TFR	STIP Cash	STIP Equity deferred	LTIP	SPR Tranche 2*	Total
CEO (Maximum), Mr Mellowes	$800,000	$200,000	$200,000	$1,000,000	$278,250	$2,478,250
CFO (Maximum), Mr Fleming**	$447,340	$89,468	$89,468	$268,404	–	$894,680
GC/CS (Maximum), Mr Lamb	$500,000	$125,000	–	$125,000	–	$750,000

* SPR Tranche 2: Relates to Special Performance Rights Tranche 2. Special Performance Rights Tranche 2 will vest if SCP achieves or exceeds specific pro-forma financial and operational projections contained in the PDS for fiscal year 2014. The rights qualifying from this performance test will vest on 1 July 2016. Conditions dealing with where the executive leaves prior to vesting are at section 7.5. The specific number of rights that vest will be contingent on the Board's assessment of performance relative to the PDS with respect to the year ended 30 June 2014. The main PDS criteria will be distributable earnings and MER. Refer also section 5.3 for the criteria used for the period to 30 June 2013. In the event the PDS criteria are not fully met the number of rights vesting will be reduced. No vesting will occur if none of the PDS criteria are met. The granting of units will be subject to security holder approval at the 2013 Annual General Meeting. If approval is not given for the vesting of stapled units in the Group, the Board has discretion to approve a cash award in lieu of equity. The number of units for the Chief Executive Officer is 175,000.

** CFO (Maximum): Remuneration relates to current CFO, Mr Fleming. Mr Fleming was appointed as CFO on 20 August 2013. Amounts reflect the period from 20 August 2013 to 30 June 2014.

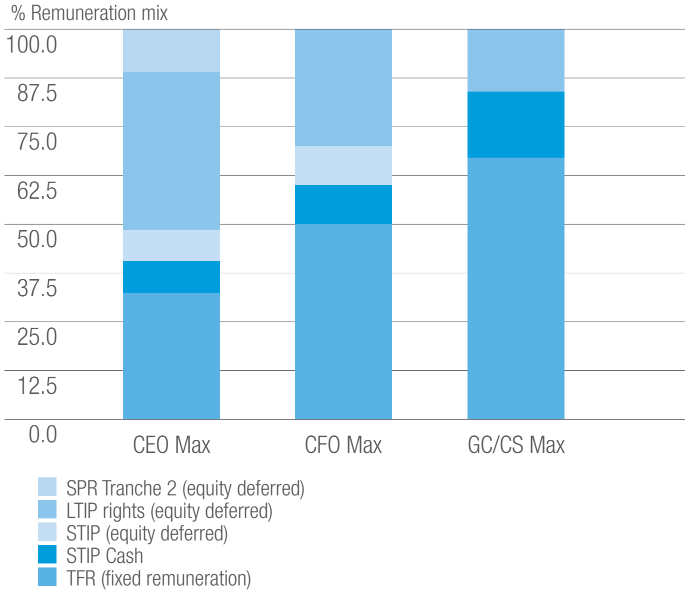
Additionally, Ms Shambly, who resigned as Director on 19 August 2013 and with a final employment date of 30 September 2013, is also entitled to TFR for the period to Ms Shambly's final employment date and STI 2014 incentive payment and SPR Tranche 2. Eligibility for the STI 2014 incentive payment and SPR Tranche 2 will be tested after the end of the financial year ending 30 June 2014. Details of these incentives are:

- STI 2014 Payment: up to $55,000, payable in September 2014 and subject to SCP meeting certain financial metrics for FY14; and
- SPR Tranche 2: up to 29,531 units, vesting in July 2016 and subject to the Board's assessment of SCP's performance for FY14 relative to the PDS.

6.3 Illustration of Executive remuneration for 2013/14

The chart below shows the proportion of the Total Maximum Remuneration Opportunity mix split between TFR (fixed remuneration), STIP cash, STIP (equity deferred), LTIP rights (equity deferred) and SPR Tranche 2 (equity deferred).

Remuneration Mix for Nominated Executives



Remuneration Report

6.4 Remuneration – Link between future SCP performance and incentive opportunities

Performance measures have been established to measure the accomplishment of SCP's annual budgets, strategic business plans and the delivery of sustained growth in unitholder returns.

The new remuneration structure is effective from 1 July 2013 and the design and operation of the incentive opportunities have been developed to link with these strategies and performance measures.

6.5 Short-Term Incentive Plan (STIP)

The STIP applicable from 1 July 2013 is an incentive used to reward strong performance against the achievement of financial and non-financial targets or key performance indicators set at the commencement of the financial year to which they relate. The actual awards are determined and delivered in a mix of cash and deferred rights to stapled units. For the CEO, Mr Mellowes, and the CFO, Mr Fleming, 50% of the actual STIP award earned is anticipated to be in the form of deferred rights to stapled units and 50% in cash (refer also section 6.1). All other executives will receive any STI awarded in cash.

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 his direct reports.

At the end of the financial year, the Board will determine the performance of the CEO and that of the CEO's direct reports and approve the STIP's amounts to be paid.

Employees must first meet designated OHS, compliance and personal performance thresholds or 'gateways' to be eligible to receive an STIP payment.

Individual STI allocations are determined through an assessment of performance against a scorecard comprising financial metrics and strategic business objectives to determine "what" has been accomplished and an assessment of individual performance to adjust for "how" the performance was accomplished.

The mix of performance criteria for each executive is shown in the table:

	Financial Performance	Business/Operational/Management	Personal Performance Assessment
CEO	30%	50%	20%
CFO	30%	50%	20%
GC/CS	30%	50%	20%

Financial Performance

Financial performance will generally be based on achieving the current year distributable earnings guidance per unit.

Business Operational/Management

Business operational metrics are tailored on individual contributions but will generally consider metrics such as cost control, MER, occupancy, and portfolio net operating income (**NOI**). In the specific case of the period 1 July 2013 to 30 June 2014, the portfolio NOI measured will exclude any contributions from the Woolworths rental guarantee to focus on the underlying property performance.

For the CEO, the weighting of 50% to business, operational, and management criteria compared to 30% for financial performance criteria reflects the current strategic priorities around maximising net rents and occupancy and bringing MER to competitive levels by managing costs. Specific quantifiable performance measures have been agreed and payout levels have been calibrated between threshold (minimum expected performance) and maximum (exceptional performance, significantly above agreed targets and guidance). The Board expects the weighting to financial performance criteria would shift higher than 30% in future years once these strategic priorities are achieved.

Personal Performance Assessment

Personal Performance Assessment will consider individual metrics focusing on the individual's ability to contribute.

Remuneration Report

6.6 Long-Term Incentives Plan (LTIP)

No LTIP applies to any staff for the period to 30 June 2013. The LTIP applies to eligible staff from 1 July 2013.

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 units in the SCP. LTIP participants are advised of their maximum LTIP opportunity and the dollar value of the award is converted to the number of LTIP rights based upon the SCP unit price at the time of award.

The LTIP will be performance tested against three performance hurdles over a three-year period. It is intended that units that meet the performance hurdles will then vest in two equal instalments – one-half immediately following testing and the remaining half at the end of the next financial year (ie. four years from the commencement of the performance period). Conditions dealing with where the executive leaves prior to vesting are at section 7.5.

The performance hurdles intended for 2013 Series LTIP awards 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.

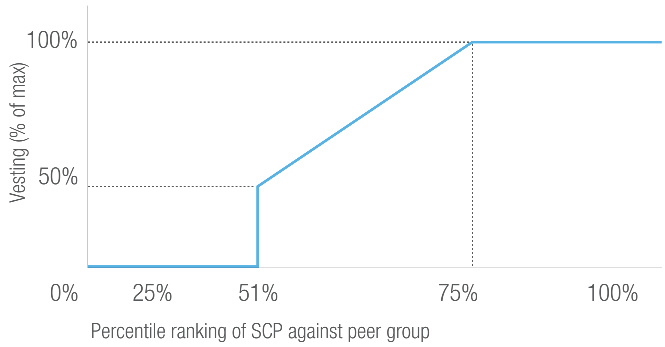
TSR measured over the performance period must be better than the TSR of half of the comparator group, which consists of similar REITs listed at section 6.7. The objective of this metric is to drive superior performance relative to comparable peers.

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%

This is illustrated in the diagram below:

Total shareholder return vesting curve



Remuneration Report

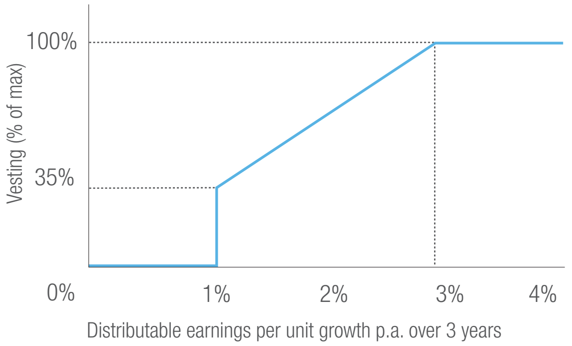
Tranche 2 = 50% of LTIP rights – measure is growth in annualised distributable earnings per unit measured over three years.

Distributable earnings per unit (and adjusted for any change in units on issue) growth is measured based on distributable earnings per unit. The objective of this measure is to recognise a key focus of REIT investors is reliable income yield and growth. The tabled growth rates have included consideration that SCP is a lower growth entity for initial years, due to such matters as: the majority of major tenants are on new leases and are yet to reach turnover rent threshold; the short-term benefit of the rental guarantee from Woolworths; and the long weighted average lease expiry term which may limit the ability to grow property income in the short-term. The metric is calibrated as follows:

Growth in annualised distributable earnings per unit measured over 3 years	% 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%

This is illustrated in the diagram below:

Growth in annualised distributable earnings per unit vesting curve



6.7 Comparator Group

This comparator group was chosen to ensure a suitable size peer group of listed entities that compete for talent in the REIT and property sectors and have a significant proportion of income derived from direct real estate holdings. The substantial majority of listed entities in the comparator group have been selected from entities within the ASX 300 Property Index. The PPC has absolute discretion to amend the list of comparators only 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 comparator group is currently:

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

7. Executive Service Agreements

7.1 Executive Director, Chief Executive Officer: Anthony Mellowes

Mr Mellowes commenced with the Group on 23 November 2012 as Interim Chief Executive Officer (**Interim CEO**). Effective 1 July 2013 Mr Mellowes was appointed as Chief Executive Officer (**CEO**). Up until, and including 30 June 2013, Mr Mellowes was employed by Woolworths. From 23 November 2012 up until 30 June 2013, the Group reimbursed Woolworths for amounts paid to Mr Mellowes.

Details of Mr Mellowes's current contract as CEO is below:

Contract duration	Commenced 1 July 2013; open ended Supersedes contract as Interim CEO.
Total Fixed Remuneration (TFR)	$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	**Special 'one off' award of Special Performance Rights:** Applicable for FY13 and FY14 periods only Tranche 1: FY13: maximum 100,000 SCP units Tranche 2: FY14: maximum 175,000 SCP units **STIP: Maximum opportunity:** 50% of TFR or $400,000. **LTIP: Maximum opportunity:** 125% of TFR or $1,000,000.
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

7.2 Chief Financial Officer, Mark Fleming

Mr Fleming was appointed on 20 August 2013 as CFO.

Contract duration	Commenced 20 August 2013, open ended.
TFR	$520,000. 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	**STIP: Maximum opportunity:** 40% of TFR or $208,000. **LTIP: Maximum opportunity:** 60% of TFR or $312,000.
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	$500,000. 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	**STIP: Maximum opportunity:** 25% of TFR or $125,000. **LTIP: Maximum opportunity:** 25% of TFR or $125,000.
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	Longer of: – the period to 17 September 2014; or – 6 months.
Notice by executive	3 months
Termination Payments to compensate for non-solicitation/non-compete clause in certain circumstances	Total fixed remuneration for the longer of: the period from termination to 17 September 2014; or 6 months.

Remuneration Report

7.4 Former Executive Director, Chief Financial Officer, Kerry Shambly

Appointed as Director 2 October 2013 and as Chief Financial Officer on 23 November 2012. Ms Shambly resigned as Director on 19 August 2013 and the final employment date is 30 September 2013.

Contract duration	Commenced 23 November 2012 and resigned as Director on 19 August 2013 and the final employment date is 30 September 2013.
Fixed remuneration	$599,500. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review	Reviewed annually effective 1 October 2013.
Variable remuneration eligibility	**Special 'one off' award of Special Performance Rights:** Applicable for FY13 and FY14 periods only Tranche 1: FY13: maximum 68,750 SCP units Tranche 2: FY14: maximum 29,531 SCP units **STIP: Maximum opportunity:** $55,000 payable in September 2014 and subject to SCP meeting certain financial metrics for FY 14.
Non-compete period	8 months
Non-solicitation period	8 months
Notice by SCP	Not applicable; Ms Shambly resigned as Director on 19 August 2013 and the agreed final employment date is 30 September 2013.
Notice by executive	Not applicable; Ms Shambly resigned as Director on 19 August 2013 and the final employment date is 30 September 2013.
Termination Payments to compensate for amongst other matters non-solicitation/ non-compete clause in certain circumstances	For agreeing to a non-compete and non-solicitation period until May 2014 and other matters, $420,000 is payable to Ms Shambly after Ms Shambly's final employment date of 30 September 2013.

Remuneration Report

7.5 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 Board Discretion an additional termination benefit can 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)	In the event of the executive's resignation or termination by SCP for cause, all STIP unpaid cash entitlements not paid are forfeited. Where termination by SCP is without cause, redundancy, diminution of responsibility, retirement, death or disability the STI 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.
STIP (Equity)	In the event of the executive's resignation or termination by SCP for cause, all STIP equity unvested rights are forfeited. Where termination by SCP is without cause, redundancy, diminution of responsibility, retirement, death or disability the STI 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.
LTIP Rights	In the event of the executive's resignation or termination by SCP for cause, all LTIP equity unvested rights are forfeited. Where termination is without cause, redundancy, diminution of responsibility, retirement, death or disability and the performance period is not completed at the time of termination, a pro rata number of LTIP rights will be determined from the date of award to the date of termination (including period paid in lieu). This pro rata portion will continue on foot under the same terms and performance conditions except any vesting shall occur immediately following the determination of the benefit at testing. All entitlements arising from performance testing at the end of year three that are due to vest at the end of year four will continue on foot under the same terms and vest in the ordinary course.
Special Performance Rights (SPR)	In the event of the executive's resignation or termination by SCP for cause, all unvested SPRs are forfeited. Where termination is without cause, redundancy, diminution of responsibility, retirement, death or disability, all unvested 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.
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 that it will voluntarily adopt certain Corporate Governance obligations not otherwise applicable to it given its structure, unitholder approval will be required 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 is required to take account of the extent to which performance conditions have or have not been met.

Remuneration Report

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; this includes, where relevant, attendance at Committees of the Board and Chairman of Committees of the Board; and
- Statutory superannuation contributions.

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

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.

For the period ended 30 June 2013 this entitlement was paid pro rata from the time of appointment for each director. Additionally, a one-off fee of $50,000 was paid to the Non-Executive Director and Chairman and $15,000 to the other Non-Executive Directors (each) in recognition of the additional work required in preparing SCP for listing.

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. These directors are not entitled to any special payment on retirement, removal or resignation from the Board.

One-off payments may be made in exceptional circumstances. Payments have been made under this arrangement in the period to reflect the additional work required for listing.

SCP has no current intention to remunerate the NEDs 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 NEDs, however all NEDs have self-funded the purchase of SCP units. Their holdings are shown in the table.

8.4 Table of Non-Executive Directors remuneration paid for the period ended 30 June 2013

The following table outlines the remuneration provided to NEDs for the period ended 30 June 2013:

Non-Executive Director	Appointment Date to SCP RE	Director Fees $	Other compensation $	Superannuation $	Total $
Philip Clark AM	19 September 2012	236,539	50,000	12,986	299,525
James Hodgkinson	26 September 2012	91,846	15,000	8,560	115,406
Ian Pollard	26 September 2012	91,846	15,000	8,266	115,112
Philip Redmond	26 September 2012	91,846	15,000	8,266	115,112
Belinda Robson	27 September 2012	91,385	15,000	8,225	114,610
Total		**603,462**	**110,000**	**46,303**	**759,765**

Other compensation relates a one-off fee of $50,000 to the Non-Executive Chairman and $15,000 to the other Non-Executive Directors in recognition of the additional work required in preparing SCP for listing.

The remuneration of non-executive directors is based on recommendations by independent remuneration consultants.

Remuneration Report

8.5 Table of Non-Executive Directors holdings of units in SCP

All Non-Executive Directors hold securities. These have been self-funded. Their unitholdings (direct and indirect) as at 30 June 2013 are shown in the table following.

Non-Executive Director	Number of SCP securities held
Philip Marcus Clark AM (Chairman)	10,000
James Hodgkinson	274,285
Ian Pollard	53,571
Philip Redmond	62,500
Belinda Robson	7,142

Signed as a resolution of Directors.

Philip Marcus Clark AM
Chairman
Sydney

16 September 2013

Deloitte.

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 period ended 30 June 2013 as set out on pages 15 to 34. 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.

Remuneration Report

Deloitte.

Opinion

In our opinion, the financial information in the remuneration report of SCA Property Group for the period ended 30 June 2013 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, 16 September 2013

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 held by 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 evolve.

This statement outlines governance systems SCPRE used during its first 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**).

As at 30 June 2013 SCPRE achieved substantial compliance with the Recommendations. Corporate governance documentation, including charters and relevant corporate policies referred in this statement, can be found at www.scaproperty.com.au/about/governance.

In this statement the reporting period is the period from 3 October 2012 to 30 June 2013 (**Reporting Period**).

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 intends to meet 11 times each year in the ordinary course of business, with additional meetings held as required. The Board met 19 times during the Reporting Period and each Directors' attendance at those meetings is set out in the Directors' 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; and
- 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 will review the charters for the Board and its Committees annually. As the Reporting Period was less than 12 months, this review was not conducted during the initial Reporting Period.

The Board delegates to management responsibility for implementing the Group's strategic direction and managing the day-to-day operations of SCA Property 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.

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

During the initial Reporting Period (which is an incomplete financial year), senior management's primary objectives related to delivering the forecasts set out in the Product Disclosure Statement dated 5 October 2012 and establishing a firm foundation for the Group's operations. The People Policy Committee and the Board assessed the Group's performance against these objectives.

Details of the Group's remuneration policies and practices are set out in the Remuneration Report, which forms part of this Annual Report.

The following Independent Directors are members of the People Policy Committee:

Belinda Robson	Chair
Philip Redmond	Member
James Hodgkinson	Member

The People Policy Committee will meet a minimum of four times a year. The Committee met twice during the Reporting Period and all members attended both meetings. The People Policy Committee members also worked together during the period, including through frequent out-of-session communications, to ensure the remuneration structure was being structured and implemented as intended.

For the 2014 financial year, SCPRE will establish an annual process of setting objectives and conducting performance reviews for all staff. Senior managers who have a discretionary element to their total remuneration package will agree to defined objectives at the start of each assessment period.

Corporate Governance

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 The majority of the board should be independent directors

For the Reporting Period the Board comprised seven directors, five of whom are independent. Each Independent Director was appointed in September 2012 and the Executive Directors 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

On 19 August 2013 Ms Shambly resigned as an Executive Director of the Board and subsequently resigned as CFO effective 30 September 2013. Mark Fleming, who replaces Ms Shambly as Group CFO, was not appointed as an Executive Director to SCPRE.

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 three years.
- A director who has not within the last three 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 will regularly assess 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.

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 Directors’ 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. During the Reporting Period Mr Anthony Mellowes was interim CEO and was appointed as CEO with effect from 1 July 2013. Philip Marcus Clark AM is Chair of the Board.

The Board Charter, Mr Mellowes’s 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 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.

Corporate Governance

– 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 following Independent Directors are members of the Nominations Committee:

James Hodgkinson	Chair
Belinda Robson	Member
Philip Marcus Clark AM	Member

The Nominations Committee will meet a minimum of four times a year. During the Reporting Period the Nominations Committee met three times, with Mr Hodgkinson and Mr Clark attending all three meetings and Ms Robson two.

2.5 Companies should disclose the process for evaluating the performance of the board, its Committees and individual directors
The Directors reviewed their performance during the Reporting Period by completing and returning to the Company Secretary a detailed confidential questionnaire. The Company Secretary compiled the results and the Directors reviewed them. The questionnaire covered matters including the role and performance of the Board and its Committees, Directors' understanding of the key strategic goals of the Group, the key risks to the business in meeting those goals and the role of management in assisting Directors to meet these objectives.

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.

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.

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 2013:

Female Board Directors	29%
Female Executives in senior management	33%
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 ARMCC met four times during the Reporting Period and all members attended all meetings.

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.

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.

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; and
  - 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 reported to the Board on the material business risks facing SCA Property Group in November 2012 and provided details on appropriate risk mitigation. A formal review of this risk management framework will be undertaken in the first half of FY14.

Safety at SCA Property Group retail shopping centres is a material risk, due to the nature of the sector in which the Group operates. 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

The CEO and the CFO are required to confirm in writing when the Board approves the financial statements that:

- they believe the financial statements represent a true and fair view;
- this belief is founded on a sound system of risk management and internal compliance and control that, in all material respects, implements the policies adopted by the Board;
- the Group's management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks; and
- they believe there are reasonable grounds to believe that the SCA Property Group will be able to pay its debts as and when they become due and payable.

Corporate Governance

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 setting remuneration. The PPC's charter can be found at www.scaproperty.com.au/about/governance.

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 and individual 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 following independent directors are members of the PPC:

Belinda Robson	Chair
Philip Redmond	Member
James Hodgkinson	Member

The PPC met twice during the Reporting Period and all members attended all meetings.

8.2 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 flat fee and do not receive options or bonus payments.

Details of Executives' remuneration are set-out in the Remuneration Report included in this Annual Report.

FINANCIAL REPORT

Directors' Report

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Shopping Centres Australasia Property Group ('SCA Property Group' or the 'Group') has been formed by the stapling of the units in two Trusts, Shopping Centres Australasia Property Management Trust ('Management Trust') and Shopping Centres Australasia Property Retail Trust ('Retail Trust') (collectively the 'Trusts').

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 period from 3 October 2012 to 30 June 2013 (the 'period') and the auditor's report thereon.

The Group obtained relief from ASIC on 19 November 2012 from preparing half-year financial statements for the period to 31 December 2012.

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 period are:

Philip Marcus Clark AM

Non-Executive Director and Chairman since 19 September 2012.

Independent: Yes.

Listed Directorships: Non-Executive Director of Ingenia Communities Group (June 2012 to date) and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to dat e). Formerly 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: Member of the JP Morgan Australia Advisory Council. Chair of a number of Government Advisory Boards. Chair of several private companies. Director of two 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 Mr Clark was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years.

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

James Hodgkinson

Non-Executive Director since 26 September 2012.

Independent: Yes.

Listed Directorships: Former Non-Executive Director of Goodman Group from February 2003 to September 2011.

Other positions held: Director of Goodman Japan Limited (listed on the Tokyo Stock Exchange until 2012), a member of the Advisory Committee of the Macquarie Foundation, and a Governor of the Cerebral Palsy Foundation Alliance (CPA) and Chairman of CPA's NSW's 20/Twenty Challenge.

Other experience: Formerly an Executive Director of the Macquarie Group and a division head within Macquarie's Real Estate Group. Mr Hodgkinson has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations.

Qualifications: BEcon, CPA, and FAPI.

Ian Pollard

Non-Executive Director since 26 September 2012.

Independent: Yes.

Listed Directorships: Non-Executive Director and Chairman of Billabong International Limited (appointed October 2012) and director of Milton Corporation Limited. 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 positions held: Chairman of RGA Reinsurance Company of Australia Limited and director of the Wentworth Group of Concerned Scientists.

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.

Directors' Report

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Phil Redmond

Non-Executive Director since 26 September 2012.

Independent: Yes.

Listed Directorships: Non-Executive Director Galileo Funds Management Limited, the Responsible Entity for Galileo Japan Trust. Formerly Non-Executive Director of ING Management Limited (from 2006 and until 2010). ING Management Limited was the Responsible Entity of a number of listed real estate funds.

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 from 1993 to 2005.

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

Belinda Robson

Non-Executive Director since 27 September 2012.

Independent: Yes.

Listed Directorships: None.

Other positions held: Non-Executive Director of several Lend Lease Asian Retail Investment Funds.

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 Fund Retail. At Australian Prime Property Fund Retail, 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.

Qualifications: BComm (Honours).

Anthony Mellowes

Director since 2 October 2012 and as Interim CEO from 23 November 2012 and as CEO from 1 July 2013.

Independent: No.

Listed Directorships: None.

Other experience: Mr Mellowes is an experienced property executive, having worked with Woolworths for over ten 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 since 2 October 2012 (resigned 19 August 2013) and as CFO from 23 November 2012.

Independent: No.

Listed Directorships: None.

Other experience: Ms Shambly is an experienced senior finance executive with over 20 years experience in the property and retail sectors, with the past ten years at Woolworths as Manager of Capital Transactions and General Manager Finance.

Prior to joining Woolworths, Ms Shambly held a number of senior finance and commercial roles at Lend Lease and the Hoyts Cinema Group.

Qualifications: Chartered Accountant, Bachelor of Commerce, and completion of the Macquarie Graduate School of Management's Strategic Management Program and the Chief Executive Woman's (CEW) Leader's Program.

Company Secretary

Mark Lamb

General Counsel and Company Secretary from 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 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.

Directors' Report

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Directors' relevant interests

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

Director	Number of stapled units
P Clark AM	10,000
J Hodgkinson	274,285
I Pollard	53,571
P Redmond	62,500
B Robson	7,142
A Mellowes	3,039
K Shambly	2,416

Directors' attendance at meetings

The number of Directors' meetings, including meetings of committees of the Board of Directors, held during the period and the number of those meetings attended by each of the Directors are shown below.

Number of meetings held	
Board of Directors	19
Audit, Risk Management and Compliance Committee ('ARMCC')	4
People Policy Committee	2
Nomination Committee	3

Directors' Report

For the period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

	Board		ARMCC		People		Nomination	
Director	A	B	A	B	A	B	A	B
P Clark AM	19	19	–	–	–	–	3	3
J Hodgkinson	19	15	4	4	2	2	3	3
I Pollard	19	16	4	4	–	–	–	–
P Redmond	19	16	4	4	2	2	–	–
B Robson	19	16	–	–	2	2	3	2
A Mellowes	19	17	–	–	–	–	–	–
K Shambly	19	17	–	–	–	–	–	–

Key:
A = Number of meetings Directors are eligible to attend
B = Number of meetings attended

Principal activities

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

Operating and Financial Review

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

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Net loss after tax	(4.4)	(2.7)
Distributable earnings	38.6	40.3
Distributions payable to unitholders	36.0	36.0
Basic and diluted earnings per unit for net loss after tax	(0.7)	(0.5)
Distributable earnings (cents per unit)	6.6	6.9
Distributions (cents per unit)	5.6	5.6
Net tangible assets ($ per unit)	1.57	1.57

The table below provides a reconciliation from the net loss after tax to Distributable Earnings.

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Net loss after tax (statutory)	(4.4)	(2.7)
Adjustments for items included in statutory loss		
Transaction and establishment costs	37.2	37.2
Straight-lining of rental income	(4.2)	(4.2)
Fair value adjustments on investment properties	3.6	3.6
Fair value adjustments on financial assets	(0.9)	(0.9)
Other non-cash items	(0.2)	(0.2)
Other adjustments		
Cash received/receivable from rental guarantee		
– Vacancy	7.1	7.1
– Rent free incentives	1.1	1.1
Structural vacancy allowance	(0.7)	(0.7)
Distributable Earnings	**38.6**	**40.3**

Directors' Report

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

1. Measurement of results

Statutory profit or loss measures profit or loss in accordance with Australian Accounting Standards (AASBs) and complies with the International Financial Reporting Standards (IFRS).

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 information' ('RG 230'). A reconciliation between the statutory loss and distributable earnings is provided above and presented in the same manner as in the Product Disclosure Statement (PDS), dated 5 October 2012, issued by the Group. Distributable earnings represents the Directors' view of underlying earnings from ongoing operating activities for the period, being statutory net profit/loss after tax adjusted for:

- Items that occur infrequently or are outside the course of ongoing business activities (such as formation transaction costs)
- Non-cash items (such as unrealised fair value gains/(losses), unrealised provision gains/(losses), property revaluations and fair value adjustments to financial assets (such as straight lining of rental income and unwinding of a rental guarantee))
- Cash items (such as amounts received under a rental guarantee, leasing commissions and incentive payments received)
- An allowance to normalise property revenue (such as a structural vacancy assumption)

2. Business overview and performance

The Group (ASX code SCP) listed on the Australian Stock Exchange in December 2012 following an in-specie distribution to Woolworths Ltd shareholders of units in the Group, an equity raising via the PDS and the borrowing of bank debt in order to acquire 69 shopping centres from Woolworths Ltd. At listing, 55 of those centres were completed shopping centres. Over the period from listing to 30 June 2013 a further ten centres were completed and four remain under construction or unsettled. In addition, a further seven shopping centres were acquired from an independent party in June 2013. The portfolio now consists of 75 shopping centres (plus one property yet to be settled). At 30 June 3013, the portfolio is valued at $1,504.4 million.

SCP's investment objective is to provide investors with a stable income stream to support regular distributions by investing in 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 portfolio is geographically diverse and spread across five states in Australia and New Zealand. It consists of sub-regional, neighbourhood and freestanding retail assets, with nearly half the portfolio located in new growth corridors and regions. The strong weighting toward the non-discretionary retail segment means that the portfolio is not materially exposed to the discretionary retail spending decline currently being experienced in the Australian and New Zealand economies.

The weighted average lease expiry is 15 years, which provides a long-term stable income profile. This is largely underpinned by anchor tenants on long-term leases. In this regard, 62% of the gross rental income is derived from long-term leases to high quality tenants, principally Woolworths Ltd which has an A- credit rating (S&P), providing security in the income stream.

In regards to growth in rent, the lease structure with the anchor tenant of a centre typically provides for growth in the rent paid as the underlying sales of the tenant reach certain turnover thresholds. As the portfolio matures we expect the contribution from turnover rent to increase. In addition, annual growth in the rent paid by specialty tenants is typically increased by CPI plus/or a fixed percentage with the average fixed increase of approximately 4% per annum for specialty tenant leases currently in place.

SCP has entered into leasing transactions on 13,240 sqm of specialty store space since listing late last year. Portfolio occupancy increased from 95% to 96.4% on a same-store basis for the completed portfolio. In addition, the integration of ten newly-completed properties and the portfolio acquisition in June 2013 have resulted in portfolio occupancy of 96.6% as at 30 June 2013.

The portfolio comprises modern retail assets with an average age of 3.1 years and therefore capital expenditure on the portfolio is expected to be minimal over the medium term. A rental guarantee for two years has been provided on specialty shops which were vacant at the time of acquisition (or for the properties still under development at the date of completion) by the vendors of those properties. Portfolio details are as follows:

Australian portfolio

The Australian portfolio is geographically diverse and is located across five states. It comprises 62 neighbourhood and sub-regional shopping centres and freestanding properties, including three assets under construction as at 30 June 2013.

The Australian portfolio delivered net operating income of $47.4 million in FY13, with the majority generated by convenience-based neighbourhood shopping centres. The total value of Australian investment properties as at 30 June 2013 was $1,330.2 million, including $119.7 million in properties under construction.

New Zealand portfolio

The New Zealand portfolio comprises 13 freestanding properties and neighbourhood shopping centres located throughout New Zealand. The portfolio delivered net operating income of $6.4 million in FY13, with the majority generated by freestanding shopping centres.

The total value of New Zealand investment properties as at 30 June 2013 was $174.2 million. This excludes the settlement of the neighbourhood shopping centre at St James which was delayed at the time of the Group's listing and is expected to settle in October 2013.

Directors' Report

For the period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

3. Financial Performance

The Group recorded a statutory loss after tax of $4.4 million after non-recurring formation transaction costs, fair value and other adjustments.

Distributable earnings after tax was $38.6 million, $0.4 million higher than the forecast set out in the PDS. A distribution of 5.6 cents per unit has been declared, in line with the PDS forecast and paid on 28 August 2013.

Rental income for the period was $59.3 million which is $3.9 million lower than the PDS forecast of $63.2 million due to delays in property settlements and lower than forecast rent from specialty tenants. This difference is offset by rental reimbursements and site access fees ($0.4 million). Of the $2.7 million rental reimbursement received, $1.1 million related to rent-free periods provided to tenants prior to the Group's establishment that were not included in the rental guarantee contribution in the PDS forecasts. The lower rental income from specialty tenants was largely due to a longer than anticipated time taken for specialty stores to commence trading after agreeing lease deals. The Group is focused on reducing the time taken to open specialty stores to be in line with industry averages and will be implementing initiatives such as bringing the leasing function in-house.

Net interest expense for the period was $1.5 million lower than the PDS forecast as a result of delays in property settlements ($0.7 million) and a lower cost of debt due to entering into interest rate swap agreements on more favourable rates than forecast ($0.8 million).

Despite a small net increase in property revaluations in FY13, the write-off of property acquisition costs and transaction costs associated with the portfolio acquisition in June 2013 resulted in a decline in the Group's net tangible assets ('NTA') to $1.57 per unit from $1.58 at listing.

Financial Management

The Group maintains a prudent approach to managing the balance sheet with gearing of 28.9% as at 30 June 2013, comfortably within the policy target range of 25%-40%. At 30 June 2013, the Group had cash and undrawn facilities of $107.8 million. The Group's unsecured bank facilities were extended in July 2013 from $550 million to $600 million, a $50 million increase to position the Group to complete the remaining development property purchases in the coming year. The weighted average debt maturity of the bank facilities is 3.6 years. As at 30 June 2013, 78% of the Group's debt was fixed or hedged.

Resilient cash flows to support secure, regular distributions

Operating cash flows were $41.7m before the payment of non-recurring formation transaction costs, which was sufficient to fund the $36.0 million distribution paid.

Net cash outflows from investing activities were $972.5 million which funded the acquisition of investment properties (net of the Woolworths Ltd in specie distribution). These outflows were financed by long-term bank debt and the raising of equity.

4. Significant transactions

In June 2013 the Group acquired a portfolio of seven mature neighbourhood shopping centres in an off-market transaction with a private investment group for $135.8 million. The acquisition was funded by a $90 million institutional placement and drawing on existing bank debt facilities. The acquisition demonstrates the Group's ability to originate accretive off-market transactions that complement the existing portfolio and take advantage of its internally managed platform.

5. Outlook/Strategy

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 the forecast stabilised occupancy levels by the end of the rental guarantee periods provided by the vendors.

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

- the 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.

Directors' Report

For the period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

6. Major Business Risk Profile

Risk	Risk	Mitigation Strategy
Interest Rates	Interest rates increase over time causing earnings to decline	Hedging Policy and Strategy adopted. 78% of interest rate exposure hedged.
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.
Property Valuations	Property valuations decrease causing earnings to decline	Monitor market sales activity and increase net income to maintain values.
Foreign Exchange	Value of foreign net assets decrease as foreign exchange rates move	Natural hedge to 60% of asset value by drawing bank debt in the foreign currency. Cash on hand un-hedged.
General Economic – Retail Spending	Retail spending decline causing tenants to default on lease payments and growth in underlying lease rentals does not materialise	Non-discretionary retail spend is generally considered more defensive in nature and therefore less exposed to a general decline in retail spend.

Value of assets

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Value of assets	**1,531.2**	**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 total value of Australian investment properties (including rental guarantees) as at 30 June 2013 was $1,330.2 million, including $119.7 million in properties under construction.

The total value of New Zealand investment properties as at 30 June 2013 was $174.2 million.

Interests in the Trusts

The movement in gross contributed equity during the period is set out below:

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Balance at the beginning of the period	–	–
Equity issued through Woolworths in-specie distribution	509.7	506.6
Equity raised through initial public offering of stapled units	472.2	469.4
Equity raised through institutional placement in June 2013	90.0	89.5
Contributed equity at the end of the period	**1,071.9**	**1,065.5**

Significant changes in the state of affairs

The significant changes in the Group's financial affairs during the period were as follows:

On 5 October 2012, Woolworths Limited announced a proposal to create Shopping Centres Australasia Property Group via an in-specie distribution to Woolworths shareholders and related offer to investors. It was a condition precedent for the creation of the Shopping Centres Australasia Property Group that it be approved by Woolworths Limited shareholders. This was approved by Woolworths Limited shareholders on 22 November 2012. Shopping Centres Australasia Property Group was listed on the Australian Securities Exchange on 26 November 2012 and commenced trading on 11 December 2012.

Shopping Centres Australasia Property Group acquired 64 neighbourhood, sub-regional and freestanding centres from Woolworths Limited in December 2012. Of these, 55 were completed properties, six were partially-completed development properties throughout Australia which have been completed during the period and a further three properties are still under construction in Australia. In addition, a further four newly-completed properties in New Zealand were acquired from Woolworths Limited during the period.

The purchase of these properties was funded through debt and equity issues. A total revolving debt facility of $550 million was raised through three banks with a combination of three- and five-year terms. $509.7 million equity was issued through the Woolworths in-specie distribution whereby one unit in Shopping Centres Australasia was issued for every five shares held in Woolworths. A further $472.2 million of equity was raised through the initial public offering.

In June 2013 Shopping Centres Australasia acquired seven neighbourhood shopping centres for a total purchase price of $135.8 million. This acquisition was funded by a $90 million institutional equity placement and drawing on the existing debt facility.

Directors' Report

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Likely developments, key strategies and expected results of operations

The consolidated Financial Reports have been prepared on the basis of current known market conditions. The extent to which a potential deterioration in either the capital or physical property markets may have an impact on the results of the Group are unknown. Such developments could influence market valuations, the ability of borrowers, including the Group, to raise or refinance debt and the cost of such debt, or the ability to raise equity.

At the date of this report, and to the best of the Directors of the Responsible Entity's knowledge and belief, there are no anticipated changes in the operations of the Group which would have a material impact on the future results of the Group. Property valuation changes, movements in the fair value of derivative financial instruments and movements in foreign exchange and 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 license 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.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16].

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 24 of the Financial Reports.

The Directors are satisfied that the provision of non-audit services, during the period, 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 24 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 approved to ensure that they do not impact the integrity and objectivity of the auditor; and
– 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

On the 25 July 2013 a debt facility for $250 million expiring in December 2017 was increased to $300 million, all with a July 2018 expiry. The overall debt facilities of the group are now $600 million.

Ms Kerry Shambly resigned as a Director on 19 August 2013. Mark Fleming commenced as CFO on 20 August 2013.

Besides the changes noted above, the Directors of the Responsible Entity are not aware of any other matter since the end of the period 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.

P. Marcus Clark

Philip Marcus Clark AM
Chairman
Sydney

28 August 2013

Auditor's Independence Declaration

Deloitte.

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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 8, 50 Pitt Street
Sydney NSW 2000

28 August 2013

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 in its capacity 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 financial period ended 30 June 2013, 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

Consolidated Statements of Profit or Loss

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

	Notes	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Revenue			
Rental income		64.5	64.5
Other property income		7.0	7.0
		71.5	71.5
Expenses			
Property expenses		(17.5)	(17.5)
Corporate costs		(5.9)	(4.0)
		(23.4)	(21.5)
Net unrealised loss on change in fair value of investment properties		(3.6)	(3.6)
Net unrealised gain on change in fair value of financial assets		0.9	0.9
Responsible Entity fees		–	(0.2)
Transaction costs	5	(37.2)	(37.2)
Earnings before interest and tax (EBIT)		**8.2**	**9.9**
Interest income		0.2	0.2
Finance costs		(11.5)	(11.5)
Net loss before tax for the period		**(3.1)**	**(1.4)**
Tax	6	(1.3)	(1.3)
Net loss after tax for the period		**(4.4)**	**(2.7)**
Net loss after tax for the period attributable to unitholders of:			
SCA Property Management Trust		(1.7)	
SCA Property Retail Trust (non-controlling interest)		(2.7)	
		(4.4)	

		Cents	Cents
Distributions per stapled unit			
Distributions per unit	3	5.6	5.6
Basic and diluted earnings per stapled unit	4	(0.7)	(0.5)
Basic and diluted earnings per unit of each Trust			
SCA Property Management Trust	4	(0.2)	
SCA Property Retail Trust	4	(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 period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

	Notes	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Net loss after tax for the period		(4.4)	(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	3.6	3.6
Effective portion of changes in fair value of cash flow hedges	13	0.4	0.4
Total comprehensive (loss)/income for the period		**(0.4)**	**1.3**
Total comprehensive loss for the period attributable to unitholders of:			
SCA Property Management Trust		(1.7)	
SCA Property Retail Trust (non-controlling interest)		1.3	
Total comprehensive loss for the period		**(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

As at 30 June 2013

	Notes	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Current assets			
Cash and cash equivalents		15.4	6.5
Receivables	7	8.3	10.7
Rental guarantee	7	12.1	12.1
Other assets		0.6	0.6
Total current assets		**36.4**	**29.9**
Non-current assets			
Investment properties	9	1,371.8	1,371.8
Investment properties under construction	9	116.1	116.1
Rental guarantee	7	4.4	4.4
Derivative financial instruments	8	2.3	2.3
Property, plant and equipment		0.2	–
Receivables		–	0.1
Total non-current assets		**1,494.8**	**1,494.7**
Total assets		**1,531.2**	**1,524.6**
Current liabilities			
Payables	10	32.9	30.6
Distribution payable	3	36.0	36.0
Derivative financial instruments	8	2.0	2.0
Provisions		0.6	–
Total current liabilities		**71.5**	**68.6**
Non-current liabilities			
Payables	10	–	1.3
Interest bearing liabilities	11	450.3	450.3
Provisions		0.4	–
Total non-current liabilities		**450.7**	**451.6**
Total liabilities		**522.2**	**520.2**
Net assets		**1,009.0**	**1,004.4**
Equity			
Equity Holders of Management Trust			
Contributed equity	12	6.3	–
Reserves	13	–	–
Accumulated loss	14	(1.7)	–
Parent entity interest		4.6	–
Equity Holders of Retail Trust			
Contributed equity	12	1,039.1	1,039.1
Reserves	13	4.0	4.0
Accumulated loss	14	(38.7)	(38.7)
Non-controlling interest		**1,004.4**	**1,004.4**
Total equity		**1,009.0**	**1,004.4**

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

Consolidated Statements of Changes in Equity

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

		SCA Property Group						
		Contributed equity[1]	Reserves					
	Notes	$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		–	–	–	–	–	–	–
Net loss after tax for the period		–	–	–	(1.7)	(1.7)	(2.7)	(4.4)
Other comprehensive income for the period, net of tax		–	–	–	–	–	4.0	4.0
Total comprehensive income/(loss) for the period		–	–	–	(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**

		Retail Trust				
		Contributed equity[1]	Reserves		Accumulated profit/(loss)	Total
	Notes	$m	Cash flow hedge $m	Foreign currency translation $m	$m	$m
Opening balance		–	–	–	–	–
Net loss after tax for the period		–	–	–	(2.7)	(2.7)
Other comprehensive income for the period, net of tax		–	0.4	3.6	–	4.0
Total comprehensive income/(loss) for the period		**–**	**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**

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

1 Contributed equity is net of equity raising costs

Consolidated Statements of Cash Flows

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

	Notes	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Cash flows from operating activities			
Property and other income received (inclusive of GST)		68.4	68.3
Property expenses paid (inclusive of GST)		(18.5)	(18.7)
Corporate costs paid (inclusive of GST)		(2.6)	(3.6)
Rental guarantee income received		5.1	5.1
Interest received		0.2	0.2
Finance costs paid		(10.2)	(10.2)
Transaction costs paid		(34.0)	(34.0)
Responsible Entity fees paid		–	(0.2)
Taxes paid		(0.7)	(0.7)
Net cash flow from operating activities	**15**	**7.7**	**6.2**
Cash flows from investing activities			
Payments for investment properties purchased		(949.5)	(952.6)
Payments for plant and equipment		(0.2)	–
Rental guarantee on investment properties purchased		(22.8)	(22.8)
Loans made to stapled entity		–	(1.3)
Net cash flow from investing activities		**(972.5)**	**(976.7)**
Cash flow from financing activities			
Proceeds from equity raisings		562.2	558.9
Costs associated with equity raisings		(26.5)	(26.4)
Net proceeds from borrowings		444.5	444.5
Net cash flow from financing activities		**980.2**	**977.0**
Net increase in cash and cash equivalents held		15.4	6.5
Cash and cash equivalents at the beginning of the year		–	–
Effects of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at the end of the period		**15.4**	**6.5**

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

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Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

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. At the time that the stapled group was formed, there were no assets or liabilities in the Group, therefore no further disclosures under AASB3 Business Combinations are required.

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 for the period from 3 October 2012 to 30 June 2013 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 for the period from 3 October 2012 to 30 June 2013 comprise the consolidated Financial Statements of the Retail Trust and its controlled entities.

The Group obtained relief from ASIC on 19 November 2012 from preparing half-year financial statements for the period to 31 December 2012.

The Directors of the Responsible Entity have authorised the Financial Report for issue on 28 August 2013.

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. The Group and Retail Trust have the ability to drawdown funds to pay the distribution on 28 August 2013, having available headroom on the Group's facilities of $107.8 million.

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 statements are general purpose financial reports, which have been prepared in accordance with Australian Accounting Standards (AASBs) and other pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Interpretations and the *Corporations Act 2001*. The Financial Statements comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

ii. New and amended accounting standards and interpretations

The Group has applied amendments to AASB 101 Presentation of Financial Statements as detailed in AASB 201-9 Amendments to Australia Accounting Standards – Presentation of Items of Other Comprehensive Income (effective for annual reporting periods beginning on or after 1 July 2012). This amendment only impacted disclosure and also introduced new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss or other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive section: (a) items that will not be reclassified subsequently to profit or loss, and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of comprehensive income either before tax or net of tax. The amendments have been applied from the start of the period, and hence the presentation of items of other comprehensive income reflects the application of the amendments to AASB 101. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Additionally the Group has applied the amendments to AASB 112 *Income Taxes as detailed in AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective for annual reporting periods beginning on or after 1 January 2012 from the start of the period. Under these amendments, investment properties that are measured using the fair value model in accordance with AASB 140 'Investment Property' are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted. Under Australian income tax legislation the Retail Trust is treated as the owner of the Group's investment properties. Additionally under current Australian income tax legislation, the 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. Therefore, while the Group has applied the amendments to AASB 112, the application of these amendments has not resulted in recognition of any deferred taxes on changes in fair value of the investment properties, as the Group is not expected to be subject to any income taxes on disposal of its investment properties.

There are also certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ended 30 June 2013. The Responsible Entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments*

AASB 9 deals with the classification and measurement of financial assets and liabilities.

It applies to annual reporting periods beginning on or after 1 January 2015 with earlier application permitted.

AASB 9 key requirements are described as follows:

– AASB 9 requires all recognised financial assets that are within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under AASB 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, AASB 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under AASB 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Group intends to adopt AASB 9 from and including the annual reporting period ended 30 June 2014. The Group anticipates that the application of AASB 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9, as it will require completion of a detailed review.

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 *Separate Financial Statements (2011)*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*, AASB 128 *Investments in Associates and Joint Ventures (2011)*

AASB 10 replaces the guidance on control and consolidation in AASB 127: *Consolidated and Separate Financial Statements*, and Interpretation 112 *Consolidation – Special Purpose Entities*.

It applies to annual reporting periods beginning on or after 1 January 2013 with earlier application permitted.

Under AASB 10, the core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships.

The Group intends to adopt AASB 10 from and including the reporting period ended 30 June 2014. The Group does not expect there to be any material impact upon adoption of AASB 10.

The other standards (AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 *Separate Financial Statements* (2011), AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*, AASB 128 *Investments in Associates and Joint Ventures (2011)*) also apply to annual reporting periods ended on or after 1 January 2013 with earlier adoption permitted. The Group intends to adopt the other standards from and including the reporting period ended 30 June 2014. The Group does not expect there to be any material impact upon adoption of the other standards.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 12*

AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.

It applies to annual reporting periods beginning on or after 1 January 2013 with earlier application permitted.

AASB 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements

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in AASB 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under AASB 7 '*Financial Instruments: Disclosures*' will be extended by AASB 13 to cover all assets and liabilities within its scope.

The Group intends to adopt AASB 13 from and including the reporting period ended 30 June 2014. The Group expects that the application of the new Standard will result in more extensive disclosures in the financial statements and may affect the amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 13 as it will be dependent on a number of matters at the time of adoption including market discount rates at the time and/or credit risk at that time.

Other standards and interpretations issued and not yet adopted

There are a number of other new and amended Accounting Standards and interpretations that are not mandatory for the current reporting period. These Accounting Standards and interpretations are below:

AASB 119 *Employee Benefits (2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011)* (effective for annual reporting periods beginning on or after 1 January 2013)

The amendments to AASB 119 change the accounting for defined benefit plans and termination benefits. The reported results and position of the group are not expected to change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption may, however, result in changes to information currently disclosed in the financial statements.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective for annual reporting periods beginning on or after 1 July 2013)

The amendments from AASB 2011-4 remove the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. The Group intends to adopt the amendments from AASB 2011-4 for the annual reporting period ending 30 June 2014. The reported results and position of the group are not expected to change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption may, however, result in changes to information currently disclosed in the financial statements.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments to AASB 7) (effective for annual reporting periods beginning on or after 1 January 2013) and AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (Amendments to AASB 132) (effective for annual reporting periods beginning on or after 1 January 2014)

AASB 2012-2 and AASB 2012-3 do not change the current offsetting rules in AASB 132, but they increase the required disclosure and specify other details such as the time at which the right of set-off must be available and must not be contingent on a future event and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. The Group intends to adopt the amendments from AASB 2012-2 and AASB 2012-3 for the annual reporting periods ending 30 June 2014 and 30 June 2015 respectively. The potential impact of these Standards has not yet been fully determined.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 2012-5 amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. The Group intends to adopt the amendments from AASB 2012-2 for the annual reporting period ending 30 June 2014. The potential impact of these Standards has not yet been fully determined.

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 2012-10 provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period. The Group intends to adopt the amendments from AASB 2012-2 for the annual reporting period ending 30 June 2014. The potential impact of these Standards has not yet been fully determined.

(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 2013. 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 the 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 2013.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies.

Where an entity began or ceased to be a controlled entity during the reporting periods, the results are included 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.

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(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 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 or 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 period, 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 remedied 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 at balance date 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 substantially enacted at the balance 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.

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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, presentation currency for the consolidated financial statements.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling 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 exchange rates ruling at balance date and the income statements 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 Group. The net unwinding of the financial asset over the period of the 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 diminution 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 fitout, 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.

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(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

The liability for employee benefits for wages, salaries, bonuses and annual leave is accrued to reporting date based on the Group's present obligation to pay resulting from the employees' services provided. The liability for employee benefits for long service leave is provided to reporting date based on the present values of the estimated future cash flows to be paid by the Group resulting from the employees' services provided.

(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. Derivative financial instruments are recognised initially at fair value and remeasured at fair value at each reporting date.

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.

The Group designates 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.

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. 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.

(t) Contributed equity

Issued and paid up capital is recognised in 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.

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(w) Comparatives

These are no comparatives, as this is the first financial reporting period of the Group.

(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.

Key judgement
In determining the parent entity of the Shopping Centre Australasia Property Group, the directors have considered various factors, including asset ownership, debt ownership, 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.

Refer to Note 2(m) for disclosures of key assumptions and estimates relating to investment property.

3. Distributions paid and payable

	Distribution cents per unit	Total amount $m	Tax deferred %	CGT concession amount %	Taxable %
SCA Property Group					
Distribution in respect of the period	5.6	36.0	47.3	–	52.7
Retail Trust					
Distribution in respect of the period	5.6	36.0	47.3	–	52.7

The distribution for the period was declared prior to 30 June 2013 and will be paid on 28 August 2013.

4. Earnings per unit

	SCA Property Group 30 June 2013	Retail Trust 30 June 2013
Per stapled unit		
Net loss after tax for the period ($ million)	(4.4)	(2.7)
Weighted average number of units (millions)	588.6	588.6
Basic and diluted earnings per unit for net loss after tax (cents)	(0.7)	(0.5)
	Management Trust	**Retail Trust**
Per unit of each Trust		
Net loss after tax for the period ($ million)	(1.7)	(2.7)
Weighted average number of units (millions)	588.6	588.6
Basic and diluted earnings per unit for net loss after tax (cents)	(0.2)	(0.5)

5. Transaction and establishment costs

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Stamp duty and registration costs	23.2	23.2
Advisers' and consultants' fees	13.8	13.8
ASX listing costs	0.2	0.2
	37.2	**37.2**

These costs relate to the establishment of Shopping Centres Australasia Property Group in December 2012.

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6. Taxation

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Current tax	(1.3)	(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 loss before tax for the period	(3.1)	(1.4)
Prima facie tax benefit at 30%	0.9	0.4
Effect of expenses that are not deductible in determining taxable profit	(1.9)	(1.4)
Withholding tax paid on interest from New Zealand	(0.3)	(0.3)
	(1.3)	**(1.3)**

7. Receivables

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Current		
Rental receivable	3.9	3.9
Provision for doubtful debts	(0.3)	(0.3)
	3.6	**3.6**
Rental guarantee invoiced and receivable	2.3	2.3
Site access fee receivable	0.8	0.8
Other receivables	1.6	1.5
Receivables due from related parties	–	2.5
Total receivables	**8.3**	**10.7**
Rental guarantee	12.1	12.1
Non-current		
Rental guarantee	4.4	4.4

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

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Ageing of rental receivable[1]		
Current	2.7	2.7
30 days	0.4	0.4
60 days	0.2	0.2
90 days	0.3	0.3
120 days	0.3	0.3
Rental receivable	**3.9**	**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 rental receivables included in ageing above.

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8. Derivative financial instruments

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Non-current assets		
Interest rate swap contracts	2.3	2.3
Current liabilities		
Interest rate swap contracts	2.0	2.0

All of the interest rates swaps disclosed above have been designated as cash flow hedges.

9. Investment properties

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

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Movement in total investment properties		
Balance at the beginning of the period	–	–
Acquisitions	1,434.9	1,434.9
Expenditure on properties under construction completed	29.3	29.3
Accrual for works on properties under construction	13.5	13.5
Additions, including tenant incentives, leasing fees and straight lining net of amortisation	4.4	4.4
Unrealised loss on property valuations	(3.6)	(3.6)
Effect of foreign currency exchange differences	9.4	9.4
Balance at the end of the period	1,487.9	1,487.9

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Description	Acquisition Date	Cost including all additions[1] $m	Independent valuation Date	Independent valuer	Independent cap rate[2] %	Independent valuation amount $m	Book value 30 June 2013 $m
Completed portfolio							
Australian assets							
Berala, NSW	Dec 2012	18.8	Jun 2013	Cushman	8.00	18.5	18.5
Burwood DM, NSW	Dec 2012	7.3	Dec 2012	Cushman	7.25	7.3	7.3
Cabarita, NSW	Dec 2012	14.9	Jun 2013	Savills	9.00	14.9	14.9
Cardiff, NSW	Dec 2012	16.0	Jun 2013	Cushman	8.25	16.2	16.2
Culburra Beach, NSW	Dec 2012	5.3	Dec 2012	Cushman	8.75	5.3	5.3
Fairfield, NSW	Dec 2012	16.0	Jun 2013	Cushman	7.50	16.2	16.2
Goonellabah, NSW	Dec 2012	15.9	Dec 2012	Cushman	8.50	16.0	16.0
Griffith North, NSW	Dec 2012	7.8	Dec 2012	Cushman	7.50	7.8	7.8
Inverell Big W, NSW	Dec 2012	15.5	Dec 2012	Cushman	10.00	15.5	15.5
Katoomba DM, NSW	Dec 2012	5.8	Dec 2012	Cushman	7.50	5.8	5.8
Lane Cove, NSW	Dec 2012	38.0	Dec 2012	Cushman	7.25	38.3	38.3
Leura, NSW	Dec 2012	12.5	Dec 2012	Cushman	8.25	12.5	12.5
Lismore, NSW	Dec 2012	23.4	Dec 2012	Cushman	8.75	23.6	23.6
Macksville, NSW	Dec 2012	9.2	Dec 2012	Cushman	8.50	9.2	9.2
Merimbula, NSW	Dec 2012	13.4	Dec 2012	Cushman	8.75	13.5	13.5
Mittagong Village, NSW	Dec 2012	7.8	Jun 2013	Cushman	8.00	7.8	7.8
Moama Marketplace, NSW	Dec 2012	11.0	Dec 2012	Savills	8.50	11.0	11.0
Morisset, NSW	Dec 2012	14.0	Dec 2012	Cushman	8.75	14.0	14.0
Mullumbimby, NSW	Dec 2012	9.0	Dec 2012	Cushman	7.50	9.0	9.0
North Orange, NSW	Dec 2012	24.2	Jun 2013	Cushman	8.00	24.5	24.5
Swansea, NSW	Dec 2012	10.7	Dec 2012	Cushman	8.50	10.7	10.7
Ulladulla, NSW	Dec 2012	14.7	Dec 2012	Cushman	8.50	14.7	14.7
West Dubbo, NSW	Dec 2012	11.9	Dec 2012	Cushman	8.75	12.0	12.0
Ayr, QLD	Jun 2013	19.9	Jun 2013	M3	8.00	18.7	18.7
Brookwater, QLD	Dec 2012	25.3	Jun 2013	Savills	8.50	25.2	25.2
Carrara, QLD	Dec 2012	14.7	Dec 2012	Savills	8.25	14.7	14.7
Central Highlands, QLD	Dec 2012	58.6	Dec 2012	Savills	7.75	58.5	58.5
Chancellor Park Marketplace, QLD	Dec 2012	25.6	Dec 2012	Savills	8.50	25.6	25.6
Collingwood Park, QLD	Dec 2012	11.5	Dec 2012	Savills	9.00	11.5	11.5
Coorparoo, QLD	Dec 2012	21.1	Dec 2012	Savills	7.75	21.2	21.2

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Description	Acquisition Date	Cost including all additions[1] $m	Independent valuation Date	Independent valuer	Independent cap rate[2] %	Independent valuation amount $m	Book value 30 June 2013 $m
Gladstone, QLD	Dec 2012	24.0	Dec 2012	Savills	8.00	24.0	24.0
Mackay, QLD	Dec 2012	20.5	Jun 2013	Savills	8.00	20.0	20.0
Mission Beach, QLD	Dec 2012	9.1	Dec 2012	Savills	9.50	9.2	9.2
Woodford, QLD	Dec 2012	8.5	Dec 2012	Savills	9.50	8.6	8.6
Blakes Crossing, SA	Dec 2012	19.8	Dec 2012	Savills	8.50	19.9	19.9
Mt Gambier, SA	Dec 2012	67.1	Jun 2013	Savills	7.94	67.5	67.5
Murray Bridge, SA	Dec 2012	57.9	Dec 2012	Cushman	8.25	58.0	58.0
Walkerville, SA	Dec 2012	19.5	Jun 2013	Savills	7.75	19.5	19.5
Albury, VIC	Dec 2012	17.5	Dec 2012	Savills	8.25	17.7	17.7
Ballarat, VIC	Jun 2013	21.4	Jun 2013	Savills	7.50	20.0	20.0
Bright, VIC	Dec 2012	8.9	Dec 2012	Savills	7.50	9.0	9.0
Cowes, VIC	Dec 2012	16.7	Dec 2012	Savills	8.25	16.8	16.8
Drouin, VIC	Jun 2013	13.1	Jun 2013	Savills	8.00	12.3	12.3
Emerald Park, VIC	Dec 2012	11.4	June 2013	Savills	6.75	11.3	11.3
Epping North, VIC	Dec 2012	20.4	Dec 2012	Savills	7.75	20.5	20.5
Highett, VIC	Dec 2012	24.0	Jun 2013	Savills	7.75	23.7	23.7
Langwarrin, VIC	Jun 2013	18.3	Jun 2013	Savills	7.75	17.2	17.2
Maffra, VIC	Dec 2012	9.3	Dec 2012	Savills	7.00	9.3	9.3
Mildura, VIC	Dec 2012	23.1	Dec 2012	Savills	8.00	23.0	23.0
Ocean Grove, VIC	Jun 2013	31.8	Jun 2013	Savills	7.50	29.9	29.9
Pakenham, VIC	Dec 2012	68.2	Dec 2012	Savills	7.50	68.0	68.0
Warrnambool, VIC	Dec 2012	11.0	Jun 2013	Savills	8.25	11.1	11.1
Warrnambool DM, VIC	Dec 2012	5.7	Jun 2013	Savills	6.75	5.7	5.7
Warrnambool Target, VIC	Jun 2013	20.7	Jun 2013	Savills	8.00	19.5	19.5
Wyndham Vale, VIC	Jun 2013	19.4	Jun 2013	Savills	8.00	18.2	18.2
Busselton, WA	Dec 2012	18.2	Dec 2012	Savills	8.50	18.2	18.2
Kwinana Marketplace, WA	Dec 2012	85.5	Jun 2013	Savills	8.25	88.0	88.0
Margaret River, WA	Dec 2012	20.7	Jun 2013	Savills	8.25	20.7	20.7
Treendale, WA	Dec 2012	22.4	Jun 2013	Savills	8.25	24.0	24.0
Total Australian assets		**1,213.9**				**1,210.5**	**1,210.5**

1 This amount includes transaction costs.

2 Capitalisation rate is calculated by dividing the projected Net Operating Income of the property by the independent valuation amount of the property, excluding costs of acquisition and fees.

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Description	Acquisition Date	Cost including all additions[1] $m	Independent valuation Date	Independent valuer	Independent cap rate[2] %	Independent valuation amount $m	Book value 30 June 2013 $m
New Zealand assets							
Bridge Street, NZ	May 2013	12.4	Jun 2013	Colliers	7.63	12.5	12.5
Dunedin South, NZ	Dec 2012	12.7	Dec 2012	Colliers	8.25	12.7	12.7
Hornby, NZ	Dec 2012	12.7	Dec 2012	Colliers	8.25	12.7	12.7
Kelvin Grove, NZ	Dec 2012	9.1	Dec 2012	Colliers	8.00	9.1	9.1
Kerikeri, NZ	Dec 2012	12.2	Dec 2012	Colliers	8.13	12.2	12.2
Nelson South, NZ	Dec 2012	8.1	Dec 2012	Colliers	8.23	8.1	8.1
Newtown, NZ	Dec 2012	17.4	Jun 2013	Colliers	7.25	17.5	17.5
Rangiori East, NZ	Dec 2012	10.3	Dec 2012	Colliers	8.13	10.3	10.3
Rolleston, NZ	Dec 2012	11.0	Dec 2012	Colliers	8.25	11.0	11.0
Stoddard Rd, NZ	Feb 2013	16.3	Jun 2013	Colliers	7.50	16.4	16.4
Takanini, NZ	Dec 2012	25.6	Dec 2012	Colliers	8.00	25.6	25.6
Tawa, NZ	Mar 2013	12.5	Jun 2013	Colliers	7.50	12.0	12.0
Warkworth, NZ	Dec 2012	14.1	Dec 2012	Colliers	8.00	14.1	14.1
Total New Zealand assets		**174.4**				**174.2**	**174.2**
Total completed portfolio		**1,388.3**				**1,384.7**	**1,384.7**
Less amounts classified as rental guarantee[3]							(12.9)
Investment properties							**1,371.8**

1 This amount includes transaction costs.

2 Capitalisation rate is calculated by dividing the projected Net Operating Income of the property by the independent valuation amount of the property, excluding costs of acquisition and fees.

Description	Acquisition Date	Cost including all additions $m	Independent valuation Date	Independent valuer	Independent cap rate %	Independent valuation amount $m	Book value 30 June 2013 $m
Development portfolio							
Australian assets							
Greystanes, NSW	Dec 2012	21.9	Dec 2012	Cushman	8.00	38.2	21.8
Katoomba Marketplace, NSW	Dec 2012	23.0	Dec 2012	Cushman	7.50	38.5	23.0
Lilydale Marketplace, VIC	Dec 2012	75.0	Dec 2012	Savills	7.75	80.5	74.9
Total development portfolio		**119.9**				**157.2**	**119.7**
Less amounts classified as rental guarantee[3]							(3.6)
Investment properties under constructions							**116.1**

3 Woolworths Limited has provided a rental guarantee to the Group to cover rent for vacant tenancies as at 11 December 2012 until they are first let for a period of two years from and including 11 December 2012 for all properties in the Completed Portfolio and total rent for all speciality tenancies for properties in the Development portfolio for a period of two years from completion of development of each such property. The net present value of this receivable from Woolworths Limited has been taken up as Rental guarantee on the Balance sheet, refer Note 7.

At 30 June 2013, the key weighted average assumptions used in determining property values are in the table below:

	Freestanding	Neighbourhood Centre	Sub-regional
Capitalisation rate	7.88%	8.13%	7.95%
Occupancy	99.8%	96.1%	95.8%
WALE	17.2 years	14.7 years	14.2 years

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

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10. Trade and other payables

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Current		
Payables and other creditors	18.8	16.5
Accrual for works on properties under construction	13.5	13.5
Income tax payable	0.6	0.6
	32.9	30.6
Non-current		
Payables to related parties	–	1.3

11. Interest bearing liabilities

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Bank loans		
– A$ denominated	349.5	349.5
– NZ$ denominated	103.1	103.1
– Establishment fees	(2.3)	(2.3)
	450.3	**450.3**

The bank loans are multi-use facilities which may be used partially for bank guarantees. Bank loans are carried at amortised costs. The maturity profile in respect of interest bearing liabilities is set out below:

	Weighted average interest rate[1] %	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Due between one and three years (all due December 2015)	5.3	194.0	194.0
Due between three and five years (all due December 2017)	5.1	258.6	258.6
		452.6	**452.6**

1 Includes interest, margin, and line fees only. The total interest rate, including establishment costs and interest rate swaps, is 5.5% in total.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Financing facilities and financing resources		
Committed financing facilities available		
Total financing facilities at the end of the period	550.0	550.0
Less: amounts drawn down	(452.6)	(452.6)
Less: amounts utilised for bank guarantee	(5.0)	(5.0)
	92.4	92.4
Cash and cash equivalents	15.4	6.5
Financing resources available at the end of the period	107.8	98.9
Maturity profile of committed financing facilities		
Due between one and three years (December 2015)	200.0	200.0
Due between three and five years (December 2017)	350.0	350.0
	550.0	**550.0**

The sources of funding are spread over various counterparties to reduce liquidity risk and the terms are negotiated to achieve a balance between capital availability and the cost of debt.

The Group is required to comply with certain financial covenants in respect of the bank loans. 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 to total tangible assets net of cash) does not exceed 50%

(c) Priority indebtedness ratio does not exceed 10% of total tangible assets

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

As at and for the period to 30 June 2013, the Group was in compliance with all of the above financial covenants.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

12. Contributed equity

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Equity	1,071.9	1,065.5
Issue costs	(26.5)	(26.4)
	1,045.4	1,039.1
Equity of Management Trust		
Balance at the beginning of the period	–	
Equity issued through Woolworths in-specie distribution	3.1	
Equity raised through initial public offering of stapled units	2.8	
Equity raised through institutional placement in June 2013	0.5	
Issue costs	(0.1)	
Balance at the end of the period	6.3	
Equity of Retail Trust		
Balance at the beginning of the period	–	–
Equity issued through Woolworths in-specie distribution	506.6	506.6
Equity raised through initial public offering of stapled units	469.4	469.4
Equity raised through institutional placement in June 2013	89.5	89.5
Issue costs	(26.4)	(26.4)
Balance at the end of the period	1,039.1	1,039.1
Balance at the end of the period is attributable to unit holders of:		
Shopping Centres Australasia Property Management Trust	6.3	–
Shopping Centres Australasia Property Retail Trust	1,039.1	1,039.1
	1,045.4	1,039.1

Number of units on issue	millions	millions
Balance at the beginning of the period	–	–
Equity issued through Woolworths in-specie distribution	248.2	248.2
Equity raised through initial public offering of stapled units	337.3	337.3
Equity raised through institutional placement in June 2013	56.9	56.9
Balance at the end of the period	642.4	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.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

13. Reserves (net of income tax)

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Cash flow hedge reserve	0.4	0.4
Foreign currency translation reserve	3.6	3.6
Balance at the end of the period	4.0	4.0
Movements in reserves		
Cash flow hedge reserve		
Balance at the beginning of the period	–	–
Effective portion of changes in the fair value of cash flow hedges during the period	0.4	0.4
Balance at the end of the period	0.4	0.4
Foreign currency translation reserve		
Balance at the beginning of the period	–	–
Translation differences arising during the period	3.6	3.6
Balance at the end of the period	3.6	3.6

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.

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 30 June 2013 $m	Retail Trust 30 June 2013 $m
Balance at the beginning of the period	–	–
Net loss for the period	(4.4)	(2.7)
Distributions payable	(36.0)	(36.0)
Balance at the end of the period	(40.4)	(38.7)
Balance at the end of the period is attributable to unit holders of:		
Shopping Centres Australasia Property Management Trust	(1.7)	
Shopping Centres Australasia Property Retail Trust	(38.7)	
	(40.4)	

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

15. Notes to statements of cash flows

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

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Net loss after tax	(4.4)	(2.7)
Net unrealised loss on change in fair value of investment properties	3.6	3.6
Net unrealised gain on change in fair value of financial assets	(0.9)	(0.9)
Amortisation of borrowing costs	0.3	0.3
Straight line lease revenue	(4.2)	(4.2)
Rental guarantee income received	5.1	5.1
Finance costs payable	0.9	0.9
Tax payable	0.6	0.6
Increase in payables	12.4	10.1
Other non-cash items	(0.1)	(0.1)
Increase in receivables	(6.9)	(6.8)
Provisions	1.3	0.3
Net cash flow from operating activities	7.7	6.2

16. Lease commitments

Future minimum rental revenues under non-cancellable operating leases:

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

17. Capital commitments

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

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Within one year	21.2	21.2
Between one and five years	16.3	16.3
	37.5	37.5

The balances above relate to forecasted payments to be made to Woolworths Limited following the completion of the three properties under construction. Lilydale was completed in July 2013. Katoomba Marketplace and Greystanes are expected to be completed in March 2014 and October 2014 respectively.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

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18. Segment reporting

The Group and Retail Trust invests in shopping centres located in Australia and New Zealand and have three asset classes, subregional properties, neighbourhood centres and freestanding properties. The chief decision makers of the Group base their decisions on these segments.

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.

Income and expenses

	Australia			New Zealand		Unallocated	Total
	Subregional $m	Neighbourhood $m	Freestanding $m	Neighbourhood $m	Freestanding $m	$m	$m
Revenue							
Rental income	19.8	31.7	5.9	2.9	4.2	–	64.5
Other property income	2.7	3.2	0.9	–	–	0.2	7.0
	22.5	34.9	6.8	2.9	4.2	0.2	71.5
Expenses							
Property expenses	(7.5)	(8.6)	(0.7)	(0.4)	(0.3)	–	(17.5)
Corporate costs	–	–	–	–	–	(5.9)	(5.9)
	(7.5)	(8.6)	(0.7)	(0.4)	(0.3)	(5.9)	(23.4)
Segment result	15.0	26.3	6.1	2.5	3.9	(5.7)	48.1
Fair value adjustments on investment properties	–	–	–	–	–	(3.6)	(3.6)
Fair value adjustments on financial assets	–	–	–	–	–	0.9	0.9
Transaction costs	–	–	–	–	–	(37.2)	(37.2)
Interest income	–	–	–	–	–	0.2	0.2
Financing costs	–	–	–	–	–	(11.5)	(11.5)
Tax	–	–	–	–	–	(1.3)	(1.3)
Net loss after tax for the period attributable to unitholders	15.0	26.3	6.1	2.5	3.9	(58.2)	(4.4)
Assets and liabilities							
Segment assets	418.5	779.8	139.6	66.6	107.9	18.8	1,531.2
Segment liabilities	15.2	8.3	1.4	0.1	0.1	497.1	522.2
Additions to investment properties	14.8	31.1	1.3	–	–	–	47.2

Notes to the Consolidated Financial Statements

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19. Key management personnel compensation

Details of Key Management Personnel

The following were Key Management Personnel ('KMP') of the Group at any time during the period. It is noted that while the Group commenced trading on 11 December 2012, entities within the Group were formed prior to 11 December 2012. As disclosed in the notes to the Compensation Table below, in certain cases, the compensation was initially made by Woolworths Limited and then reimbursed by the Group to Woolworths Limited after 11 December 2012.

Non-Executive Directors		
Philip Marcus Clark AM	Chairman	Appointed 19 September 2012
James Hodgkinson		Appointed 26 September 2012
Dr Ian Pollard		Appointed 26 September 2012
Philip Redmond		Appointed 26 September 2012
Belinda Robson		Appointed 27 September 2012
Executive Directors		
Anthony Mellowes	Chief Executive Officer	Appointed as Director 2 October 2012 and as Chief Executive Officer 23 November 2012
Kerry Shambly	Chief Financial Officer	Appointed as Director 2 October 2012 and as Chief Financial Officer 23 November 2012 (resigned as Director 19 August 2013)
Senior Executive		
Mark Lamb	General Counsel and Company Secretary	Appointed 26 September 2012

Mark Fleming commenced as CFO on 20 August 2013 and no payments were made to Mr Fleming during the period. The Retail Trust does not have any employees.

Key Management Personnel Compensation

The aggregate compensation made to KMP of the Group is set out below:

	30 June 2013 $
Short-term benefits	2,490,922
Post-employment benefits	153,238
	2,644,160

The remuneration of Directors and key executives is the responsibility of the Chairman of the Board in direct consultation with the People Policy Committee and full Board. The compensation of each of the KMP of the Group is set on the following page.

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	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment			
						Equity-settled			
	Salary & fees $	Bonus[9] $	Non-monetary $	Super-annuation $	$	Units $	Options & rights $	Cash-settled $	Total $
Non-Executive Directors									
Philip Marcus Clark AM[1]	286,539	–	–	12,986	–	–	–	–	299,525
James Hodgkinson[2]	106,846	–	–	8,560	–	–	–	–	115,406
Dr Ian Pollard[3]	106,846	–	–	8,266	–	–	–	–	115,112
Philip Redmond[4]	106,846	–	–	8,266	–	–	–	–	115,112
Belinda Robson[5]	106,385	–	–	8,225	–	–	–	–	114,610
Executive Directors									
Anthony Mellowes[6]	470,974	364,400	–	46,667	–	–	–	–	882,041
Kerry Shambly[7]	320,103	211,838	–	28,883	–	–	–	–	560,824
Senior Executive									
Mark Lamb[8]	313,845	96,300	–	31,385	–	–	–	–	441,530
Total	1,818,384	672,538	–	153,238	–	–	–	–	2,644,160

Notes to KMP

1 Appointed 19 September 2012. Salary & fees includes other compensation of $50,000 in recognition of the additional work required in preparing the Group for listing.

2 Appointed 26 September 2012. Salary & fees includes other compensation of $15,000 in recognition of the additional work required in preparing the Group for listing.

3 Appointed 26 September 2012. Salary & fees includes other compensation of $15,000 in recognition of the additional work required in preparing the Group for listing.

4 Appointed 26 September 2012. Salary & fees includes other compensation of $15,000 in recognition of the additional work required in preparing the Group for listing.

5 Appointed 27 September 2012. Salary & fees includes other compensation of $15,000 in recognition of the additional work required in preparing the Group for listing.

6 Mr Mellowes commenced employment with the Group on 23 November 2012 as Interim Chief Executive Officer (CEO). Effective 1 July 2013 Mr Mellowes was appointed as CEO. Up until, and including 30 June 2013, Mr Mellowes was employed by Woolworths. From 23 November 2012 up until 30 June 2013, the Group reimbursed Woolworths for amounts paid to Mr Mellowes. Amounts in the table above are in respect of the amounts reimbursed for the period 23 November 2012 to 30 June 2013.

7 Ms Shambly commenced employment with the Group on 23 November 2012 as Chief Financial Officer. From 23 November 2012 to 11 December 2012 Ms Shambly was paid by Woolworths. Amounts in the table above are in respect of the amounts reimbursed for the period 23 November 2012 to 30 June 2013.

8 Commenced as Company Secretary 26 September 2012.

9 The amount disclosed for Executives under 'Short-term employee benefits Bonus' are amounts which have been provided and have not been paid. Additionally for Mr Mellowes and Ms Shambly it also includes amounts that may be substituted with an issue of stapled units in the Group in 2015. This will be subject to security holder approval at the 2013 Annual General Meeting. If approval is not given for the issue of stapled units in the Group, the Board has discretion to approve a cash award in lieu of equity. As the 2013 AGM has not occurred, the amounts provided for reflect the estimate of the cash award.

Equity holdings and transactions

The movement during the period in the number of stapled units held, directly, indirectly or beneficially, by KMP, including parties related to them, is as follows:

	Total units held at 11/12/12	Purchased	Sold	Total units held at 30/6/13
Non-Executive Directors				
Philip Marcus Clark AM	–	10,000	–	10,000
James Hodgkinson	274,285	–	–	274,285
Dr Ian Pollard	53,571	–	–	53,571
Philip Redmond	30,700	31,800	–	62,500
Belinda Robson	7,142	–	–	7,142
Executive Directors				
Anthony Mellowes	3,039	–	–	3,039
Kerry Shambly	2,508	–	(92)	2,416
Senior Executives				
Mark Lamb	–	–	–	–

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20. Other related party disclosures

Retail Trust has a short-term receivable of $2,356,631 and $193,013 from Shopping Centres Australasia Property Operations and Shopping Centres Australasia Property Group RE Ltd respectively. Both are wholly owned subsidiaries of Management Trust.

Retail Trust has a non-current receivable of $65,497 from Management Trust.

Retail Trust also has a non-current payable of $1,253,236 to Management Trust.

These are all non-interest bearing.

21. Parent entity

	Management Trust[1] 30 June 2013 $m	Retail Trust[1] 30 June 2013 $m
Current assets	–	28.3
Non-current assets	6.4	1,489.3
Total assets	6.4	1,517.6
Current liabilities	–	67.5
Non-current liabilities	0.1	451.6
Total liabilities	0.1	519.1
Contributed equity	6.3	1,039.1
Reserves	–	0.4
Accumulated loss	–	(41.0)
Total equity	6.3	998.5
Net loss after tax for the period	–	(5.0)
Other comprehensive income for the period	–	0.4
Total comprehensive income for the period	–	(4.6)
Commitments for the acquisition of property by the parent	–	37.5

1 Head Trusts only.

22. Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest 30 June 2013
Subsidiaries of Shopping Centres Australasia Property Management Trust		
Shopping Centres Australasia Property Operations Pty Ltd	Australia	100%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	100%
Shopping Centres Australasia Property Group RE Ltd	Australia	100%
Shopping Centres Australasia Property Group Trustee NZ Ltd	New Zealand	100%
Shopping Centres Australasia Property Retail Trust	Australia	0%[1]
Subsidiaries of Shopping Centres Australasia Property Retail Trust		
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	99.9%[2]

1 Under AASB3, 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 direct shareholding.

2 The remaining 0.1% is held by Shopping Centres Australasia Property Management Trust.

Notes to the Consolidated Financial Statements

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23. 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 maintain 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 and contributed 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 (i.e. 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, selling assets to reduce debt, adjusting the timing of capital expenditure and through the operation of a Distribution Reinvestment Plan.

The Group's financial covenants are detailed in Note 11.

Management monitor the capital structure through the gearing ratio. The gearing ratio is calculated as finance debt net of cash divided by total tangible assets net of cash. The Group's target gearing range is between 25% and 40%. The gearing ratio at 30 June 2013 was 28.9%.

(b) Financial risk management

The Group's activities expose it to a variety of financial risks, including:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies as approved by the Board.

(i) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations, resulting in a financial loss to the Group.

Sixty-seven percent of the Group's revenue 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.

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 30 June 2013 $m	Retail Trust 30 June 2013 $m
Cash and cash equivalents	15.4	6.5
Receivables	8.3	10.7
Derivative financial instruments	2.3	2.3
Rental guarantee	16.5	16.5
	42.5	**36.0**

At 30 June 2013 there were no significant financial assets that were past due.

(ii) Liquidity risk

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 2013 is 3.6 years.

The following table reflects all contractual maturities of financial liabilities, including principal and estimated interest cash flows, based on conditions existing at balance date. The amounts presented represent the future undiscounted cash flows.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

Non-derivative financial instruments

	SCA Property Group			
	1 year or less $m	1 – 3 years $m	3 – 5 years $m	Total $m
30 June 2013				
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			
	1 year or less $m	1 – 3 years $m	3 – 5 years $m	Total $m
30 June 2013				
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

The following tables show the undiscounted cash flows required to discharge the Group's derivative financial instruments.

Financial instruments

	SCA Property Group			
	1 year or less $m	1 – 3 years $m	3 – 5 years $m	Total $m
30 June 2013				
Interest rate swaps – net settled	(2.0)	0.7	2.2	0.9

	Retail Trust			
	1 year or less $m	1 – 3 years $m	3 – 5 years $m	Total $m
30 June 2013				
Interest rate swaps – net settled	(2.0)	0.7	2.2	0.9

(iii) Market risk

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 functional currency, being Australian dollars. The Group has currency exposure to the New Zealand dollar.

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 period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

The table below reflects balances denominated in NZD at 30 June 2013.

	SCA Property Group 30 June 2013 NZD $m	Retail Trust 30 June 2013 NZD $m
Cash and cash equivalents	1.5	1.5
Receivables	0.2	0.2
Derivative financial instruments	1.2	1.2
Rental guarantee	0.5	0.5
Investment properties	205.1	205.1
Other assets	0.1	0.1
Total assets	**208.6**	**208.6**
Payables	1.4	1.4
Interest bearing liabilities	121.7	121.7
Total liabilities	**123.1**	**123.1**
Net exposure	**85.5**	**85.5**

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 date with all other variables held constant.

	SCA Property Group			
	Profit/loss after tax		Equity	
	Increase $m	Decrease $m	Increase $m	Decrease $m
30 June 2013				
Foreign exchange rates denominated in NZD	(0.2)	0.3	(7.8)	6.4

	Retail Trust			
	Profit/loss after tax		Equity	
	Increase $m	Decrease $m	Increase $m	Decrease $m
30 June 2013				
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'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. These derivatives have been recorded on the Balance Sheet at their fair value in accordance with AASB 139. These derivatives have been designated as cash flow hedges for accounting purposes. As a result, movements in the fair value of these instruments are recognised in equity.

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

The tables below provide a summary of the Group's interest rate risk exposure on interest-bearing liabilities after the effect of the interest rate derivatives.

			SCA Property Group			
			Fixed interest rate			
All figures are in AUDm	Weighted average interest rate (% p.a.)	Floating interest rate $m	1 year or less $m	1 – 3 years $m	3 – 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	3.9	(349.5)	–	–	–	(349.5)
Denominated in NZD	3.5	(103.1)	–	–	–	(103.1)
Total financial liabilities		(452.6)	–	–	–	(452.6)
Total net financial liabilities		(437.2)	–	–	–	(437.2)
Fixed interest rate derivatives						
Denominated in AUD	3.3	–	–	140.0	140.0	280.0
Denominated in NZD	3.1	–	–	37.1	37.1	74.2
Net exposure		**(437.2)**	**–**	**177.1**	**177.1**	**(83.0)**

			Retail Trust			
			Fixed interest rate			
	Weighted average interest rate (% p.a.)	Floating interest rate $m	1 year or less $m	1 – 3 years $m	3 – 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	3.9	(349.5)	–	–	–	(349.5)
Denominated in NZD	3.5	(103.1)	–	–	–	(103.1)
Total financial liabilities		(452.6)	–	–	–	(452.6)
Total net financial liabilities		(446.1)				(446.1)
Fixed interest rate derivatives						
Denominated in AUD	3.3	–	–	140.0	140.0	280.0
Denominated in NZD	3.1	–	–	37.1	37.1	74.2
Net exposure		**(446.1)**	**–**	**177.1**	**177.1**	**(91.9)**

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

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 date had been 100 basis points higher/lower with all other variables held constant.

	SCA Property Group			
	Profit/loss after tax		Equity	
	100bp higher $m	100bp lower $m	100bp higher $m	100bp lower $m
30 June 2013				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)

	Retail Trust			
	Profit/loss after tax		Equity	
	100bp higher $m	100bp lower $m	100bp higher $m	100bp lower $m
30 June 2013				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)

(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 2013.

	SCA Property Group 30 June 2013 $m	Retail Trust 30 June 2013 $m
Assets		
Derivatives that qualify as effective under hedge accounting rules:		
Cash flow hedges	2.3	2.3
Liabilities		
Derivatives that qualify as effective under hedge accounting rules:		
Cash flow hedges	**2.0**	**2.0**

Fair value hierarchy

The table following 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).

Notes to the Consolidated Financial Statements

For the period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

There were no transfers between levels during the period.

	SCA Property Group			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2013				
Financial assets carried at fair value				
Interest rate derivatives	–	2.3	–	2.3
Financial liabilities carried at fair value				
Interest rate derivatives	–	2.0	–	2.0

	Retail Trust			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2013				
Financial assets carried at fair value				
Interest rate derivatives	–	2.3	–	2.3
Financial liabilities carried at fair value				
Interest rate derivatives	–	2.0	–	2.0

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 period from 3 October 2012 to 30 June 2013

The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

24. Auditors' remuneration

	SCA Property Group 30 June 2013 $'000	Retail Trust 30 June 2013 $'000
Audit and review of the financial statements	145.0	145.0
Assurance and compliance services	35.0	35.0
Other	6.0	6.0
Investigative accountants' report and review of forecasts for Initial Public Offering	177.3	177.3
	363.3	**363.3**

The auditor of the Group and all of its subsidiaries is Deloitte Touche Tohmatsu.

25. Establishment of Shopping Centres Australasia Property Group

On 5 October 2012, Woolworths Limited announced a proposal to create Shopping Centres Australasia Property Group via an in-specie distribution to Woolworths shareholders and related offer to investors. It was a condition precedent for the creation of the Shopping Centres Australasia Property Group that it be approved by Woolworths Limited shareholders. This was approved by Woolworths Limited shareholders on 22 November 2012. Shopping Centres Australasia Property Group was listed on the Australian Securities Exchange on 26 November 2012 and commenced trading on 11 December 2012.

Shopping Centres Australasia Property Group acquired 65 neighbourhood, sub-regional and freestanding centres from Woolworths Limited in December 2012. Of these, 56 were completed properties, six were partially completed development properties throughout Australia which have been completed during the period, and a further three properties are still under construction in Australia. In addition, a further three newly completed properties in New Zealand were acquired from Woolworths Limited during the period.

Refer Note 9 for value of investment properties acquired and Note 12 for equity raised in relation to this transaction.

26. Subsequent events

On 25 July 2013 the debt facility for $250 million expiring in December 2017 was increased to $300 million with a July 2018 expiry. The overall debt facilities of the group are now $600 million.

Ms Kerry Shambly resigned as a Director on 19 August 2013. Mr Mark Fleming commenced as CFO on 20 August 2013.

Besides the changes noted above, the Directors of the Responsible Entity are not aware of any other matter since the end of the period 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 periods.

Directors' Declaration

For the period from 3 October 2012 to 30 June 2013
The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012

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 54 to 87 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 2013 and of their performance, for the period from 3 October 2012 to 30 June 2013; 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 2013.

Signed in accordance with a resolution of the Directors:

Philip Marcus Clark AM
Chairman
Sydney

28 August 2013

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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225 George Street
Sydney NSW 2000
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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 report of Shopping Centres Australasia Property Management Trust ("SCA Property Management Trust"), and the accompanying financial report of Shopping Centres Australasia Property Retail Trust ("SCA Property Retail Trust") which comprise the consolidated statements of financial position as at 30 June 2013, 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 period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entities Shopping Centres Australasia Property Group ("the consolidated stapled entity") and SCA Property Retail Trust as set out on pages 54 to 88. 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 period's end or from time to time during the period, including SCA Property Retail Trust and its controlled entities. 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 period's end or from time to time during the period.

Directors' Responsibility for the Financial Report

The directors of 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.

Independent Auditor's Report

Deloitte.

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 SCA Property Management Trust and SCA 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 SCA Property Management Trust 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 2013 and of their performance for the period 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.

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DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 28 August 2013

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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'. As at 30 June 2013, the Group had approximately 130,000 unitholders located in more than 40 countries.

In the short period since listing, the Group's unitholder register has changed significantly, with the initial public offering in December 2012 and institutional placement in June 2013 introducing new global and domestic institutional investors to the company's register. As at 30 June 2013, institutional investors accounted for 54 per cent of the company's register, and included general equities investors as well as property security funds.

Since December 2012, the number of unitholders decreased from more than 400,000 to approximately 130,000. This reduction was mainly retail unitholders that held a less-than-marketable parcel of units (which the ASX defines to be less than $500). Recognising that these holdings can be difficult to trade with respect to the market value of this holding, SCP undertook a small unitholding sale facility, as announced at the time of the Group's listing.

Under the sale facility, unitholders with less than $500 holding could have their units sold by a broker on the ASX and receive the proceeds of the sale brokerage-free. The vast majority of small unitholders participated in this sale facility. A small number of unitholders chose to increase their holding to above the less-than-marketable threshold or retain their small holding. By reducing small unitholdings, SCP expects to lower the ongoing administrative cost of managing those unitholdings.

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

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
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.

Shopping Centres Australasia
Property Group RE Limited
ABN 47 158 809 851