# APPENDIX 4E

Full Year Report
For the year ended 30 June 2015

**Name of Entity:** Shopping Centres Australasia Property Group

Shopping Centres Australasia Property Group comprises Shopping Centres Australasia Property Management Trust ARSN 160 612 626 and Shopping Centres Australasia Property Retail Trust ARSN 160 612 788

**Results for announcement to the market**

| For the year ended | 30 June 2015 | 30 June 2014 | Variance |
|---|---|---|---|
| Revenue from ordinary activities ($m) | 175.8 | 158.4 | 11.0% |
| Profit from ordinary activities after tax attributable to members ($m) | 150.5 | 111.6 | 34.9% |
| Net profit for the year attributable to members ($m) | 150.5 | 111.6 | 34.9% |
| Distributable earnings[1] ($m) | 84.3 | 80.4 | 4.9% |
| Basic earnings per stapled unit (cents) | 22.9 | 17.3 | 32.4% |

**Distributions**

| For the year 1 July 2014 to 30 June 2015 | Record date | Amount per unit | Franked amount per unit |
|---|---|---|---|
| Final distribution | 30 June 2015 | 5.8 cents | 0.0 cents |
| Interim distribution | 31 December 2014 | 5.6 cents | 0.0 cents |

The total distribution per stapled unit is 11.4 cents. The final distribution of 5.8 cents was declared on 18 June 2015 and will be paid on or about 28 August 2015. The interim distribution of 5.6 cents was declared on 18 December 2014 and paid on 30 January 2015.

**Net Tangible Assets**

| For the year ended | 30 June 2015 | 30 June 2014 | Variance |
|---|---|---|---|
| Net tangible asset backing per stapled unit ($ per stapled unit) | 1.77 | 1.64 | 7.9% |

**Notes:**

1. The Group reports net profit attributable to members in accordance with Australian Accounting Standards (AAS). Distributable earnings are a non-AAS measure that represents the Directors' view of underlying earnings from ongoing operating activities for the period, being statutory net profit/loss after tax adjusted to exclude certain items including unrealised gains and losses and non recurring items.

**Details of entities over which control has been gained or lost during the period:**
Refer financial report, note 25.

**Details of any associates and Joint Venture entities required to be disclosed:**
None.

**Accounting standards used by foreign entities**
International Financial Reporting Standards.

**Audit**
The accounts have been audited with an unqualified opinion.

**Distribution Reinvestment Plan (DRP)**
The Group has a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. The DRP applied for the distributions in respect of the interim and final distributions for the year ended 30 June 2015. In accordance with the DRP Rules, this issue price has been calculated as the arithmetic average of the daily volume weighted average price of all sales of Stapled Units sold through a Normal Trade recorded on ASX for the first 10 ASX Trading Days following the business day after the record date, less 1.0% (1.0% being the Board approved DRP discount for this distribution) and rounded to the nearest whole cent.

Each Election Form received by the Registrar will be effective in respect of the first Distribution payment after receipt of the Election Form, provided it is received before 5.00pm (AEST) on the Business Day following the record date for that Distribution.

**Other significant information and commentary on results including a brief explanation of the figures above**
See attached ASX announcement and materials referred to below.

**For all other information required by Appendix 4E including a results commentary, please refer to the following attached documents:**
- Directors' report
- Financial Report
- Results presentation

Mark Lamb
Company Secretary
17 August 2015

# Shopping Centres Australasia Property Group

Financial Report
for the year ended 30 June 2015

Shopping Centres Australasia Property Group comprises
Shopping Centres Australasia Property Management Trust ARSN 160 612 626 and
Shopping Centres Australasia Property Retail Trust ARSN 160 612 788

Shopping Centres Australasia Property Group has been formed by the stapling of the units in two Australian managed investment schemes, Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788). Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603) is the Responsible Entity of both schemes and is incorporated and domiciled in Australia. The registered office of Shopping Centres Australasia Property Group RE Limited is Level 5, 50 Pitt Street, Sydney, New South Wales.

**Directors' Report**

**Auditor's Independence Declaration**

**Consolidated Financial Statements**

Consolidated Statements of Profit or Loss
Consolidated Balance Sheets
Consolidated Statements of Change in Equity
Consolidated Statements of Cash flows

**Notes to the Consolidated Financial Statements**

**Directors' Declaration**

**Independent Auditor's Report**

## Directors' Report

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

The Responsible Entity for the Trusts is Shopping Centres Australasia Property Group RE Limited, which now presents its report together with the Trusts' Financial Reports for the year ended 30 June 2015 and the auditor's report thereon.

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

The Trusts' Financial Report for the year ended 30 June 2015 includes, where required, comparatives to the prior period.

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

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

### Directors

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

**Philip Marcus Clark AM** (appointed 19 September 2012)

Non Executive Director and Chairman

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | Non-Executive Director of Ingenia Communities Group (June 2012 to date) and Chairman and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to date). |
| Special responsibilities and other positions held: | Other Group positions are member of the Nominations Committee.<br><br>Other positions held unrelated to the Group include member of the JP Morgan Australia Advisory Council. Chairman of a number of Government and private Boards. Director of several charitable foundations. |
| Other Experience: | Mr Clark was formerly Managing Partner of the law firm Minter Ellison from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a Director and Head of Corporate with ABN Amro Australia, and prior to that he was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years. |
| Qualifications: | BA, LLB, and MBA (Columbia University). |

**James Hodgkinson OAM** (appointed 26 September 2012)

Non Executive Director

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | None. |
| Special responsibilities and other positions held: | Other Group positions are Chairman of the Nominations Committee, member of the People Committee, and member of the Audit, Risk Management and Compliance Committee.<br><br>Other positions held unrelated to the Group include a Governor of the Cerebral Palsy Alliance Foundation and Chairman of Cerebral Palsy Alliance's New South Wales 20/Twenty Challenge. |
| Other experience: | Formally an Executive Director of the Macquarie Group and a division head within Macquarie's Real Estate Group. Other real estate experience includes a Non-Executive Director of Goodman Group from February 2003 to September 2011. Additionally he has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations. Formerly served as a member of the Advisory Committee of the Macquarie Foundation. |
| Qualifications: | BEcon, CPA, FAPI, and FRICS. |

**Ian Pollard** (appointed 26 September 2012)

Non Executive Director

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | Non-Executive Director and Chairman of Billabong International Limited (October 2012 to date) and Director of Milton Corporation Limited (1998 to date). |
| Special responsibilities and other positions held: | Other Group positions are Chairman of the Audit, Risk Management and Compliance Committee.<br><br>Other positions held unrelated to the Group include chairman of RGA Reinsurance Company of Australia Limited, Director of the Wentworth Group of Concerned Scientists, and an executive coach with Foresight's Global Coaching. Formerly a Director and chairman of a number of listed companies including: Corporate Express Australia (Chairman) (listed until 2010), Just Group (Chairman) (listed until 2008) and DCA Group Limited (Managing Director) (listed until 2006). |
| Other experience: | Dr Pollard has been a company director for over 30 years and an author of a number of books, including three on Corporate Finance. |
| Qualifications: | Actuary and Rhodes Scholar, BA, MA (First Class Honours) (Oxon), DPhil, FIAA, FAICD. |

**Philip Redmond** (appointed 26 September 2012)

Non Executive Director

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | Non-Executive Director Galileo Funds Management Limited the Responsible Entity for Galileo Japan Trust (2006 to date). |
| Special responsibilities and other positions held: | Other Group positions are member of the Audit, Risk Management and Compliance Committee and the People Policy Committee. |
| Other experience: | Mr Redmond has over 30 years of experience in the real estate industry including over five years with AMP's real estate team and over 12 years with the investment bank UBS in various roles including as Managing Director - Head of Real Estate Australasia. |
| Qualifications: | BAppSc (Valuation), MBA (AGSM) and MAICD. |

**Belinda Robson** (appointed 27 September 2012)

Non Executive Director

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | None. |
| Special responsibilities and other positions held: | Other Group positions are Chairman of People Policy Committee and a member of the Nominations Committee.<br><br>Other positions held unrelated to the Group include Non-Executive Director of several Lend Lease Asian Retail Investment Fund's and a Non-Executive director of GPT Funds Management Limited. |
| Other experience: | Mrs Robson is an experienced real estate executive, having worked with Lend Lease for over 20 years in a range of roles including most recently as the Fund Manager of the Australian Prime Property Retail Fund. At Australian Prime Property Retail Fund, Mrs Robson was responsible for portfolio management and the development and implementation of the fund strategy, as well as reporting to the Fund Board and its Investor Advisory Board. |
| Qualifications: | BComm (Honours). |

**Kirstin Ferguson** (appointed 1 January 2015)

Non Executive Director

| | |
|---|---|
| Independent: | Yes. |
| Other listed Directorships held in last 3 years: | CIMIC Group Limited (July 2014 to date) and Dart Energy Limited (November 2012 to March 2013). |
| Special responsibilities and other positions held: | Other Group positions are member of the Audit, Risk Management and Compliance Committee and the People Policy Committee.<br><br>Other positions currently held unrelated to the Group include as a Non-Executive Director of Hyne & Sons Pty Limited (August 2013 to date) and the Queensland Theatre Company (May 2013 to date). |
| Other experience: | Dr Ferguson is an experienced non-executive director on ASX100, ASX200 and private company boards. Dr Ferguson has a PhD in leadership and governance from QUT Business School where she is also an Adjunct Professor. Dr Ferguson was formerly the CEO of a global workplace health and safety organisation, Sentis, and Director Corporate Services at Deacons (now Norton Rose Fulbright). |
| Qualifications: | PhD, LLB (Honours), BA (Honours) and FAICD. |

**Anthony Mellowes** (appointed Director 2 October 2012)

Executive Director and CEO

| | |
|---|---|
| Independent: | No. |
| Other listed Directorships held in last 3 years: | None. |
| Other experience: | Mr Mellowes is an experienced property executive. Prior to joining SCA Property Group as an Executive Director, Mr Mellowes worked at Woolworths Limited from 2002 to 2012 and held a number of senior property related roles including Head of Asset Management and Group Property Operations Manager. Prior to Woolworths Limited, Mr Mellowes worked for Lend Lease Group and Westfield Limited.<br><br>Mr Mellowes was appointed Chief Executive Officer of SCA Property Group on 16 May 2013 after previously acting as interim Chief Executive Officer since the Group's listing on 26 November 2012. Mr Mellowes was a key member of the Woolworths Limited team which created SCA Property Group. |
| Qualifications: | Bachelor of Financial Administration and completion of Macquarie Graduate School of Management's Strategic Management Program. |

**Mark Fleming** (appointed Director 26 May 2015)

Executive Director and CFO

| | |
|---|---|
| Independent: | No. |
| Other listed Directorships held in last 3 years: | None. |
| Other experience: | Mr Fleming worked at Woolworths Limited from 2003 to 2011, firstly as General Manager Corporate Finance, and then as General Manager Supermarket Finance. After Woolworths Limited, Mark was CFO of Treasury Wine Estates from 2011 to 2013. Prior to Woolworths Limited, Mark worked in investment banking at UBS, Goldman Sachs and Bankers Trust.<br>Mr Fleming was appointed Chief Financial Officer of SCA Property Group on 20 August 2013, and as an Executive Director of SCA Property Group on 26 May 2015. |
| Qualifications: | LLB, B.Ec (First Class Honours), CPA |

**Company Secretary**

**Mark Lamb** (appointed 26 September 2012)

General Counsel and Company Secretary

| | |
|---|---|
| Experience: | Mr Lamb is an experienced transaction lawyer with over 20 years experience in the private sector as a Partner of Corrs Chambers Westgarth (and subsequently Herbert Geer) and in the listed sector as General Counsel and Company Secretary of ING Real Estate.<br>Mr Lamb has extensive experience in retail shopping centre developments, acquisitions, sales and major leasing transactions having acted for various REITs and public companies during his career. |
| Qualifications: | LLB. |

## Directors' 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 at 30 June 2014 | Net Movement increase / (decrease)[1] | Number of vested stapled units at date of this report | Number of unvested performance rights at date of this report |
|---|---|---|---|---|
| P Clark AM | 10,000 | 10,000 | 20,000 | - |
| J Hodgkinson | 274,285 | (90,000) | 184,285 | - |
| I Pollard | 103,571 | - | 103,571 | - |
| P Redmond | 62,500 | 5,000 | 67,500 | - |
| B Robson | 7,142 | - | 7,142 | - |
| K Ferguson | - | 10,000 | 10,000 | - |
| A Mellowes | 3,039 | 100,000 | 103,039 | 1,322,771 |
| M Fleming | - | - | - | 390,635 |

[1] All movements in number of stapled units occurred during the year ended 30 June 2015 except for the 100,000 stapled units granted to A Mellowes (in the form of Special Performance Rights) which were awarded in respect of the year ended 30 June 2013 and vested in July 2015.

## Directors' attendance at meetings

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

| Number of meetings held | Number |
|---|---|
| Board of Directors (Board) | 18 |
| Audit, Risk Management and Compliance Committee (ARMCC) | 5 |
| People Policy Committee (People) | 5 |
| Nomination Committee (Nomination) | 6 |

| | Board | | | ARMCC | | | People | | | Nomination | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Director | A | B | C | A | B | C | A | B | C | A | B | C |
| P Clark AM | 15 | 15 | - | - | - | 5 | - | - | 4 | 6 | 6 | - |
| J Hodgkinson | 15 | 14 | - | 5 | 5 | - | 5 | 5 | - | 6 | 6 | - |
| I Pollard | 15 | 15 | - | 5 | 5 | - | - | - | 5 | - | - | 5 |
| P Redmond | 15 | 15 | - | 5 | 5 | - | 5 | 5 | - | - | - | 6 |
| B Robson | 15 | 13 | - | - | - | 3 | 5 | 5 | - | 6 | 6 | - |
| K Ferguson | 8 | 8 | - | 2 | 2 | - | 3 | 3 | - | - | - | 1 |
| A Mellowes | 15 | 15 | - | - | - | 5 | - | - | 5 | - | - | 4 |
| M Fleming | 3 | 3 | 12 | - | - | 5 | - | - | 1 | - | - | 1 |

A: Number of meetings held during the period the Director held office or was a member of the committee during the financial year.

B: Number of meetings attended by the Director during the period the Director was a member of the Board or while a member of the committee during the financial year.

C: Number of meetings attended as a guest. No Executive Director attended the part of a People Policy Committee meeting where their own remuneration was discussed.

## Principal activities

The principal activity of the Group during the year was investment in, and management of, shopping centres in Australia and New Zealand.

## Property portfolio

The investment portfolio as at 30 June 2015 consisted of 82 (30 June 2014: 75) shopping centres in Australia and New Zealand.

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

### Investment properties - acquisitions

During the year the Group completed 8 property acquisitions for $233.1m. Details of these properties include:

| Property | Type | State | Settlement Date | Cost $'m | Value at 30 June 2015 $'m |
|---|---|---|---|---|---|
| Prospect Vale | Neighbourhood | TAS | Aug-14 | 26.8 | 26.8 |
| Claremont | Neighbourhood | TAS | Sep-14 | 27.9 | 30.9 |
| The Markets | Neighbourhood | QLD | Oct-14 | 32.0 | 32.3 |
| Whitsunday | Sub-regional | QLD | Apr-15 | 47.0 | 47.0 |
| Mt Warren Park | Neighbourhood | QLD | Apr-15 | 14.4 | 14.4 |
| Burnie | Neighbourhood | TAS | Jun-15 | 20.0 | 20.0 |
| Glenorchy Central | Neighbourhood | TAS | Jun-15 | 21.0 | 21.0 |
| Meadow Mews | Neighbourhood | TAS | Jun-15 | 44.0 | 44.0 |
| | | | | 233.1 | 236.4 |

Cost excludes transactions costs

Additionally the Group completed its final property under a Development Management Agreement (DMA) and entered into an arrangement to buy another property in 2016. Details of these two properties include:

- **Greystanes (NSW):** Greystanes was acquired by the Group in December 2012 as part of the IPO and was the final property subject to a DMA. Woolworths Limited (Woolworths) commenced trading in the newly developed premises in October 2014. The total price paid for Greystanes was $38.2 million (before transaction costs); of which $21.8 million was paid in December 2012 and $16.4 million was paid on completion. Greystanes has been valued at June 2015 at $44.3 million.

- **Clemton Park (NSW):** In December 2014 the Group agreed to purchase Clemton Park (NSW) on completion of the development via a put and call option arrangement. Under this arrangement in December 2014 SCP paid $2.4 million for the option. On completion of the development of the property SCP will acquire it for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in late calendar year 2016.

**Investment properties - disposals**

The Group sold Margaret River (WA) in April 2015 for $18.0 million. Which was equal to the book value at December 2014. The Group provided a rental guarantee to the purchaser of $1.6 million and the amount of $16.2 million has been recognised as the net disposal proceeds after disposal costs.

**Investment properties - held for sale**

On 22 July 2015 it was announced that the group intended to establish a funds management business initially comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group has identified a number of shopping centre properties that it considers to be "non-core" because they are either freestanding stores or have only one or two specialty stores. SURF 1 will contain 5 of these non-core assets all located in New South Wales, being Woolworths Fairfield, Woolworths Griffith North, Dan Murphy's Burwood, Dan Murphy's Katoomba and Inverell Big W. The Group has signed a conditional sale agreement for these properties to be sold to SCA Unlisted Retail Fund RE Limited as Responsible Entity of SURF 1. These properties are classified for financial reporting purposes as held for sale. Under this contract it is expected SURF 1 will acquire these shopping centre properties for $60.9 million from the Group which is a 14% premium to the Group's book value of these properties at 30 June 2014. SURF 1 is due to close on or before 9 September 2015.

In June 2015 the Group signed a conditional sale agreement for these properties to be sold to SCA Unlisted Retail Fund RE Limited as Responsible Entity of SURF 1 for $60.9 million. These properties are classified for financial reporting purposes as held for sale.

**Australian property**

The total value of Australian completed investment properties as at 30 June 2015 was $1,748.3 million which includes held for sale properties of $60.9 million (30 June 2014: $1,406.7 million and nil respectively).

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

- The acquisition of the properties discussed above under Investment properties – acquisitions, and the completion of Greystanes (also discussed above).

- Firming of the Australian portfolio capitalisation rate by 38bps to 7.48% (30 June 2014: 7.86%) which resulted in a $61.7 million favourable unrealised fair value movement (30 June 2014: $23.1 million).

## New Zealand property

The total value of New Zealand investment properties as at 30 June 2015 was A$208.0 million (30 June 2014: A$210.8 million). The change in value of the New Zealand investment properties was due principally to:

- Favourable unrealised fair value movements of $6.2 million (30 June 2014: $7.0 million).
- Unfavourable unrealised exchange rate movements of $9.0 million (30 June 2014: favourable $17.7 million).

## Summary

| | **30 Jun 2015** | | 30 Jun 2014 | |
|---|---|---|---|---|
| | **Number** | **$m** | Number | $m |
| Investment properties completed including the value of the rent guarantee | | | | |
| - Australia | **63** | **1,687.4** | 60 | 1,406.7 |
| - New Zealand[1] | **14** | **208.0** | 14 | 210.8 |
| | **77** | **1,895.4** | 74 | 1,617.5 |
| Less: value of rental guarantee | **-** | **-** | - | (6.7) |
| Net completed investment property value | **77** | **1,895.4** | 74 | 1,610.8 |
| Add: investment properties under development: Australia | **-** | **-** | 1 | 30.9 |
| Less: value of rental guarantee | **-** | **-** | - | (0.9) |
| Net investment property value under construction: Australia | **-** | **-** | 1 | 30.0 |
| Total net investment properties | **77** | **1,895.4** | 75 | 1,640.8 |
| Investment properties held for sale | **5** | **60.9** | - | - |
| Add: total value of the rent guarantee | **-** | **-** | - | 7.6 |
| Total investment property value including the value of the rental guarantee | **82** | **1,956.3** | 75 | 1,648.4 |

[1] NZD converted to AUD for 30 June 2015 at AUD 1.00 = NZD 1.122 and NZD converted to AUD for 30 June 2014 at AUD 1.00 = NZD 1.074.

## Revaluations

During the year ended 30 June 2015 independent valuations were completed for 33 investment properties, including both Australian and New Zealand investment properties. All of the remaining investment properties were internally valued. The weighted average capitalisation rate as at 30 June 2015 was 7.49% (30 June 2014: 7.83%).

**Woolworths Limited rental guarantee**

The majority of the properties in the portfolio were divested by Woolworths Limited on 11 December 2012. Woolworths Limited provided a rental guarantee to the Group to cover vacant tenancies (including incentives) as at 11 December 2012 until 10 December 2014, or when the vacant tenancy was let, whichever was first.

Development properties purchased from Woolworths Limited also have a rental guarantee under similar terms except the two year period began on completion of development.

As at 30 June 2015 the value of the rental guarantee remaining is insignificant and it has not been reported separately. In prior periods, for financial reporting purposes, the remaining value of the rental guarantee provided by Woolworths Limited, was separately reported from the total property value.

## Operating and financial review

**Operational review**

The Group remains focused on:

- **Specialty tenant management:** this includes maximising specialty occupancy while ensuring that the retail shopping properties secure the right tenant for the right location in order to create a sustainable and long-term tenant mix to optimise the performance of the portfolio.
- **Property management:** this includes appropriate capital expenditure programs to maximise centre sales turnover and centre occupancy.
- **Portfolio management:** this includes the acquisition of suitable properties that will add to the Group's ability to provide a solid income base to support distributions including selective refurbishment to provide an opportunity for greater growth of earnings.
- **Capital management:** investment returns are maximised through prudent and disciplined capital management. This includes consideration of:
    - **Debt management:** Maintaining diversified debt maturity and sources of debt.
    - **Equity management:** Maintaining the ability to raise equity from retail and institutional investors.

### Financial review

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

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| Net profit after tax ($m) | **150.5** | 111.6 | **150.5** | 111.6 |
| Basic earnings per unit for net profit after tax (cents per unit) | **22.9** | 17.3 | **22.9** | 17.3 |
| Diluted earnings per unit for net profit after tax (cents per unit) | **22.8** | 17.3 | **22.8** | 17.3 |
| Distributable earnings ($m) | **84.3** | 80.4 | **84.3** | 80.4 |
| Distributions paid and payable to unitholders ($m) | **78.1** | 71.3 | **78.1** | 71.3 |
| Distributable earnings weighted for units on issue and issued during the year (cents per unit) | **12.8** | 12.4 | **12.8** | 12.4 |
| Distributable earnings based on units on issue at the end of the year (cents per unit) | **11.7** | 12.4 | **11.7** | 12.4 |
| Distributions (cents per unit) | **11.4** | 11.0 | **11.4** | 11.0 |
| Net tangible assets ($ per unit) | **1.77** | 1.64 | **1.77** | 1.64 |

### Measurement of results

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

**Funds from Operations:** In June 2013 the Property Council of Australia (PCA) released a White Paper titled "Voluntary Best Practice Guidelines for Disclosing FFO and AFFO". The White Paper set out principles for determining Property Council Funds from Operations (FFO) and Property Council Adjusted Funds from Operations (AFFO). From 1 July 2014 the Group has measured its non-Australian Accounting Standard performance against both Distributable Earnings and FFO. The Group also reports its AFFO.

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

- **Adjustments for non cash items included in statutory profit**: Non-cash items or other unrealised items included in statutory profit are reversed. This includes straight lining of rental income, amortisation of incentives, and unrealised fair value adjustments on revaluations of properties or other assets or liabilities, derivatives, unrealised foreign exchange gains or losses and other similar items.

- **Other adjustments**: This includes items such as other transaction costs that occur infrequently or are outside the course of ongoing business activities including unsuccessful transaction costs. For the year ended 30 June 2015 this was made up of debt restructure costs of $16.8 million and unsuccessful transaction costs of $0.1 million. The debt restructure costs related to the expensing of unamortised upfront debt fees following the refinancing and cancellation of bilateral debt during the year ($2.2 million) following the repayment of bilateral debt facilities from the proceeds of the US Notes and the costs associated with restructuring the swap book following the A$ medium term note issue during the year ($14.6 million) (refer Capital management section below).

- **Woolworths Limited rental guarantee and structural vacancy allowance:** The amounts received under the Woolworths Limited rent guarantee (refer above for description) are included in Distributable Earnings which effectively results in a fully let income being included in Distributable Earnings. Therefore a notional allowance is made to reduce Distributable Earnings to allow for a normalised vacancy and this reduction is referred to as a structural vacancy allowance. The allowance is reviewed periodically and was set at 4% of the fully leased specialty income up to 10 December 2014. From 11 December 2014 the structural vacancy allowance has been discontinued (as the Woolworths Limited rental guarantee has substantially ended) and as at 30 June 2015 the remaining value of the Woolworths Limited rental guarantee is insignificant and it will not be reported separately in future periods.

The table below provides a reconciliation from the net profit after tax to FFO, Distributable Earnings and AFFO.

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Net profit after tax (statutory)** | **150.5** | 111.6 | **150.5** | 111.6 |
| *Adjustments for non cash items included in statutory profit* | | | | |
| Reverse: Straight-lining of rental income and amortisation of incentives | **(4.4)** | (7.5) | **(4.4)** | (7.5) |
| Reverse: Fair value adjustments | | | | |
| - Investment properties | **(67.9)** | (30.1) | **(67.9)** | (30.1) |
| - Derivatives | **(52.0)** | 0.2 | **(52.0)** | 0.2 |
| - Foreign exchange | **34.7** | - | **34.7** | - |
| - Other financial assets (rent guarantee) | **2.3** | (4.8) | **2.3** | (4.8) |
| *Other Adjustments* | | | | |
| Add: Debt restructure costs | **16.8** | - | **16.8** | - |
| Add: Transaction costs | **0.1** | 0.4 | **0.1** | 0.4 |
| **Funds from Operations** | **80.1** | 69.8 | **80.1** | 69.8 |
| *Other adjustments* | | | | |
| Add: Cash received/ receivable from rental guarantee | **5.4** | 13.0 | **5.4** | 13.0 |
| Less: Structural vacancy allowance | **(1.2)** | (2.4) | **(1.2)** | (2.4) |
| **Distributable Earnings** | **84.3** | 80.4 | **84.3** | 80.4 |
| Less: Maintenance capital expenditure | **(1.0)** | (0.7) | **(1.0)** | (0.7) |
| Less: Incentives (including fit-out incentives) and leasing costs provided | **(9.6)** | (0.3) | **(9.6)** | (0.3) |
| **Adjusted Funds from Operations** | **73.7** | 79.4 | **73.7** | 79.4 |

Distributable earnings for the year ended 30 June 2015 increased from $80.4 million at 30 June 2014 to $84.3 million primarily due to:

- Increased net property income due to the benefit of the income from the acquisition of properties and increased specialty income.
- Lower debt costs from decreased average cost of debt.

## Contributed equity

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

| | SCA Property Group | Retail Trust |
|---|---|---|
| | 30 Jun 2015 | 30 Jun 2015 |
| | $m | $m |
| Opening balance as at 1 July 2014 | 1,081.9 | 1,075.4 |
| Equity issued on 30 January 2015 | 4.1 | 4.1 |
| Equity issued on 9 April 2015 | 62.1 | 61.7 |
| Equity issued on 18 June 2015 | 80.0 | 79.5 |
| Closing balance at 30 June 2015 | 1,228.1 | 1,220.7 |

Equity issued during the year was as follows:

- **January 2015 - Distribution Reinvestment Plan (DRP):** In November 2014 the Group announced the activation of the DRP. The DRP applied to the distribution declared on 17 December 2014 and paid on 30 January 2015. Under this DRP $4.1 million was raised by the issue of 2,211,262 units at a price of $1.85 each.

- **April 2015 - Unitholder Purchase Plan (UPP):** In April 2015 the Group completed a UPP. Under the UPP $62.1 million was raised (excluding issue costs) by the issue of 31,045,000 units at a price of $2.00 each.

- **June 2015 - Equity Placement:** In June 2015 the Group completed an institutional placement. Under the institutional placement $80.0 million was raised (excluding issue costs) by the issue of 39,603,961 units at a price of $2.02 each.

Other activity during the year that involved equity or unitholders was as follows:

- **Closure of on-market buyback:** On 14 February 2014, the Group announced the commencement of an on-market buyback for up to 5% of its issued stapled units (or a maximum of 32.4 million stapled units) at a price of up to the net tangible asset value per unit (which was $1.59 at the date of the announcement). The on-market buyback was closed on 9 February 2015. No units were bought back.

- **Small unitholder sale facility:** In August 2014 the Group announced the small unitholding sale facility. Under this facility eligible holders holding 294 units or less in SCP were able to sell their units at no cost to the individual unitholder. This facility was to assist SCP to better manage its unit registry costs. In October 2014 it was announced that approximately 23,000 unitholders had their units sold and that the number of SCP unitholders was reduced to approximately 85,000 unitholders. While this reduced the number of unitholders, this did not change the number of units on issue. Since the small unitholder sale facility in August 2014 the number of unitholders has further reduced to approximately 80,000 at June 2015. This also did not change the number of units on issue.

## Significant changes and developments during the year

***Property acquisitions and development properties***

During the year ended 30 June 2015 SCP completed its final property under Development Management Agreement (Greystanes) and eight acquisitions (Claremont, Prospect Vale, The Markets, Whitsundays, Mt Warren, Glenorchy Central, Meadow Mews and Burnie Plaza). Details of these have been disclosed above under the "Property Portfolio" section.

Additionally, in December 2014 the Group agreed to purchase Clemton Park (NSW) on completion of the development via a put and call option arrangement. Under this arrangement in December 2014 SCP paid $2.4 million for the option and on completion SCP will acquire the property for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in late calendar year 2016.

***Property disposals***

In April 2015 the Group sold Margaret River (WA).

In June 2015 the Group signed a conditional sale agreement for five non-core properties to be sold to SCA Unlisted Retail Fund RE Limited as Responsible Entity of SCA Unlisted Retail Fund 1 for $60.9 million. The Properties are Burwood DM (NSW), Katoomba DM (NSW), Fairfield (NSW), Inverell (NSW) & Griffith North (NSW).

***Capital management***

**US Notes**

In August 2014 the Group issued unsecured notes with aggregate face value of US$150.0 million and A$50.0 million (equivalent at the date of issue in total to A$209.8 million) to US private investors (US Notes). These US Notes are rated Baa1 by Moody's Investor Services (Moody's).

The maturity profile of the notes is US$100.0 million expiring August 2027, and US$50.0 million and A$50.0 million expiring August 2029. The principal and coupon obligations have been fully economically swapped back to Australian dollars (floating interest rates) through cross currency interest rate swaps.

Under cross currency swap contracts, the Group agrees to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue.

The funds received from the US Notes were used to repay bilateral debt facilities and as a result $2.2 million of unamortised upfront fees associated with repaid facilities were expensed in the current year.

**A$ medium term notes (A$ MTN)**

In April 2015 the Group issued AUD denominated unsecured A$ medium term notes with an aggregate face value of $175.0 million. These notes are fixed rate notes with a coupon of 3.75% and expire in April 2021.

**Interest rate swaps**

As the A$ MTN are fixed rate notes the Group restructured its interest rate swap book by terminating existing Australian fixed interest rate swaps. The cost of terminating the existing swaps was $14.6 million. In April 2015 the Group entered into an additional $175.0 million interest rate swap. This swap expires in May 2018. As at 30 June 2015 65.0% of the Group's floating rate debt was economically hedged (30 June 2014: 85.6%).

**Gearing**

The Group manages its debt by reference to its gearing ratio. Its gearing ratio is determined by: Finance debt, where the US Notes US$ denominated debt is recorded as the A$ amount received and economically hedged in A$, net of cash divided by total tangible assets net of cash and derivatives. As the US Notes USD denominated debt has been fully economically hedged, for this purpose the US Notes US$ denominated debt of US$150.0 million is recognised at its economically hedged value of A$159.8 million. This also results in management gearing being based on a constant currency basis.

The value of the US$ denominated debt of US$150.0 million converted at the prevailing spot rate at 30 June 2015 of 0.7712 was A$194.5 million. The difference of $34.7 million (being the difference between the economically hedged value of $159.8 million and the prevailing spot value of A$194.5 million) has been treated as an unrealised foreign exchange loss.

The Group's target gearing range is within 30% to 40% with a preference to be around 35%. The Group's gearing calculation is below.

The Group maintains a prudent approach to managing the balance sheet with gearing of 33.3% as at 30 June 2015 (30 June 2014: 32.6%).

**Facility limit and undrawn facilities**

As a result of the US Notes, the $A MTN, and the extension of maturity to several of the bilateral debt facilities, the average debt maturity increased from 3.5 years (30 June 2014) to 6.3 years (30 June 2015).

As at 30 June 2015 the US Note and A$ MTN lenders facilities are fully used. The total undrawn bilateral debt and cash available to the Group at 30 June 2015 was $150.4 million (30 June 2014: $56.8 million).

The additional borrowings, on a constant currency basis (refer table above), have been used to primarily fund the property acquisitions listed above and the payment made on completion of the Greystanes development property referred to above (discussed above under the Property portfolio section).

During the year the Group agreed to an extension of maturity and a change in limits to several of its bilateral facilities.

| **Gearing (management)** | **30 Jun 2015 $m** | **30 Jun 2014 $m** |
|---|---|---|
| **Bilateral and A$ notes** | | |
| Unsecured bilateral facilities drawn | **263.3** | 539.1 |
| Unsecured bilateral facilities used for bank guarantee | **10.0** | 5.0 |
| Unsecured A$ medium term notes | **175.0** | - |
| | **448.3** | 544.1 |
| **US Notes** | | |
| US$ denominated notes - USD face value | **150.0** | - |
| Economically hedged exchange rate | **0.9387** | - |
| US$ denominated notes - AUD equivalent | **159.8** | - |
| A$ denominated notes | **50.0** | - |
| Total US Notes | **209.8** | - |
| Total debt used and drawn AU$ equivalent | **658.1** | 544.1 |
| Less: cash and cash equivilents | **(3.7)** | (0.9) |
| **Net debt for gearing** | **654.4** | 543.2 |
| Total Assets | **2,021.0** | 1,672.9 |
| Less: cash and cash equivilents | **(3.7)** | (0.9) |
| Less: derivative value included in total assets | **(49.9)** | (3.2) |
| **Net total assets for gearing** | **1,967.4** | 1,668.8 |
| **Gearing (management)** | **33.3%** | 32.6% |

## Major Business Risk Profile

| Risk | Description | Mitigation |
|---|---|---|
| Tenant concentration risk | Financial decline in the credit quality of a significant tenant without a replacement tenant of similar credit quality being obtained. Any material deterioration in the Woolworths Limited retailing operations may result in Woolworths not meeting its lease obligations which could reduce the income of the Group. | The anchor tenant is Woolworths Limited. Woolworths Limited leases account for approximately 54% of the income of the Group.<br><br>Woolworths Limited is currently rated A- by Standard & Poor's. |
| Property Valuations | Property valuations decrease causing potential breach of financing covenants. | Monitor market sales activity and increase net income to maintain values and manage a level of gearing to maintain sufficient covenant headroom. |
| Availability of debt funding | A shortage of funding can impact the Group's ability to refinance and may limit the ability to grow as a shortage of debt would limit the ability to invest in new or existing properties and may require properties to be sold. | This risk is mitigated by the Group continuing to diversify sources of financing, staggering debt maturities across multiple years with no large debt maturity in any one year, and by the Group managing its debt levels within its target gearing range, while acknowledging that gearing may vary from time to time.<br><br>The Group sources debt from 4 different major Australian banks, US Private Placement and Medium Term Notes. The Group has staggered debt maturity with the earliest debt maturity being $175 million in mid financial year 2018. |
| Interest Rates | Interest rates increase over time causing earnings to decline. | Hedging policy and strategy in place, under which the Group expects it will continue to maintain a reasonable level of hedging. Floating rate debt is 65% hedged at 30 June 2015 (30 June 2014: 86%). |
| Foreign Exchange | Value of assets and liabilities denominated in foreign currencies change as foreign exchange rates change. | All USD exposure arising from the US Notes is fully economically hedged.<br><br>NZD exposure arising from the ownership of NZ shopping centres is naturally hedged to over 55% of asset value by drawing bank debt in NZD. |
| Derivatives | Movements in financial markets cause change in derivatives impacting on net tangible assets and Profit. | Derivatives are only used for hedging and not for trading purposes. |
| General Economic - Retail Spending | Retail spending decline causing tenants to default on lease payments and underlying lease rentals decline on renewal or replacement. | Maintain bias towards non-discretionary retail spend which is generally considered more defensive in nature and therefore less exposed to a general decline in retail spend. |

## Business strategies and prospects for future financial years

The Group's core strategy is to invest in, manage, and develop, a geographically diverse portfolio of quality neighbourhood and sub-regional retail assets, anchored by long-term leases to quality tenants with a strong bias towards the non-discretionary retail sector.

The Group is focused on achieving growing and resilient cash flows from non-discretionary and defensive retailing sectors. This is to support, secure, and grow distributions to the Group's unitholders. It intends to achieve this by:

- Maximising the net operating income from its existing properties. This will include increasing the average rent per square metre from specialty tenants over time.
- Pursuing selected property refurbishment, development and acquisition opportunities, consistent with its core strategy.
- Maintaining an appropriate capital structure to balance cost of capital and risk profile.
- Diversifying and developing other sustainable income streams such as from funds management. The first managed fund has been announced – refer subsequent events.

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

## Environmental regulations

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

## Indemnification and insurance of Directors, Officers and Auditor

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

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

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

## 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 22.

## 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 28 of the Financial Reports.

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

The Directors are of the opinion that the services disclosed in note 28 of the Financial Report do not compromise the external auditor's independence, based on the following reasons:

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

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

## Subsequent events

On 22 July 2015 it was announced that the group intended to establish a funds management business initially comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group has identified a number of shopping centre properties that it considers to be "non-core" because they are either freestanding stores or have only one or two specialty stores. SURF 1 will contain 5 of these non-core assets all located in New South Wales, being Woolworths Fairfield, Woolworths Griffith North, Dan Murphy's Burwood, Dan Murphy's Katoomba and Inverell Big W. The Group has signed a conditional sale agreement for these properties to be sold to SCA Unlisted Retail Fund RE Limited as Responsible Entity of SURF 1. Under this contract it is expected SURF 1 will acquire these shopping centre properties for $60.9 million from the Group which is a 14% premium to the Group's book value of these properties at 30 June 2014. SURF 1 is due to close on or before 9 September 2015.

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

## Rounding of amounts

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

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

Chairman
Sydney
17 August 2015

Deloitte.

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

17 August 2015

Dear Board Members

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

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

As lead audit partner for the audit of the financial statements of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust for the year ended 30 June 2015, 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

AG Collinson
Partner
Chartered Accountants

# Consolidated Statements of Profit or Loss

For the year ended 30 June 2015

| | | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|---|
| | Notes | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | | **$m** | $m | **$m** | $m |
| **Revenue** | | | | | |
| Rental income | | **175.3** | 155.0 | **175.3** | 155.0 |
| Other property income | | **0.5** | 3.4 | **0.5** | 3.4 |
| | | **175.8** | 158.4 | **175.8** | 158.4 |
| **Expenses** | | | | | |
| Property expenses | | **(48.2)** | (41.7) | **(48.2)** | (41.7) |
| Corporate costs | | **(11.2)** | (10.9) | **(11.2)** | (10.9) |
| | | **116.4** | 105.8 | **116.4** | 105.8 |
| Unrealised gain/(loss) including change in fair value through profit or loss | | | | | |
| - Investment properties | 11 | **67.9** | 30.1 | **67.9** | 30.1 |
| - Derivatives | | **52.0** | (0.2) | **52.0** | (0.2) |
| - Financial assets | | **(2.3)** | 4.8 | **(2.3)** | 4.8 |
| - Foreign exchange | | **(34.7)** | - | **(34.7)** | - |
| Transaction costs | 5 | **(0.1)** | (0.4) | **(0.1)** | (0.4) |
| **Earnings before interest and tax (EBIT)** | | **199.2** | 140.1 | **199.2** | 140.1 |
| Interest income | | **0.3** | 0.3 | **0.3** | 0.3 |
| Finance costs | 6 | **(46.7)** | (26.4) | **(46.7)** | (26.4) |
| **Net profit before tax** | | **152.8** | 114.0 | **152.8** | 114.0 |
| Tax | 7 | **(2.3)** | (2.4) | **(2.3)** | (2.4) |
| **Net profit after tax** | | **150.5** | 111.6 | **150.5** | 111.6 |
| **Net profit after tax attributable to unitholders of:** | | | | | |
| SCA Property Management Trust | | **-** | - | | |
| SCA Property Retail Trust (non-controlling interest) | | **150.5** | 111.6 | | |
| | | **150.5** | 111.6 | | |

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

| | Notes | SCA Property Group 30 Jun 2015 Cents | SCA Property Group 30 Jun 2014 Cents | Retail Trust 30 Jun 2015 Cents | Retail Trust 30 Jun 2014 Cents |
|---|---|---|---|---|---|
| **Distributions per stapled unit** | | | | | |
| Distributions per unit | 3 | **11.4** | 11.0 | **11.4** | 11.0 |
| **Basic earnings per stapled unit** | 4 | **22.9** | 17.3 | **22.9** | 17.3 |
| **Diluted earnings per stapled unit** | 4 | **22.8** | 17.3 | **22.8** | 17.3 |
| **Basic earnings per unit of each Trust** | | | | | |
| SCA Property Management Trust | 4 | **-** | - | | |
| SCA Property Retail Trust | 4 | **22.9** | 17.3 | | |
| **Diluted earnings per unit of each Trust** | | | | | |
| SCA Property Management Trust | 4 | **-** | - | | |
| SCA Property Retail Trust | 4 | **22.8** | 17.3 | | |

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

| | Notes | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|---|
| | | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | | **$m** | $m | **$m** | $m |
| **Net profit after tax for the year** | | **150.5** | 111.6 | **150.5** | 111.6 |
| **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 | 15 | **(7.2)** | 7.4 | **(7.2)** | 7.4 |
| Cash flow hedges: | | | | | |
| Effective portion of changes in fair value of cash flow hedges | 15 | **1.0** | (1.4) | **1.0** | (1.4) |
| **Total comprehensive income** | | **144.3** | 117.6 | **144.3** | 117.6 |
| Total comprehensive profit for the period attributable to unitholders of: | | | | | |
| SCA Property Management Trust | | **-** | - | | |
| SCA Property Retail Trust (non-controlling interest) | | **144.3** | 117.6 | | |
| **Total comprehensive income** | | **144.3** | 117.6 | | |

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

# Shopping Centres Australasia Property Group
# Consolidated Balance Sheets

As at 30 June 2015

| | | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|---|
| | Notes | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | | **$m** | $m | **$m** | $m |
| **Current assets** | | | | | |
| Cash and cash equivalents | | **3.7** | 0.9 | **2.1** | 0.4 |
| Receivables | 8 | **8.0** | 19.0 | **7.9** | 19.0 |
| Rental guarantee | 8 | **-** | 7.6 | **-** | 7.6 |
| Derivative financial instruments | 9 | **3.2** | 0.6 | **3.2** | 0.6 |
| Other assets | | **0.6** | 1.1 | **0.4** | 1.0 |
| | | **15.5** | 29.2 | **13.6** | 28.6 |
| Assets classified as held for sale | 10 | **60.9** | - | **60.9** | - |
| **Total current assets** | | **76.4** | 29.2 | **74.5** | 28.6 |
| **Non-current assets** | | | | | |
| Investment properties | 11 | **1,895.4** | 1,610.8 | **1,895.4** | 1,610.8 |
| Investment properties under construction | 11 | **-** | 30.0 | **-** | 30.0 |
| Derivative financial instruments | 9 | **46.7** | 2.7 | **46.7** | 2.7 |
| Property, plant and equipment | | **0.1** | 0.2 | **-** | - |
| Other assets | 27 | **2.4** | - | **2.4** | - |
| **Total non-current assets** | | **1,944.6** | 1,643.7 | **1,944.5** | 1,643.5 |
| **Total assets** | | **2,021.0** | 1,672.9 | **2,019.0** | 1,672.1 |
| **Current liabilities** | | | | | |
| Payables | 12 | **20.9** | 29.6 | **25.5** | 34.6 |
| Distribution payable | 3 | **41.8** | 36.3 | **41.8** | 36.3 |
| Derivative financial instruments | 9 | **0.1** | 2.6 | **0.1** | 2.6 |
| Provisions | | **1.1** | 1.0 | **-** | - |
| **Total current liabilities** | | **63.9** | 69.5 | **67.4** | 73.5 |
| **Non-current liabilities** | | | | | |
| Derivative financial instruments | 9 | **0.1** | 1.9 | **0.1** | 1.9 |
| Interest bearing liabilities | 13 | **680.1** | 535.8 | **680.1** | 535.8 |
| Provisions | | **0.1** | 0.1 | **-** | - |
| **Total non-current liabilities** | | **680.3** | 537.8 | **680.2** | 537.7 |
| **Total liabilities** | | **744.2** | 607.3 | **747.6** | 611.2 |
| **Net assets** | | **1,276.8** | 1,065.6 | **1,271.4** | 1,060.9 |

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

| | Notes | 30 Jun 2015 $m | 30 Jun 2014 $m |
|---|---|---|---|
| **Equity** | | | |
| *Equity Holders of Management Trust* | | | |
| Contributed equity | 14 | **7.3** | 6.4 |
| Accumulated profit/ (loss) | 16 | **(1.7)** | (1.7) |
| Parent entity interest | | **5.6** | 4.7 |
| | | | |
| *Equity Holders of Retail Trust* | | | |
| Contributed equity | 14 | **1,192.4** | 1,049.0 |
| Reserves | 15 | **4.9** | 10.3 |
| Accumulated profit/ (loss) | 16 | **73.9** | 1.6 |
| *Non-controlling interest* | | **1,271.2** | 1,060.9 |
| | | | |
| **Equity Holders of Management Trust** | | **5.6** | 4.7 |
| **Equity Holders of Retail Trust** | | **1,271.2** | 1,060.9 |
| **Total equity** | | **1,276.8** | 1,065.6 |

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

| | | SCA Property Group | | | | |
|---|---|---|---|---|---|---|
| | | Contributed equity[1] | Accumulated profit/(loss) | Attributable to owners of parent | Non-controlling interests | Total |
| | Notes | $m | $m | $m | $m | $m |
| **Balance at 1 July 2014** | | **6.4** | **(1.7)** | **4.7** | **1,060.9** | **1,065.6** |
| Net profit after tax | | **-** | **-** | **-** | **150.5** | **150.5** |
| Other comprehensive income for the period, net of tax | | **-** | **-** | **-** | **(6.2)** | **(6.2)** |
| Total comprehensive income | | **-** | **-** | **-** | **144.3** | **144.3** |
| Transactions with unitholders in their capacity as equity holders: | | | | | | |
| Employee share based payments | 15 | **-** | **-** | **-** | **0.8** | **0.8** |
| Equity issued | 14 | **0.9** | **-** | **0.9** | **143.4** | **144.3** |
| Distributions paid and payable | 3 | - | - | - | **(78.1)** | **(78.1)** |
| | | **0.9** | **-** | **0.9** | **66.1** | **67.0** |
| **Balance at 30 June 2015** | | **7.3** | **(1.7)** | **5.6** | **1,271.2** | **1,276.8** |
| **Balance at 1 July 2013** | | 6.3 | (1.7) | 4.6 | 1,004.4 | 1,009.0 |
| Net profit after tax for the period | | - | - | - | 111.6 | 111.6 |
| Other comprehensive income for the period, net of tax | | - | - | - | 6.0 | 6.0 |
| Total comprehensive income for the period | | - | - | - | 117.6 | 117.6 |
| Transactions with unitholders in their capacity as equity holders: | | | | | | |
| Employee share based payments | 15 | - | - | - | 0.3 | 0.3 |
| Equity issued | 14 | 0.1 | - | 0.1 | 9.9 | 10.0 |
| Distributions payable | 3 | - | - | - | (71.3) | (71.3) |
| | | 0.1 | - | 0.1 | (61.1) | (61.0) |
| **Balance at 30 June 2014** | | 6.4 | (1.7) | 4.7 | 1,060.9 | 1,065.6 |

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

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

| | | Retail Trust | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Reserves | | | | |
| | | Contributed equity[1] | Cash flow hedge | Foreign currency translation | Share based payments | Accumulated profit/(loss) | Total |
| | Notes | $m | $m | $m | $m | $m | $m |
| **Balance at 1 July 2014** | | **1,049.0** | **(1.0)** | **11.0** | **0.3** | **1.6** | **1,060.9** |
| Net profit after tax | | **-** | **-** | **-** | **-** | **150.5** | **150.5** |
| Other comprehensive income for the period, net of tax | | **-** | **1.0** | **(7.2)** | **-** | **-** | **(6.2)** |
| Total comprehensive income/ (loss) | | **-** | **1.0** | **(7.2)** | **-** | **150.5** | **144.3** |
| Transactions with unitholders in their capacity as equity holders: | | | | | | | |
| Employee share based payments | 15 | **-** | **-** | **-** | **0.8** | **-** | **0.8** |
| Equity issued | 14 | **143.4** | **-** | **-** | **-** | **-** | **143.4** |
| Distributions paid and payable | 3 | - | - | - | - | **(78.1)** | **(78.1)** |
| | | **143.4** | **-** | **-** | **0.8** | **(78.1)** | **66.1** |
| **Balance at 30 June 2015** | | **1,192.4** | **-** | **3.8** | **1.1** | **74.0** | **1,271.2** |
| **Balance at 1 July 2013** | | 1,039.1 | 0.4 | 3.6 | - | (38.7) | 1,004.4 |
| Net profit/ (loss) after tax for the period | | - | - | - | - | 111.6 | 111.6 |
| Other comprehensive income for the period, net of tax | | - | (1.4) | 7.4 | - | - | 6.0 |
| Total comprehensive income/ (loss) for the period | | - | (1.4) | 7.4 | - | 111.6 | 117.6 |
| Transactions with unitholders in their capacity as equity holders: | | | | | | | |
| Employee share based payments | 15 | - | - | - | 0.3 | - | 0.3 |
| Equity issued | 14 | 9.9 | - | - | - | - | 9.9 |
| Distributions payable | 3 | - | - | - | - | (71.3) | (71.3) |
| | | 9.9 | - | - | 0.3 | (71.3) | (61.1) |
| **Balance at 30 June 2014** | | 1,049.0 | (1.0) | 11.0 | 0.3 | 1.6 | 1,060.9 |

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

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

# Consolidated Statements of Cash Flows

For the year ended 30 June 2015

| | Notes | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|---|
| | | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | | **$m** | $m | **$m** | $m |
| **Cash flows from operating activities** | | | | | |
| Property and other income received (inclusive of GST) | | **188.5** | 163.3 | **188.5** | 163.3 |
| Property expenses paid (inclusive of GST) | | **(50.9)** | (46.9) | **(50.9)** | (46.9) |
| Corporate costs paid (inclusive of GST) | | **(10.6)** | (8.1) | **(10.8)** | (8.2) |
| Rental guarantee income received | | **10.5** | 11.8 | **10.5** | 11.8 |
| Interest received | | **0.3** | 0.3 | **0.3** | 0.3 |
| Finance costs paid | | **(41.5)** | (25.0) | **(41.5)** | (25.0) |
| Transaction costs paid | | **(0.1)** | (3.7) | **(0.1)** | (3.7) |
| Taxes paid including GST | | **(14.5)** | (11.4) | **(14.5)** | (11.4) |
| **Net cash flow from operating activities** | 17 | **81.7** | 80.3 | **81.5** | 80.2 |
| **Cash flows from investing activities** | | | | | |
| Payments for investment properties purchased and capital expenditure | | **(275.8)** | (183.1) | **(275.8)** | (183.1) |
| Net proceeds from investment properties sold | | **16.2** | 75.7 | **16.2** | 75.7 |
| Payments for plant and equipment | | **-** | (0.1) | **-** | - |
| Loans to/(from) stapled equity | | **-** | - | **-** | 8.5 |
| **Net cash flow from investing activities** | | **(259.6)** | (107.5) | **(259.6)** | (98.9) |
| **Cash flow from financing activities** | | | | | |
| Proceeds from equity raising | | **146.2** | 10.0 | **145.3** | 9.9 |
| Cost associated with equity raisings | | **(1.9)** | - | **(1.9)** | - |
| Net proceeds from borrowings | | **406.3** | 227.2 | **406.3** | 227.2 |
| Repayment of borrowings | | **(297.3)** | (153.4) | **(297.3)** | (153.4) |
| Distributions paid | | **(72.6)** | (71.0) | **(72.6)** | (71.0) |
| **Net cash flow from financing activities** | | **180.7** | 12.8 | **179.8** | 12.7 |
| Net (decrease) / increase in cash and cash equivalents held | | **2.8** | (14.4) | **1.7** | (6.0) |
| Cash and cash equivalents at the beginning of the year | | **0.9** | 15.4 | **0.4** | 6.5 |
| Effects of exchange rate changes on cash and cash equivalents | | **-** | (0.1) | **-** | (0.1) |
| **Cash and cash equivalents at the end of the year** | | **3.7** | 0.9 | **2.1** | 0.4 |

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

# 1. Corporate information

Shopping Centres Australasia Property Group (the Group) comprises 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).

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

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

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

The Directors of the Responsible Entity have authorised the Financial Report for issue on 17 August 2015.

# 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.

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 (excluding the assets classified as held for sale (refer note 10)), due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2015 the Group and Retail Trust have the ability to drawdown funds to pay the distribution of $41.8 million on or about 28 August 2015, having available headroom on the Group's facilities of $146.7 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 Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the Corporations Act 2001.

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

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

### ii. New and amended accounting standards and interpretations

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

*Impact of the application of Interpretation 21 'Levies'*

The Group has applied Interpretation 21 'Levies' for the first time during the year. Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government.

The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

*Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'*

The 'Annual Improvements 2010-2012 Cycle' include a number of amendments to various AASBs and those which are relevant to the Group are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs and those which are relevant to the Group are summarised below.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of AASB 140; and

(b) the transaction meets the definition of a business combination under AASB 3.

The adoption of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated Financial Statements.

*Materiality*

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

**Application of new and revised Accounting Standards not yet effective**

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

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 2014-1 Amendments to Australian Accounting Standards [Part E – Financial Instruments] | 1 January 2015 | 30 June 2016 |
| AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle | 1 January 2016 | 30 June 2017 |
| AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | 1 January 2016 | 30 June 2017 |
| AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality | 1 January 2016 | 30 June 2017 |
| AASB 15 Revenue from Contracts with Customers | 1 January 2018 | 30 June 2019 |
| AASB 9 Financial Instruments, and the relevant amending standards | 1 January 2018 | 30 June 2019 |
| AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments – Part C | 1 January 2018 | 30 June 2019 |

At the date of report, there are no pronouncements approved by the IASB/IFRIC that have yet to be issued by the AASB.

### (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 2015. Shopping Centres Australasia Property Management Trust has been identified as the parent entity in relation to the stapling. The results and equity of Shopping Centres Australasia Property Retail Trust (which is not directly owned by Shopping Centres Australasia Property Management Trust) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Shopping Centres Australasia Property Retail Trust are disclosed as a non-controlling interest, the stapled security holders of Shopping Centres Australasia Management Trust are the same as the stapled security holders of Shopping Centres Australasia Property Retail Trust.

These Financial Statements also include a separate column representing the Financial Statements of Shopping Centres Australasia Property Retail Trust, incorporating the assets and liabilities of Shopping Centres Australasia Property Retail Trust (the Parent) and all of its subsidiaries, as at 30 June 2015.

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

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

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

### (c) Revenue recognition

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

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

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

All other revenues are recognised on an accruals basis.

### (d) Expenses

Expenses are brought to account on an accruals basis.

### (e) Finance costs

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

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

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

### (f) Taxation

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

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

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

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

### (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) Assets classified as held for sale

Non-current assets are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Such assets are disclosed separately and are disclosed as current assets if it is expected they will be sold in less than 1 year from the balance date. Held for sale assets are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are also presented separately from other assets in the balance sheet.

### (i) Foreign currency

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

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

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

### (j) Cash and cash equivalents

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

### (k) Trade and other receivables

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

### (l) Rental guarantee

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

### (m) Investment properties

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

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

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

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

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

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

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

### (n) Recoverable amount of assets

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

### (o) Payables

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

*Distribution*

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

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

### (p) Provisions

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

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

## (q) Employee benefits

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

*Equity based compensation arrangements*

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

## (r) Interest bearing liabilities

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

## (s) Derivative and other financial instruments

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

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

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

The Group may designate certain interest rate swaps as cash flow hedges. If this applies 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 currency and interest rate options and cross currency interest rate swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to applicable market yield curves and include counterparty risk.

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

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

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

### (t) Contributed equity

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

### (u) Earnings per unit

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

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

### (v) Segment reporting

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

### (w) Use of estimates and judgements

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

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

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

*Judgement - Selection of parent entity*

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

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

*Judgement – Investment properties*

In management's view there are two classes of investment properties: those located in Australia and those located in New Zealand.  The investment properties in Australia and New Zealand are shopping centres, but are located in different economic environments.  Additionally the New Zealand properties are valued in New Zealand dollars.  The fair value hierarchy within which the fair value measurements are categorised is disclosed in note 11.

*Estimate - Valuation of property investments*

Critical judgements are made by the Directors in respect of the fair value of investment properties including properties under construction and those that are classified as assets held for sale.  The fair value of these investments are reviewed regularly by management with reference to independent property valuations, recent transactions and market conditions existing at reporting date, using generally accepted market practices.  The major critical assumptions underlying estimates of fair values are those relating to the capitalisation rate and to a lesser extent the discount rate.  Other assumptions of lesser importance include net passing rent, gross market rent, net market rent, average market rental growth, and terminal yield.  If there is any change in these assumptions or economic conditions, the fair value of the investment properties may differ.  See further disclosure regarding assumptions used in valuation of investment properties in note 11.

*Estimate - Valuation of financial instruments*

The fair value of derivatives assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Group's derivatives are set out in note 26. The value of derivatives may differ in future reporting periods due to the passing of time and / or changes in market rates including interest rates, foreign exchange rates and market volatility.

## 3. Distributions paid and payable

| | Cents per unit | Total amount $m | Date of payment or expected date of payment |
|---|---|---|---|
| **2015** | | | |
| **SCA Property Group** | | | |
| Interim distribution[1] | **5.6** | **36.3** | 30 January 2015 |
| Final distribution[2] | **5.8** | **41.8** | 28 August 2015 |
| | **11.4** | **78.1** | |
| **Retail Trust** | | | |
| Interim distribution | **5.6** | **36.3** | 30 January 2015 |
| Final distribution | **5.8** | **41.8** | 28 August 2015 |
| | **11.4** | **78.1** | |
| **2014** | | | |
| **SCA Property Group** | | | |
| Interim distribution | 5.4 | 35.0 | 30 January 2014 |
| Final distribution | 5.6 | 36.3 | 28 August 2014 |
| | 11.0 | 71.3 | |
| **Retail Trust** | | | |
| Interim distribution | 5.4 | 35.0 | 30 January 2014 |
| Final distribution | 5.6 | 36.3 | 28 August 2014 |
| | 11.0 | 71.3 | |

[1] The interim distribution of 5.6 cents per stapled unit was declared on 17 December 2014 and was paid on 30 January 2015.

[2] The 2015 final distribution of 5.8 cents per stapled unit was declared on 18 June 2015 and is expected to be paid on or about 28 August 2015. The tax components will be advised on or about that time.

The Management Trust has not declared or paid any distributions.

The Group has a distribution reinvestment plan (DRP) in place which was activated on 5 November 2014 for distributions paid after 14 November 2014. The DRP was not available for any of the distributions declared or paid prior to 14 November 2014.

## 4. Earnings per unit

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| **Per stapled unit** | | | | |
| Net profit after tax for the period ($ million) | **150.5** | 111.6 | **150.5** | 111.6 |
| Weighted average number of securities used as the denominator in calculating basic earnings per security below | **658,019,274** | 646,058,763 | **658,019,274** | 646,058,763 |
| Basic earnings per unit for net profit after tax (cents) | **22.9** | 17.3 | **22.9** | 17.3 |
| Weighted average number of securities used as the denominator in calculating diluted earnings per security below | **659,574,888** | 646,572,319 | **659,574,888** | 646,572,319 |
| Diluted earnings per unit for net profit after tax (cents) | **22.8** | 17.3 | **22.8** | 17.3 |

**Per unit of each Trust**

| | Management Trust | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| Net profit after tax for the period ($ million) | **-** | - | **150.5** | 111.6 |
| Weighted average number of units (millions) | **658,019,274** | 646,058,763 | **658,019,274** | 646,058,763 |
| Basic earnings per unit for net profit after tax (cents) | **-** | - | **22.9** | 17.3 |
| Diluted earnings per unit for net profit after tax (cents) | **-** | - | **22.8** | 17.3 |

## 5. Transaction costs

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Advisers and consultants fees | **0.1** | 0.4 | **0.1** | 0.4 |

Transaction costs in relation to acquisition of investment properties are included in the cost of the investment property. Costs incurred in the current year relate to an unsuccessful property transaction.

## 6. Finance costs

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Interest expense | **29.9** | 26.4 | **29.9** | 26.4 |
| Swap termination | **14.6** | - | **14.6** | - |
| Other | **2.2** | - | **2.2** | - |
| | **46.7** | 26.4 | **46.7** | 26.4 |

Swap termination costs relate to the restructuring the interest rate swap book by terminating existing swaps following the A$ medium term fixed rate note issue during the year. Refer note 13.

Other finance costs for the year ended 30 June 2015 consists of expensing of non-cash upfront fees on termination of bilateral facilities following the receipt of funds from the US Notes ($2.2 million and refer note 13).

## 7. Taxation

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Current tax | **(2.3)** | (2.4) | **(2.3)** | (2.4) |
| The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows: | | | | |
| Net profit before tax | **152.8** | 114.0 | **152.8** | 114.0 |
| Prima facie tax (expense) at 30% | **(45.8)** | (34.2) | **(45.8)** | (34.2) |
| Tax effect of income that are not assessable/ deductible in determining taxable profit | **43.3** | 31.9 | **43.3** | 31.9 |
| Tax effect of difference between Australian and foreign tax rates | **0.2** | 0.2 | **0.2** | 0.2 |
| Withholding tax paid on interest from New Zealand | **-** | (0.3) | **-** | (0.3) |
| | **(2.3)** | (2.4) | **(2.3)** | (2.4) |

## 8. Receivables and Rental guarantee

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Current** | | | | |
| Rental receivable | **4.3** | 3.4 | **4.3** | 3.4 |
| Provision for doubtful debts | **(0.6)** | (0.4) | **(0.6)** | (0.4) |
| | **3.7** | 3.0 | **3.7** | 3.0 |
| Rental guarantee invoiced and receivable | **-** | 4.1 | **-** | 4.1 |
| Other receivables | **4.3** | 11.9 | **4.2** | 11.9 |
| Total receivables | **8.0** | 19.0 | **7.9** | 19.0 |
| Rental guarantee | **-** | 7.6 | **-** | 7.6 |

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

**Ageing of rental receivable[1]**

| | SCA Property Group | | SCA Property Group | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Current | **2.7** | 1.6 | **2.7** | 1.6 |
| 30 days | **0.6** | 0.7 | **0.6** | 0.7 |
| 60 days | **0.3** | 0.3 | **0.3** | 0.3 |
| 90 days | **0.2** | 0.3 | **0.2** | 0.3 |
| 120 days | **0.5** | 0.5 | **0.5** | 0.5 |
| Rental receivable | **4.3** | 3.4 | **4.3** | 3.4 |

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

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

## 9. Derivative financial instruments

The fair value of interest rate and cross currency derivatives are determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observable market rates.

The following table represents financial assets and liabilities that were measured and recognised at fair value.

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Current assets** | | | | |
| Interest rate swap contracts | **1.2** | 0.6 | **1.2** | 0.6 |
| Cross currency interest rate swap contracts | **2.0** | - | **2.0** | - |
| | **3.2** | 0.6 | **3.2** | 0.6 |
| **Non-current assets** | | | | |
| Interest rate swap contracts | **5.4** | 2.5 | **5.4** | 2.5 |
| Cross currency interest rate swap contracts | **41.3** | 0.2 | **41.3** | 0.2 |
| | **46.7** | 2.7 | **46.7** | 2.7 |
| **Current liabilities** | | | | |
| Interest rate swap contracts | **0.1** | 2.6 | **0.1** | 2.6 |
| **Non-current liabilities** | | | | |
| Interest rate swap contracts | **0.1** | 1.9 | **0.1** | 1.9 |

The interest rate swaps and cross currency interest rate swaps are to hedge financing facilities. Refer note 13 and note 26.

As at 30 June 2015 the Group and the Retail Trust had no swaps designated as cash flow hedges. The interest rate swaps disclosed above for 30 June 2014 include both swaps designated as cash flow hedges and swaps that have not been designated as cash flow hedges. During the year the Group terminated the swaps designated as cash flow hedges.

The Group does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying instruments being hedged.

## 10. Assets classified as held for sale

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Assets classified as held for sale | **60.9** | - | **60.9** | - |

As at 30 June 2015 five properties are classified as held for sale as these properties are under a conditional contract of sale. The book value of these properties is equal to their contracted value. Details of these properties are below.

| **Property** | **State** | **Book value cap rate[1] 30 Jun 2015** | **Book value discount rate 30 Jun 2015** | **Book value 30 Jun 2015 $m** |
|---|---|---|---|---|
| Burwood DM | NSW | 6.25% | 7.00% | **8.6** |
| Fairfield Heights | NSW | 6.75% | 7.50% | **18.0** |
| Griffith North | NSW | 6.50% | 7.00% | **9.2** |
| Inverell BIG W | NSW | 8.50% | 8.50% | **18.4** |
| Katoomba DM | NSW | 6.75% | 7.00% | **6.7** |
| Total Assets classified as held for sale | | | | **60.9** |

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

## 11. Investment properties

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Investment properties | **1,895.4** | 1,610.8 | **1,895.4** | 1,610.8 |
| Investment properties under construction | **-** | 30.0 | **-** | 30.0 |
| Total investment property value | **1,895.4** | 1,640.8 | **1,895.4** | 1,640.8 |

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Movement in total investment properties** | | | | |
| Opening balance | **1,640.8** | 1,487.9 | **1,640.8** | 1,487.9 |
| Acquisitions, expenditure and work in progress accruals on properties under construction [1] | **256.8** | 171.3 | **256.8** | 171.3 |
| Assets classified as held for sale | **(60.9)** | - | **(60.9)** | - |
| Disposals | **(16.2)** | (75.7) | **(16.2)** | (75.7) |
| Additions including tenant incentives, leasing fees and straight-lining of rental income net of amortisation | **16.0** | 9.5 | **16.0** | 9.5 |
| Unrealised gain/ (loss) on property valuations | **67.9** | 30.1 | **67.9** | 30.1 |
| Effect of foreign currency exchange differences | **(9.0)** | 17.7 | **(9.0)** | 17.7 |
| Closing balance | **1,895.4** | 1,640.8 | **1,895.4** | 1,640.8 |

[1] The Group's last property subject to a DMA was Greystanes and it was completed in October 2014. The initial payment was $21.8 million and the final payment made in October 2014 was $16.4 million. Of the final payment an amount of $8.9 million had been reported as a work in progress accrual as at 30 June 2014 based on an estimate of the work completed. The work in progress accrual as at 30 June 2015 is nil.

| Property | State | Property Type | Book value cap rate[1] 30 Jun 2015 | Book value discount rate 30 Jun 2015 | Book value 30 Jun 2015 $m | Book value 30 June 2014 $m |
|---|---|---|---|---|---|---|
| **Investment properties completed - Australia** | | | | | | |
| **Sub-Regional** | | | | | | |
| Lilydale | VIC | Sub-Regional | 7.00% | 8.75% | **88.0** | 81.5 |
| Pakenham | VIC | Sub-Regional | 7.25% | 8.75% | **72.5** | 68.0 |
| Central Highlands | QLD | Sub-Regional | 7.25% | 8.75% | **65.0** | 62.6 |
| Whitsunday[3] | QLD | Sub-Regional | 8.00% | 9.25% | **47.0** | - |
| Mt Gambier | SA | Sub-Regional | 7.52% | 8.85% | **66.4** | 64.4 |
| Murray Bridge | SA | Sub-Regional | 7.50% | 8.75% | **63.3** | 62.0 |
| Kwinana Marketplace | WA | Sub-Regional | 8.25% | 9.75% | **93.0** | 93.0 |
| Total Sub-Regional | | | | | **495.2** | 431.5 |
| **Neighbourhood** | | | | | | |
| Berala | NSW | Neighbourhood | 7.00% | 7.75% | **20.4** | 19.0 |
| Cabarita | NSW | Neighbourhood | 7.25% | 8.00% | **18.2** | 16.5 |
| Cardiff | NSW | Neighbourhood | 7.25% | 8.00% | **19.2** | 18.2 |
| Goonellabah | NSW | Neighbourhood | 7.50% | 8.25% | **17.8** | 17.0 |
| Greystanes[2] | NSW | Neighbourhood | 7.00% | 8.50% | **44.3** | - |
| Lane Cove | NSW | Neighbourhood | 7.00% | 9.00% | **44.9** | 41.5 |
| Leura | NSW | Neighbourhood | 7.50% | 8.25% | **13.7** | 13.1 |
| Macksville | NSW | Neighbourhood | 7.50% | 8.50% | **10.9** | 10.2 |
| Merimbula | NSW | Neighbourhood | 8.00% | 8.50% | **14.7** | 14.0 |
| Mittagong Village | NSW | Neighbourhood | 8.00% | 9.00% | **7.8** | 7.5 |
| Moama Marketplace | NSW | Neighbourhood | 8.00% | 8.50% | **11.6** | 11.1 |
| Morisset | NSW | Neighbourhood | 7.75% | 8.50% | **15.7** | 14.6 |
| North Orange | NSW | Neighbourhood | 7.25% | 8.25% | **26.0** | 24.4 |
| Swansea | NSW | Neighbourhood | 7.75% | 8.00% | **11.7** | 11.1 |
| Ulladulla | NSW | Neighbourhood | 7.50% | 8.25% | **17.3** | 15.8 |
| West Dubbo | NSW | Neighbourhood | 7.50% | 9.25% | **13.7** | 13.2 |
| Albury | VIC | Neighbourhood | 7.50% | 8.25% | **19.5** | 18.3 |
| Ballarat | VIC | Neighbourhood | 7.50% | 8.50% | **18.7** | 19.0 |
| Cowes | VIC | Neighbourhood | 7.50% | 8.50% | **17.5** | 15.8 |
| Drouin | VIC | Neighbourhood | 7.50% | 8.50% | **12.7** | 12.4 |
| Epping North | VIC | Neighbourhood | 7.00% | 8.50% | **23.2** | 21.0 |
| Highett | VIC | Neighbourhood | 7.00% | 8.25% | **23.6** | 23.2 |
| Langwarrin | VIC | Neighbourhood | 7.50% | 8.75% | **17.8** | 17.8 |
| Ocean Grove | VIC | Neighbourhood | 7.50% | 9.25% | **31.5** | 30.5 |
| Warrnambool East | VIC | Neighbourhood | 7.50% | 8.50% | **11.9** | 10.6 |
| Warrnambool Target | VIC | Neighbourhood | 8.00% | 9.25% | **19.6** | 19.6 |
| Wyndham Vale | VIC | Neighbourhood | 7.50% | 8.50% | **18.7** | 18.5 |

| Property | State | Property Type | Book value cap rate[1] 30 Jun 2015 | Book value discount rate 30 Jun 2015 | Book value 30 Jun 2015 $m | Book value 30 June 2014 $m |
|---|---|---|---|---|---|---|
| **Investment properties completed - Australia** | | | | | | |
| **Neighbourhood** | | | | | | |
| Ayr | QLD | Neighbourhood | 7.50% | 9.00% | **18.9** | 18.9 |
| Brookwater Village | QLD | Neighbourhood | 7.25% | 8.25% | **31.0** | 26.6 |
| Carrara | QLD | Neighbourhood | 7.00% | 8.00% | **16.5** | 15.0 |
| Chancellor Park Marketplace | QLD | Neighbourhood | 7.75% | 8.50% | **29.0** | 28.0 |
| Collingwood Park | QLD | Neighbourhood | 8.00% | 8.75% | **10.0** | 10.8 |
| Coorparoo | QLD | Neighbourhood | 7.00% | 8.25% | **22.8** | 20.8 |
| Gladstone | QLD | Neighbourhood | 7.25% | 8.50% | **26.5** | 24.0 |
| Mackay | QLD | Neighbourhood | 7.25% | 8.00% | **21.9** | 21.5 |
| Mission Beach | QLD | Neighbourhood | 8.00% | 8.75% | **10.2** | 9.4 |
| Mt Warren Park[3] | QLD | Neighbourhood | 7.00% | 8.50% | **14.4** | - |
| The Markets[3] | QLD | Neighbourhood | 7.00% | 9.00% | **32.3** | - |
| Woodford | QLD | Neighbourhood | 7.50% | 8.25% | **10.5** | 8.9 |
| Blakes Crossing | SA | Neighbourhood | 7.50% | 8.75% | **19.6** | 20.0 |
| Walkerville | SA | Neighbourhood | 7.00% | 8.00% | **21.5** | 19.5 |
| Busselton | WA | Neighbourhood | 7.25% | 7.75% | **21.0** | 19.2 |
| Treendale | WA | Neighbourhood | 7.25% | 8.50% | **27.5** | 25.7 |
| Margaret River[5] | WA | Neighbourhood | - | - | **-** | 18.7 |
| Burnie[3] | TAS | Neighbourhood | 8.52% | 8.50% | **20.0** | - |
| Claremont Plaza[3] | TAS | Neighbourhood | 7.53% | 8.50% | **30.9** | - |
| Glenorchy Central[3] | TAS | Neighbourhood | 7.66% | 9.25% | **21.0** | - |
| Greenpoint | TAS | Neighbourhood | 8.50% | 9.25% | **13.5** | 13.3 |
| Kingston | TAS | Neighbourhood | 7.50% | 9.00% | **23.5** | 23.0 |
| Meadow Mews[3] | TAS | Neighbourhood | 8.11% | 8.25% | **44.0** | - |
| New Town Plaza | TAS | Neighbourhood | 7.75% | 9.25% | **30.0** | 28.8 |
| Prospect Vale[3] | TAS | Neighbourhood | 7.50% | 9.00% | **26.8** | - |
| Riverside | TAS | Neighbourhood | 8.50% | 9.50% | **7.6** | 7.2 |
| Shoreline | TAS | Neighbourhood | 7.50% | 8.75% | **29.0** | 27.0 |
| Sorell | TAS | Neighbourhood | 7.50% | 9.00% | **22.5** | 21.4 |
| Lismore | NSW | Neighbourhood | 8.75% | 9.50% | **27.2** | 21.5 |
| Total Neighbourhood | | | | | **1,152.2** | 883.1 |
| **Freestanding** | | | | | | |
| Burwood DM[6] | NSW | Freestanding | - | - | **-** | 7.4 |
| Fairfield Heights[6] | NSW | Freestanding | - | - | **-** | 16.2 |
| Griffith North[6] | NSW | Freestanding | - | - | **-** | 8.0 |
| Inverell BIG W[6] | NSW | Freestanding | - | - | **-** | 16.0 |
| Katoomba DM[6] | NSW | Freestanding | - | - | **-** | 6.0 |
| Katoomba Marketplace | NSW | Freestanding | 7.25% | 7.75% | **40.0** | 38.5 |
| Total Freestanding | | | | | **40.0** | 92.1 |
| **Total investment properties completed Australia** | | | | | **1,687.4** | 1,406.7 |

| Property | Property Type | Book value cap rate[1] 30 Jun 2015 | Book value discount rate 30 Jun 2015 | Book value 30 Jun 2015 $m | Book value 30 June 2014 $m |
|---|---|---|---|---|---|
| **Investment properties completed - New Zealand** | | | | | |
| **Neighbourhood** | | | | | |
| Kelvin Grove | Neighbourhood | 7.75% | 9.25% | **10.2** | 10.3 |
| Newtown | Neighbourhood | 7.25% | 9.00% | **18.8** | 19.8 |
| St James | Neighbourhood | 7.50% | 9.12% | **12.1** | 12.0 |
| Takanini | Neighbourhood | 7.50% | 9.25% | **30.3** | 30.4 |
| Warkworth | Neighbourhood | 8.00% | 9.13% | **15.2** | 15.7 |
| Total Neighbourhood | | | | **86.6** | 88.2 |
| **Freestanding** | | | | | |
| Bridge Street | Freestanding | 7.38% | 9.00% | **13.7** | 14.3 |
| Dunedin South | Freestanding | 7.50% | 9.00% | **14.1** | 14.4 |
| Hornby | Freestanding | 7.62% | 9.37% | **14.7** | 14.5 |
| Kerikeri | Freestanding | 7.75% | 9.00% | **13.7** | 13.7 |
| Nelson South | Freestanding | 7.62% | 9.12% | **9.5** | 9.7 |
| Rangiora East | Freestanding | 7.75% | 9.50% | **11.7** | 12.0 |
| Rolleston | Freestanding | 7.75% | 9.37% | **13.4** | 13.2 |
| Stoddard Road | Freestanding | 7.25% | 9.00% | **17.7** | 17.7 |
| Tawa | Freestanding | 7.50% | 9.25% | **12.9** | 13.1 |
| Total Freestanding | | | | **121.4** | 122.6 |
| **Total investment properties completed New Zealand** | | | | **208.0** | 210.8 |
| | | | | | |
| **Total investment properties completed portfolio** | | | | **1,895.4** | 1,617.5 |
| Less amounts classified as rental guarantee[4] | | | | **-** | (6.7) |
| **Total investment properties completed** | | | | **1,895.4** | 1,610.8 |

| Description | Book value 30 Jun 2015 $m | Book value 30 Jun 2014 $m |
|---|---|---|
| **Investment properties under construction** | | |
| **Australia** | | |
| Greystanes, NSW [2] | - | 30.9 |
| **Total investment properties under construction** | - | 30.9 |
| Less amounts classified as rental guarantee[4] | - | (0.9) |
| **Investment properties completed and under construction** | - | 30.0 |
| **Total completed portfolio:** | | |
| - Australia | **1,687.4** | 1,406.7 |
| - New Zealand | **208.0** | 210.8 |
| | **1,895.4** | 1,617.5 |
| **Total development portfolio - Australia** | - | 30.9 |
| **Total investment properties (completed and development portfolio) including rent guarantee[4]** | **1,895.4** | 1,648.4 |
| Less amounts classified as rental guarantee[4] | - | (7.6) |
| **Investment properties completed and under construction** | **1,895.4** | 1,640.8 |

1 Capitalisation rate (or cap rate) is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal.
2 Greystanes NSW was completed in October 2014 and transferred to the Investment Properties Completed Portfolio.
3 Properties acquired during the year ended 30 June 2015.
4 Woolworths Limited provided a rental guarantee to the Group to cover vacant tenancies (including incentives) as at December 2012 until the earlier of December 2014; or until the vacant tenancy is let. Development properties purchased from Woolworths Limited also have a rental guarantee under similar terms except the two year period starts from completion of development.
5 Margaret River (WA) was sold in April 2015.
6 Properties under conditional contract of sale. Refer to Note 10.

## Valuation process

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

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

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

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

- A significant variation between book value and internal valuation.
- A major development project.
- A period where there is significant market movement.

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

**Fair value measurement, valuation technique and inputs**

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

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

*Capitalisation method*

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

*Discounted cash flows (DCF)*

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

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

| Category | Fair value hierarchy | Book value 30 June 2015 $m | Valuation technique | Key inputs used to measure fair value | Range of unobservable inputs |
|---|---|---|---|---|---|
| Completed portfolio | Level 3 | 1,895.4 | Income capitalisation and DCF[1] | Capitalisation rate<br>Discount rate | 7.00% - 8.75%<br>7.75% - 9.75% |

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

[1] Discounted cash flow.

All property investments are categorised as level 3 in the fair value hierarchy (refer note 26(c) for additional information in relation to the fair value hierarchy). There were no transfers between hierarchies.

**Sensitivity information**

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

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

*Sensitivity analysis*

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

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

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

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

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

*Sensitivity analysis – capitalisation rate*

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

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

| | **Profit/loss after tax** | | **Equity** | |
|---|---|---|---|---|
| | **25 bps increase $m** | **25 bps decrease $m** | **25 bps increase $m** | **25 bps decrease $m** |
| **30 June 2015** | | | | |
| **SCA Property Group** | | | | |
| Investment properties | **(60.7)** | **65.8** | **(60.7)** | **65.8** |
| **Retail Trust** | | | | |
| Investment properties | **(60.7)** | **65.8** | **(60.7)** | **65.8** |
| **30 June 2014** | | | | |
| **SCA Property Group** | | | | |
| Investment properties (including development portfolio) | (50.0) | 53.3 | (50.0) | 53.3 |
| **Retail Trust** | | | | |
| Investment properties (including development portfolio) | (50.0) | 53.3 | (50.0) | 53.3 |

## 12. Trade and other payables

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Current** | | | | |
| Payables and other creditors[1] | **20.9** | 20.7 | **20.1** | 17.2 |
| Accrual for works on properties under construction | **-** | 8.9 | **-** | 8.9 |
| Payables to related parties | **-** | - | **5.4** | 8.5 |
| | **20.9** | 29.6 | **25.5** | 34.6 |

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

## 13. Interest bearing liabilities

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Unsecured Bank Bilateral Facilities** | | | | |
| - A$ denominated | **155.0** | 418.5 | **155.0** | 418.5 |
| - NZ$ denominated (converted to A$) | **108.3** | 120.6 | **108.3** | 120.6 |
| | **263.3** | 539.1 | **263.3** | 539.1 |
| **Unsecured A$ Medium term note** | | | | |
| - A$ denominated | **175.0** | - | **175.0** | - |
| **Unsecured US Notes** | | | | |
| - A$ denominated | **50.0** | - | **50.0** | - |
| - US$ denominated (converted to A$) | **194.5** | - | **194.5** | - |
| | **244.5** | - | **244.5** | - |
| **Total unsecured debt outstanding** | **682.8** | 539.1 | **682.8** | 539.1 |
| Less: unamortised establishment fees | **(2.7)** | (3.3) | **(2.7)** | (3.3) |
| | **680.1** | 535.8 | **680.1** | 535.8 |

### Financing facilities and financing resources

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Financing facilities and financing resources** | | | | |
| Committed financing facilities available | **839.5** | 600.0 | **839.5** | 600.0 |
| Less: amounts drawn down | **(682.8)** | (539.1) | **(682.8)** | (539.1) |
| Less: amounts utilised for bank guarantee | **(10.0)** | (5.0) | **(10.0)** | (5.0) |
| | **146.7** | 55.9 | **146.7** | 55.9 |
| Add: Cash and cash equivalents | **3.7** | 0.9 | **2.1** | 0.4 |
| Financing resources available | **150.4** | 56.8 | **148.8** | 56.3 |

Debt facilities are carried at amortised cost.

The debt facilities are made up of Bilateral Bank Facilities, A$ medium term notes and US Notes. Details of these debt facilities are below.

### Bank bilateral facilities

To reduce liquidity risk, the unsecured bilateral facilities are with four banks and are made up of eight debt facilities. The bilateral terms have been negotiated to achieve a balance between capital availability and the cost of debt including unused debt. The facilities are unsecured, revolving, multi-use, and can be used interchangeably.

During the year the Group agreed to an extension of maturity and changes in facility limit of several of its bilateral debt facilities.

One of the bilateral facilities can also be used for bank guarantees. As at 30 June 2015, in addition to the bilateral debt facilities drawn above, $10.0 million of the bilateral debt facilities available was used to support a $10.0 million bank guarantee (30 June 2014: $5.0 million of the bilateral debt facilities was used to support a $5.0 million bank guarantee).

The bank guarantee assists with the Responsible Entity’s compliance with its Australian Financial Services Licence.

### A$ medium term note (A$ MTN)

In April 2015 the Group issued AUD denominated unsecured medium term notes with aggregate face value of $175.0 million (A$ MTN). These notes are fixed rates notes with a coupon of 3.75% and expire in April 2021.

**US Notes**

In August 2014 the Group issued unsecured notes with aggregate face value of US$150.0 million and A$50.0 million (equivalent at the date of issue in total to A$209.8 million) to US private investors (US Notes). These US Notes are rated Baa1 by Moody's Investor Services (Moody's).

The maturity profile of the notes is US$100.0 million expiring August 2027, and US$50.0 million and A$50.0 million expiring August 2029. The principal and coupon obligations have been fully economically swapped back to Australian dollars (floating interest rates) through cross currency interest rate swaps.

The value of the US$150.0 million notes are translated at the prevailing foreign exchange rate. At 30 June 2015 this was AUD 1.00 = USD 0.7712 which resulted in a translated value of the US$150.0 million notes of A$194.5 million. The Group however has economically hedged its exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings by using cross currency interest rate swap contracts. Under the cross currency interest rate swap contracts, the Group has agreed to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts have enabled the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue. Under these swaps the Group has and will receive fixed amounts in US dollars and pay variable interest rates (based on Australian BBSW).

The cross currency interest rate swaps also include an exchange of principal pursuant to which the US$150.0 million received in August 2014 has been swapped to A$159.8 million using an exchange rate of AUD 1.00 = USD 0.9387. On maturity the A$159.8 million will be swapped back to US$150.0 million.

The difference in the value of the USD notes translated at the prevailing exchange rate of AUD 1.00 = USD 0.7712 or A$194.5 million and the amount received of A$159.8 million (being A$34.7 million) has been recognised as an unrealised foreign exchange loss.

The cross currency interest rate swaps are valued for financial reporting purposes separately from the US Notes. Refer note 26.

The foreign currency principal and interest amounts payable on the USD denominated US Notes have been fully economically hedged by the use of cross currency interest rate swaps.

## Unsecured Debt Usage and Maturity

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

**30 June 2015**

| Unsecured Debt Facilities | Facility Limit $m | Drawn[1] $m | Undrawn $m | Facility Maturity Date |
|---|---|---|---|---|
| **Bank Bilateral Facilities** | | | | |
| Bank bilateral | 25.0 | - | 25.0 | Nov-17 |
| Bank bilateral | 75.0 | 75.0 | - | Dec-17 |
| Bank bilateral | 75.0 | 10.0 | 65.0 | Dec-17 |
| Bank bilateral | 25.0 | - | 25.0 | Nov-18 |
| Bank bilateral | 140.0 | 108.3 | 31.7 | Dec-18 |
| Bank bilateral | 25.0 | 25.0 | - | Dec-18 |
| Bank bilateral | 25.0 | 25.0 | - | Dec-18 |
| Bank bilateral | 30.0 | 30.0 | - | Dec-19 |
| | 420.0 | 273.3 | 146.7 | |
| **A$ Medium term note** | | | | |
| A$ denominated | 175.0 | 175.0 | - | Apr-21 |
| **US Notes** | | | | |
| US$ denominated (converted to A$) | 129.7 | 129.7 | - | Aug-27 |
| US$ denominated (converted to A$) | 64.8 | 64.8 | - | Aug-29 |
| A$ denominated | 50.0 | 50.0 | - | Aug-29 |
| | 244.5 | 244.5 | - | |
| Total unsecured financing facilities | 839.5 | 692.8 | 146.7 | |

**30 June 2014**

| Unsecured Bank Bilateral Facilities | Facility Limit $m | Drawn[1] $m | Undrawn $m | Facility Maturity Date |
|---|---|---|---|---|
| Bank bilateral | 150.0 | 145.0 | 5.0 | Dec-16 |
| Bank bilateral | 75.0 | 75.0 | - | Nov-17 |
| Bank bilateral | 75.0 | 75.0 | - | Dec-17 |
| Bank bilateral | 75.0 | 75.0 | - | Dec-17 |
| Bank bilateral | 150.0 | 120.6 | 29.4 | Jul-18 |
| Bank bilateral | 25.0 | 25.0 | - | Nov-18 |
| Bank bilateral | 25.0 | 3.5 | 21.5 | Dec-18 |
| Bank bilateral | 25.0 | 25.0 | - | Dec-18 |
| | 600.0 | 544.1 | 55.9 | |

[1] Drawn includes $10.0 million allocation of facility limit used for a $10.0 million bank guarantee (30 June 2014: $5.0 million respectively).

As at 30 June 2015 the total debt facilities available were $839.5 million (30 June 2014: $600.0 million).

Additional information on the cost of the interest bearing liabilities is in note 26.

**Debt covenants**

The Group is required to comply with certain financial covenants in respect of the interest bearing liabilities. The major financial covenants which are common across all types of interest bearing liabilities 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 and cross currency swaps divided by total tangible assets net of cash and derivatives) does not exceed 50%;
(c) Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%; and
(d) Aggregate of the total tangible assets held by the Obligors represents not less than 90% of the total tangible assets of the Group.

The Group was in compliance with all of the financial covenants for the year ended and as at 30 June 2015.

**Capital management – management gearing**

The Group manages its debt by reference to its gearing ratio. Its gearing ratio is determined by: Finance debt, where the US Notes US$ denominated debt is recorded as the A$ amount received and economically hedged in A$, net of cash divided by total tangible assets net of cash and derivatives. As the US Notes USD denominated debt has been fully economically hedged, for this purpose the US Notes US$ denominated debt of US$150.0 million is recorded at its economically hedged value of A$159.8 million. This also results in management gearing being based on a constant currency basis.

The value of the US$ denominated debt of US$150.0 million converted at the prevailing spot rate at 30 June 2015 of 0.7712 was A$194.5 million. The difference of $34.7 million (being the difference between the economically hedged value of $159.8 million and the prevailing spot value of A$194.5 million) has been treated as an unrealised foreign exchange loss.

The Group's gearing was 33.3% as at 30 June 2015 (30 June 2014: 32.6%).

The Group's target gearing range is within 30% to 40% with a preference to be around 35%. The Group's gearing calculation is below.

| Gearing (management) | 30 Jun 2015 $m | 30 Jun 2014 $m |
|---|---|---|
| **Bilateral and A$ notes** | | |
| Unsecured bilateral facilities drawn | **263.3** | 539.1 |
| Unsecured bilateral facilities used for bank guarantee | **10.0** | 5.0 |
| Unsecured A$ medium term notes | **175.0** | - |
| | **448.3** | 544.1 |
| **US Notes** | | |
| US$ denominated notes - USD face value | **150.0** | - |
| Economically hedged exchange rate | **0.9387** | - |
| US$ denominated notes - AUD equivalent | **159.8** | - |
| A$ denominated notes | **50.0** | - |
| Total US Notes | **209.8** | - |
| | | |
| Total debt used and drawn AU$ equivalent | **658.1** | 544.1 |
| Less: cash and cash equivilents | **(3.7)** | (0.9) |
| **Net debt for gearing** | **654.4** | 543.2 |
| | | |
| Total Assets | **2,021.0** | 1,672.9 |
| Less: cash and cash equivilents | **(3.7)** | (0.9) |
| Less: derivative value included in total assets | **(49.9)** | (3.2) |
| **Net total assets for gearing** | **1,967.4** | 1,668.8 |
| | | |
| **Gearing (management)** | **33.3%** | 32.6% |

## 14. Contributed equity

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Equity | **1,228.1** | 1,081.9 | **1,220.7** | 1,075.4 |
| Issue costs | **(28.4)** | (26.5) | **(28.3)** | (26.4) |
| | **1,199.7** | 1,055.4 | **1,192.4** | 1,049.0 |
| **Equity of Management Trust** | | | | |
| Opening balance | **6.4** | 6.3 | | |
| Equity issued through distribution reinvestment plan January 2015 | **-** | - | | |
| Equity raised through unitholder purchase plan in April 2015 | **0.4** | - | | |
| Equity raised through institutional placement in June 2015 | **0.5** | - | | |
| Equity issued 29 November 2013 | **-** | 0.1 | | |
| Issue costs | **-** | - | | |
| Closing balance | **7.3** | 6.4 | | |
| **Equity of Retail Trust** | | | | |
| Opening balance | **1,049.0** | 1,039.1 | **1,049.0** | 1,039.1 |
| Equity issued through distribution reinvestment plan January 2015 | **4.1** | - | **4.1** | - |
| Equity raised through unitholder purchase plan in April 2015 | **61.7** | - | **61.7** | - |
| Equity raised through institutional placement in June 2015 | **79.5** | - | **79.5** | - |
| Equity issued 29 November 2013 | **-** | 9.9 | **-** | 9.9 |
| Issue costs | **(1.9)** | - | **(1.9)** | - |
| Closing balance | **1,192.4** | 1,049.0 | **1,192.4** | 1,049.0 |
| **Balance at the end of the period is attributable to unit holders of:** | | | | |
| Shopping Centres Australasia Property Management Trust | **7.3** | 6.4 | **-** | - |
| Shopping Centres Australasia Property Retail Trust | **1,192.4** | 1,049.0 | **1,192.4** | 1,049.0 |
| | **1,199.7** | 1,055.4 | **1,192.4** | 1,049.0 |

### Units on Issue

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **millions** | millions | **millions** | millions |
| Opening balance | **648.6** | 642.4 | **648.6** | 642.4 |
| Equity raised through Distribution Reinvestment Plan - 30 January 2015 | **2.2** | - | **2.2** | - |
| Equity raised through Unitholder Purchase Plan - 9 April 2015 | **31.1** | - | **31.1** | - |
| Equity raised through institutional placement - 18 June 2015 | **39.6** | - | **39.6** | - |
| Equity issued - 29 November 2013 | **-** | 6.2 | **-** | 6.2 |
| Closing balance | **721.5** | 648.6 | **721.5** | 648.6 |

As long as Shopping Centres Australasia Property Group remains jointly quoted, the number of units in each of the Trusts is equal and the unitholders identical. Holders of stapled units are entitled to receive distributions as declared from time to time. SCA Property Group holds concurrent meetings of the Retail Trust and Management Trust. Subject to any voting restrictions imposed on a unitholder under the Corporations Act 2001 and the Australian Securities Exchange at a meeting of members, on a show of hands, each member has one vote. On a poll, each member has one vote for each dollar of the value of the total interest that they have in the relevant underlying Retail Trust or Management Trust respectively.

During the year new units were issued and equity raised as a result of the operation of the distribution reinvestment plan, unit purchase plan and an institutional placement. Additional information on these issues is below.

### Issue of units from distribution reinvestment plan (DRP)

The Group has a DRP in place which was activated on 5 November 2014 for distributions paid after 14 November 2014. The DRP was not available for any of the distributions declared or paid prior to 14 November 2014. The first distribution that the DRP applied to was the distribution paid on 30 January 2015. The DRP issue price was determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of units traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 30 January 2015 was $4.1 million by the issue of 2,211,262 units at a price of $1.85.

### Issue of units from unit purchase plan (UPP)

In April 2015 the Group completed a UPP. Under the UPP $62.1 million was raised (excluding issue costs) by the issue of 31,045,000 units at a price of $2.00 each.

### Issue of units from Placement

In June 2015 the Group completed an institutional placement. Under the institutional placement $80.0 million was raised (excluding issue costs) by the issue of 39,603,961 units at a price of $2.02 each.

## 15. Reserves (net of income tax)

| | Retail Trust | |
|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m |
| Cash flow hedge reserve | **-** | (1.0) |
| Share based payment reserve | **1.1** | 0.3 |
| Foreign currency translation reserve | **3.8** | 11.0 |
| | **4.9** | 10.3 |
| **Movements in reserves** | | |
| *Cash flow hedge reserve* | | |
| Opening balance | **(1.0)** | 0.4 |
| Effective portion of changes in the fair value of cash flow hedges during the year | **1.0** | (1.4) |
| Closing balance | **-** | (1.0) |
| *Share based payment reserve (Note 22)* | | |
| Balance at the beginning of the year | **0.3** | - |
| Employee share based payments | **0.8** | 0.3 |
| Closing balance | **1.1** | 0.3 |
| *Foreign currency translation reserve* | | |
| Opening balance | **11.0** | 3.6 |
| Translation differences arising during the year | **(7.2)** | 7.4 |
| Closing balance | **3.8** | 11.0 |

*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. The cash flow hedges as at 30 June 2014 have been reclassified to Other Comprehensive Income during the year as they no longer qualify as cash flow hedges.

*Share based payment reserve*

Refer note 22.

*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.

## 16. Accumulated profit and loss

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Opening balance | **(0.1)** | (40.4) | **1.6** | (38.7) |
| Net profit for the year | **150.5** | 111.6 | **150.5** | 111.6 |
| Distributions paid and payable (note 3) | **(78.1)** | (71.3) | **(78.1)** | (71.3) |
| Closing balance | **72.3** | (0.1) | **74.0** | 1.6 |
| Balance at the end of the year is attributable to unit holders of: | | | | |
| Shopping Centres Australasia Property Management Trust | **(1.7)** | (1.7) | | |
| Shopping Centres Australasia Property Retail Trust | **74.0** | 1.6 | | |
| | **72.3** | (0.1) | | |

## 17. Notes to statements of cash flows

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

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Net profit after tax | **150.5** | 111.6 | **150.5** | 111.6 |
| Net unrealised (gain) / loss on change in fair value of investment properties | **(67.9)** | (30.1) | **(67.9)** | (30.1) |
| Net unrealised (gain) / loss on change in fair value of financial assets | **2.3** | (4.8) | **2.3** | (4.8) |
| Net unrealised (gain) / loss on change in fair value of derivatives | **(52.0)** | 0.2 | **(52.0)** | 0.2 |
| Net unrealised (gain) / loss on change in foreign exchange | **34.7** | - | **34.7** | - |
| Straight-lining of rental income and amortisation of incentives | **(4.4)** | (6.4) | **(4.4)** | (6.4) |
| Rental guarantee income received | **10.5** | 10.7 | **10.5** | 10.7 |
| (Decrease) / increase in payables | **(8.7)** | (0.3) | **(9.1)** | (0.3) |
| Non-cash financing expenses | **2.2** | 0.9 | **2.2** | 0.9 |
| Other non-cash items | **3.5** | 0.5 | **3.6** | 0.5 |
| (Increase) / decrease in receivables | **11.0** | (2.0) | **11.1** | (2.1) |
| Net cash flow from operating activities | **81.7** | 80.3 | **81.5** | 80.2 |

## 18. Operating leases

All the completed investment properties (refer note 11) are subject to operating leases.

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

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

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

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

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Within one year | **165.5** | 144.1 | **165.5** | 144.1 |
| Between one and five years | **573.4** | 528.1 | **573.4** | 528.1 |
| After five years | **1,205.4** | 1,268.3 | **1,205.4** | 1,268.3 |
| | **1,944.3** | 1,940.5 | **1,944.3** | 1,940.5 |

There was $1.1 million of percentage or turnover rent recognised as income in the current year (30 June 2014: $0.9 million).

## 19. Capital commitments

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

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Within one year | **-** | 44.3 | **-** | 44.3 |
| Between one and five years | **45.6** | - | **45.6** | - |
| | **45.6** | 44.3 | **45.6** | 44.3 |

The 30 June 2015 balance above relates to the Group's agreement to purchase Clemton Park (NSW) on completion of the development via a put and call option arrangement. Under this arrangement in December 2014 SCP paid $2.4 million for the option. On completion of the development of the property will acquire it for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in late calendar year 2016. Refer note 27.

*Prior year balances*

The 30 June 2014 balances above related to payments that were made for the acquisition of Claremont (which settled during the year ended 30 June 2015) and to Woolworths Limited following the completion of Greystanes (which was also completed during the year ended 30 June 2015).

## 20. Segment reporting

The Group and Retail Trust invest in shopping centres located in Australia and New Zealand and the chief decision makers of the Group base their decisions on these segments. Previously the Group further reported on three asset classes, subregional, neighbourhood centres and freestanding properties however this was changed during the year in line with a change in the internal reporting of segments and how the chief decision makers reviews the financial information of the Group. The Management Trust operates only within one segment, Australia. No segmental reporting is shown for Shopping Centres Australasia Property Retail Trust as this is not required under AASB 8.

| | Australia | | New Zealand | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m | **$m** | $m | **$m** | $m |
| **Income and expenses** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Rental income[1] | **156.4** | 136.8 | **18.9** | 18.2 | **-** | - | **175.3** | 155.0 |
| Other property income | **0.5** | 3.4 | **-** | - | **-** | - | **0.5** | 3.4 |
| | **156.9** | 140.2 | **18.9** | 18.2 | **-** | - | **175.8** | 158.4 |
| **Expenses** | | | | | | | | |
| Property expenses | **(46.3)** | (40.1) | **(1.9)** | (1.6) | **-** | - | **(48.2)** | (41.7) |
| Corporate costs | **-** | - | **-** | - | **(11.2)** | (10.9) | **(11.2)** | (10.9) |
| | **(46.3)** | (40.1) | **(1.9)** | (1.6) | **(11.2)** | (10.9) | **(59.4)** | (52.6) |
| **Segment result** | **110.6** | 100.1 | **17.0** | 16.6 | **(11.2)** | (10.9) | **116.4** | 105.8 |
| Fair value adjustments on investment properties | **61.7** | 23.1 | **6.2** | 7.0 | **-** | - | **67.9** | 30.1 |
| Fair value adjustments on derivatives | **-** | - | **-** | - | **52.0** | (0.2) | **52.0** | (0.2) |
| Fair value adjustments on financial assets | **(2.3)** | 4.8 | **-** | - | **-** | - | **(2.3)** | 4.8 |
| Foreign exchange | - | - | **-** | - | **(34.7)** | - | **(34.7)** | - |
| Transaction costs | **-** | - | **-** | - | **(0.1)** | (0.4) | **(0.1)** | (0.4) |
| Interest income | **-** | - | **-** | - | **0.3** | 0.3 | **0.3** | 0.3 |
| Financing costs | **-** | - | **-** | - | **(46.7)** | (26.4) | **(46.7)** | (26.4) |
| Tax | **-** | - | **-** | - | **(2.3)** | (2.4) | **(2.3)** | (2.4) |
| **Net profit/ (loss) after tax for the year attributable to unitholders** | **170.0** | 128.0 | **23.2** | 23.6 | **(42.7)** | (40.0) | **150.5** | 111.6 |
| **Assets and liabilities** | | | | | | | | |
| Segment assets | **1,761.7** | 1,448.7 | **208.0** | 211.0 | **51.4** | 13.2 | **2,021.1** | 1,672.9 |
| Segment liabilities | **(19.5)** | (26.7) | **(2.4)** | (0.7) | **(722.3)** | (579.9) | **(744.2)** | (607.3) |

[1] For the purposes of segment reporting $97.9 million in rental income (30 June 2014: $91.3 million) was from a single customer.

## 21. Key management personnel compensation

The aggregate compensation made to the Directors and other key management personnel of the Group is set out below.

| | **30 Jun 2015** | 30 Jun 2014 |
|---|---|---|
| | **$** | $ |
| Short term benefits | **3,077,279** | 2,954,836 |
| Post-employment benefits | **146,896** | 150,027 |
| Share-based payment | **748,423** | 336,772 |
| Termination benefits | **-** | 420,000 |
| Long term benefits | **23,022** | 23,640 |
| | **3,995,620** | 3,885,275 |

The key management personnel during the year were:

- Directors
- Mr Lamb (Company Secretary and General Counsel)

## 22. Share based payments

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

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

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

Under the Group Executive Incentive Plan grants of rights have been made to the following key management personnel:

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

In addition certain non key management personnel have also been granted 62,200 rights during the year.

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

| Type and eligibility | Vesting Conditions[1] | Share price at a grant date[3] | Testing date | Vesting date | Maximum number of stapled securities or maximum value of securities to be issued | Fair vale at grant date |
|---|---|---|---|---|---|---|
| STIP (FY15) (Mr Mellowes) | Non-market | $1.70 | August 2015 | July 2017 | $206,000 | $0.95 per $1.00 |
| STIP (FY15) (Mr Fleming) | Non-market | $1.70 | August 2015 | July 2017 | $115,000 | $0.95 per $1.00 |
| LTIP (FY15 - FY17) (tranche 1) (Messrs Mellowes, Fleming) | Relative TSR[2] | $1.70 | July 2017 | July 2018 | 203,014 | $0.75 per unit |
| LTIP (FY15 - FY17) (tranche 1) (Mr Lamb) | Relative TSR[2] | $1.83 | July 2017 | July 2018 | 19,434 | $0.80 per unit |
| LTIP (FY15 - FY17) (tranche 2) (Messrs Mellowes, Fleming) | Non-market | $1.70 | July 2017 | July 2018 | 203,014 | $1.44 per unit |
| LTIP (FY15 - FY17) (tranche 2) (Mr Lamb) | Non-market | $1.83 | July 2017 | July 2018 | 19,434 | $1.54 per unit |
| LTIP (FY15 - FY17) (tranche 3) (Messrs Mellowes, Fleming) | Non-market | $1.70 | July 2017 | July 2018 | 203,014 | $1.44 per unit |
| LTIP (FY15 - FY17) (tranche 3) (Mr Lamb) | Non-market | $1.83 | July 2017 | July 2018 | 19,434 | $1.54 per unit |

[1] Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.
[2] TSR is Total Shareholder Return measured against a comparator group.
[3] Grant date is September 2014.

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

[1] Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.
[2] TSR is Total Shareholder Return measured against a comparator group.
[3] Grant date is November 2013.

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Binomial option pricing models where applicable, performed by an independent valuer, and models the future unit price of the Group's stapled units. The grant date of the SPR's, STI FY14 and LTIP (FY14 – FY 16) was November 2013.

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

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was $0.8 million (30 June 2014: $0.3 million).

Key inputs to the pricing models include:

| | **30 June 2015** | 30 June 2014 |
|---|---|---|
| Volatility | **20%** | 20% |
| Dividend yield | **6.0%** | 6.8% |
| Risk-free interest rate | **2.71% - 2.85%** | 2.73% - 3.24% |

## 23. Other related party disclosures

Retail Trust has a current payable of $5.4 million to Management Trust (30 June 2014: $8.5m). This is non-interest bearing and repayable at call.

Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments on behalf of the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed during the year under this agreement was $11.2 million (30 June 2014: $10.9 million).

## 24. Parent entity

| | Management Trust[1] | | Retail Trust[1, 2] | |
|---|---|---|---|---|
| | **30 Jun 2015 $m** | 30 Jun 2014 $m | **30 Jun 2015 $m** | 30 Jun 2014 $m |
| Current assets | **-** | 0.2 | **78.7** | 28.4 |
| Non-current assets | **7.3** | 6.2 | **1,734.4** | 1,496.7 |
| **Total assets** | **7.3** | 6.4 | **1,813.1** | 1,525.1 |
| Current liabilities | **-** | - | **62.8** | 73.5 |
| Non-current liabilities | **-** | - | **571.9** | 419.7 |
| **Total liabilities** | **-** | - | **634.7** | 493.2 |
| Contributed equity | **7.3** | 6.4 | **1,192.4** | 1,049.0 |
| Reserves | **-** | - | **4.9** | 3.2 |
| Accumulated loss | **-** | - | **(18.9)** | (20.3) |
| **Total equity** | **7.3** | 6.4 | **1,178.4** | 1,031.9 |
| Net profit/ (loss) after tax | **-** | - | **138.3** | 95.8 |
| Other comprehensive income | **-** | - | **-** | 2.8 |
| Total comprehensive income | **-** | - | **138.3** | 98.6 |
| Commitments for the acquisition of property by the parent | **-** | - | **45.6** | 44.3 |

1 Head Trusts only.

2 The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2015 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on 28 August 2015, having available headroom on the Group's facilities of $146.7 million.

## 25. Subsidiaries

| Name of subsidiaries | Place of incorporation and operation | Ownership interest 30 June 2015 | Ownership interest 30 June 2014 |
|---|---|---|---|
| **Subsidiaries of Shopping Centres Australasia Property Management Trust** | | | |
| Shopping Centres Australasia Property Operations Pty Ltd | Australia | **100.0%** | 100.0% |
| Shopping Centres Australasia Property Holdings Pty Ltd | Australia | **100.0%** | 100.0% |
| Shopping Centres Australasia Property Group RE Ltd | Australia | **100.0%** | 100.0% |
| Shopping Centres Australasia Property Group Trustee NZ Ltd | New Zealand | **100.0%** | 100.0% |
| Shopping Centres Australasia Property NZ Retail Trust | New Zealand | **0.1%** | 0.1% |
| Shopping Centres Australasia Property Retail Trust | Australia | - [1] | - [1] |
| SCA Unlisted Retail Fund RE Limited | Australia | **100.0%** | - [2] |
| **Subsidiaries of Shopping Centres Australasia Property Retail Trust** | | | |
| Shopping Centres Australasia Property NZ Retail Trust | New Zealand | **99.9%** | 99.9% |
| SCA Unlisted Retail Fund 1 | Australia | **100.0%** | - [2] |

[1] Shopping Centres Australasia Property Retail Trust is considered a subsidiary of Shopping Centres Australasia Property Management Trust due to stapling even though there is no ownership or shareholding interest.

[2] SCA Unlisted Retail Fund RE Limited and SCA Unlisted Retail Fund 1 were formed during the year ended 30 June 2015.

## 26. Financial instruments

### (a) Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for unitholders and benefits for other stakeholders and maintaining a capital structure that will support a competitive overall cost of capital for the Group.

The capital structure of the Group consists of cash, interest bearing liabilities (including eight bilateral debt facilities with four banks and notes issued in the debt capital markets) and equity of the Group (comprising contributed equity, reserves and accumulated profit/loss).

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (ie debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- Sufficient funds and financing facilities, on a cost effective basis, are available to assist the Group's property investment and management business;
- Sufficient liquid buffer is maintained; and
- Distributions to unitholders are in line with the stated distribution policy.

The Group can alter its capital structure by issuing new stapled units, adjusting the amount of distributions paid to unitholders, returning capital to unitholders, buying back stapled units, selling assets to reduce debt, adjusting the timing of capital expenditure and through the operation of a distribution reinvestment plan. Additionally the Group can alter its capital structure by the use of debt facilities including repaying debt and issuing debt via debt capital markets and derivative financial instruments.

The Group's debt financial covenants are detailed in note 13.

Management monitors the capital structure by the gearing ratio. The gearing ratio is calculated in line with the debt covenants as:

- finance debt net of cash and excluding derivatives; divided by,
- total tangible assets net of cash and excluding derivatives.

The Group's target gearing range is 30% to 40% with a preference to be below 35%. The gearing policy includes flexibility to increase gearing beyond 35% if required, provided a reduction back to 35% or below is achievable within a reasonable timeframe.

The gearing ratio at 30 June 2015 was 33.3% (30 June 2014: 32.6%). Refer note 13 for additional information.

### (b) Financial risk management

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

(i) credit risk
(ii) liquidity risk
(iii) market risk (foreign exchange and interest rate)

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge or economically hedge certain risk exposures. The use of financial derivatives is governed by the Group's policies as approved by the Board. The Group does not enter or trade financial instruments including derivative financial instruments for speculative purposes.

#### (b)(i) Financial risk management - credit

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has exposure to credit risk on its financial assets included in its statement of financial position. This includes cash and cash equivalents, derivative financial instruments (hedging) as well as credit receivables due from tenants and managing agents.

For financial investments or market risk hedging the Group manages this risk by investing and transacting derivatives with multiple counterparties to minimise the Group's exposure to any one counterparty. Wherever possible, for financial investments and economic hedging the Group only deals with investment grade counterparties.

Exposure to customer credit risk is also monitored. The majority of the Group's revenue for the current and prior year is from Woolworths Limited which has an A- Standard and Poor's credit rating.

The Group does not have any other significant concentration of credit risk to any single counterparty and reviews the aggregate exposure of tenancies across its portfolio on a regular basis.

Derivative counterparties and cash deposits are currently limited to financial institutions with an appropriate credit rating.

The Group and Retail Trust's exposure to credit risk is in the table below.

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| Cash and cash equivalents | **3.7** | 0.9 | **2.1** | 0.4 |
| Receivables | **8.0** | 19.0 | **7.9** | 19.0 |
| Derivative financial instruments | **49.9** | 3.3 | **49.9** | 3.3 |
| Rental guarantee | **-** | 7.6 | **-** | 7.6 |
| | **61.6** | 30.8 | **59.9** | 30.3 |

The maximum exposure of the Group to credit risk as at 30 June 2015 is the carrying amount of the financial assets in its statement of Consolidated Balance Sheets.

Receivables relate to tenant and managing agent receivables. Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). There were no significant financial assets from major tenants that were past due at 30 June 2015 or 30 June 2014. Refer also note 8.

### (b)(ii) Financial risk management - liquidity

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims at having flexibility in funding by keeping sufficient cash and/or committed credit lines available whilst maintaining a low cost of holding these facilities. Management prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

The Group manages liquidity risk through monitoring its net expected funding needs including the maturity of its debt portfolio. The Group also manages liquidity risk by maintaining a liquidity buffer of cash and undrawn debt facilities.

The debt facilities are made up of Bank bilateral facilities, A$ medium term notes and US Notes. Details of these debt facilities, including finance facilities available, are at Note 13.

Refinancing risk, also part of liquidity risk, is the risk that the maturity profile of the debt makes it difficult to refinance maturing debt, and/or that the cost of refinancing exposes the Group to potentially unfavourable market conditions at any given time. The Group is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Group manages this risk, where appropriate, by refinancing borrowings in advance of the maturity of the borrowing and by securing longer term facilities.

### Non-derivative financial instruments

The contractual maturities of the Group's and Retail Trust's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest, margin, line fees and foreign exchange rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date. Interest rates are based on the interest rates as the reporting date.

| | 1 year or less $m | 2 - 3 years $m | 4 - 5 years $m | More than 5 years $m | Total $m |
|---|---|---|---|---|---|
| **30 Jun 2015** | | | | | |
| **SCA Property Group** | | | | | |
| Payables | **20.9** | **-** | **-** | **-** | **20.9** |
| Distribution payable | **41.8** | **-** | **-** | **-** | **41.8** |
| Interest bearing liabilities | **29.0** | **131.6** | **229.1** | **515.6** | **905.3** |
| | **91.7** | **131.6** | **229.1** | **515.6** | **968.0** |
| **Retail Trust** | | | | | |
| Payables | **25.5** | **-** | **-** | **-** | **25.5** |
| Distribution payable | **41.8** | **-** | **-** | **-** | **41.8** |
| Interest bearing liabilities | **29.0** | **131.6** | **229.1** | **515.6** | **905.3** |
| | **96.3** | **131.6** | **229.1** | **515.6** | **972.6** |

| | 1 year or less $m | 2 - 3 years $m | 4 - 5 years $m | More than 5 years $m | Total $m |
|---|---|---|---|---|---|
| **30 Jun 2014** | | | | | |
| **SCA Property Group** | | | | | |
| Payables | 29.6 | - | - | - | 29.6 |
| Distribution payable | 36.3 | - | - | - | 36.3 |
| Interest bearing liabilities | 22.7 | 187.7 | 408.0 | - | 618.4 |
| | 88.6 | 187.7 | 408.0 | - | 684.3 |
| **Retail Trust** | | | | | |
| Payables | 34.6 | - | - | - | 34.6 |
| Distribution payable | 36.3 | - | - | - | 36.3 |
| Interest bearing liabilities | 22.7 | 187.7 | 408.0 | - | 618.4 |
| | 93.6 | 187.7 | 408.0 | - | 689.3 |

### Derivative financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's and Retail Trust's derivative financial instruments in place at 30 June 2015 at the rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date.

| | 1 year or less $m | 1 - 3 years $m | 3 - 5 years $m | More than 5 years $m | Total $m |
|---|---|---|---|---|---|
| **30 Jun 2015** | | | | | |
| **SCA Property Group** | | | | | |
| Interest rate swaps - net | **1.1** | **3.1** | **1.2** | **1.6** | **7.0** |
| Cross currency interest rate swaps - net | **2.0** | **3.3** | **0.9** | **27.6** | **33.8** |
| | **3.2** | **6.4** | **2.1** | **29.3** | **40.8** |
| **Retail Trust** | | | | | |
| Interest rate swaps - net | **1.1** | **3.1** | **1.2** | **1.6** | **7.0** |
| Cross currency interest rate swaps - net | **2.0** | **3.3** | **0.9** | **27.6** | **33.8** |
| | **3.2** | **6.4** | **2.1** | **29.3** | **40.8** |

| | 1 year or less $m | 1 - 3 years $m | 3 - 5 years $m | More than 5 years $m | Total $m |
|---|---|---|---|---|---|
| **30 Jun 2014** | | | | | |
| **SCA Property Group** | | | | | |
| Interest rate swaps - net | (2.0) | 0.5 | 1.2 | (1.6) | (1.9) |
| Cross currency interest rate swaps - net | (3.8) | (2.4) | (2.5) | (33.3) | (42.0) |
| | (5.8) | (1.9) | (1.3) | (34.9) | (43.9) |
| **Retail Trust** | | | | | |
| Interest rate swaps - net | (2.0) | 0.5 | 1.2 | (1.6) | (1.9) |
| Cross currency interest rate swaps - net | (3.8) | (2.4) | (2.5) | (33.3) | (42.0) |
| | (5.8) | (1.9) | (1.3) | (34.9) | (43.9) |

## (b)(iii) Financial risk management – 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 presentation currency, being Australian dollars. The Group has currency exposure to the New Zealand dollar (NZD) and the United States dollar (USD).

The Group's and the Retail Trust's exposure to the NZD is through owning properties in New Zealand. The Group and the Retail Trust have reduced its exposure to the NZD foreign exchange risk inherent in the carrying value of its New Zealand investments by partially funding their acquisition using borrowings denominated in NZD. The Group's exposure to the impact of exchange rate movements on its earnings from its New Zealand investments is partially mitigated by the NZD interest expense of its NZD borrowings. Distributions from New Zealand to Australia are not hedged.

The table below reflects balances denominated in NZD at 30 June 2015 and 30 June 2014.

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015 NZD $m** | 30 Jun 2014 NZD $m | **30 Jun 2015 NZD $m** | 30 Jun 2014 NZD $m |
| Cash and cash equivalents | **0.7** | 0.1 | **0.7** | 0.1 |
| Receivables | **0.2** | 0.2 | **0.2** | 0.2 |
| Derivative financial instruments | **-** | 2.3 | **-** | 2.3 |
| Rental guarantee | **-** | 0.2 | **-** | 0.2 |
| Investment properties | **233.1** | 226.4 | **233.1** | 226.4 |
| Other assets | **-** | 0.2 | **-** | 0.2 |
| **Total assets** | **234.0** | 229.4 | **234.0** | 229.4 |
| Payables | **3.5** | 1.8 | **3.5** | 1.8 |
| Derivative financial instruments | **0.1** | - | **0.1** | - |
| Interest bearing liabilities | **121.5** | 129.5 | **121.5** | 129.5 |
| **Total liabilities** | **125.1** | 131.3 | **125.1** | 131.3 |
| **Net exposure** | **108.9** | 98.1 | **108.9** | 98.1 |

The Group's and the Retail Trust's exposure to the United States dollar is through borrowing in USD denominated debt via the US Notes issued during the year ended 30 June 2015. The debt and interest payments are fully economically hedged. Refer below and the US Notes are discussed at note 13.

*Cross currency interest rate swap contracts*

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer US note issue discussed above and note 13) by using cross currency interest rate swaps.

Under cross currency swap contracts, the Group agrees to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue.

The Group receives fixed amounts in US dollars and pays both variable interest rates (based on Australian BBSW) and fixed interest rates based on agreed fixed interest rates. As a result of issuing the US Notes denominated in USD the Group has entered into cross currency interest rate swaps which have fully economically hedged the US Notes USD principal outstanding and also the obligation to pay fixed USD interest to floating AUD interest.

The following table details the swap contracts principal and interest payments over various durations at balance sheet date.

| | 1 year or less $m | 2 - 3 years $m | 4 - 5 years $m | More than 5 years $m | Total $m |
|---|---|---|---|---|---|
| **30 Jun 2015** | | | | | |
| **SCA Property Group** | | | | | |
| ***Buy US dollar - interest*** | | | | | |
| Amount (AUD) | 6.7 | 13.4 | 13.4 | 54.7 | 88.2 |
| Exchange rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | 6.3 | 12.6 | 12.6 | 51.3 | 82.8 |
| ***Buy US dollar - Principal*** | | | | | |
| Amount (AUD) | - | - | - | 159.8 | 159.8 |
| Exchange Rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | - | - | - | 150.0 | 150.0 |
| **Retail Trust** | | | | | |
| ***Buy US dollar - interest*** | | | | | |
| Amount (AUD) | 6.7 | 13.4 | 13.4 | 54.7 | 88.2 |
| Exchange rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | 6.3 | 12.6 | 12.6 | 51.3 | 82.8 |
| ***Buy US dollar - Principal*** | | | | | |
| Amount (AUD) | - | - | - | 159.8 | 159.8 |
| Exchange rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | - | - | - | 150.0 | 150.0 |

| | 1 year or less<br>$m | 2 - 3 years<br>$m | 4 - 5 years<br>$m | More than 5 years<br>$m | Total<br>$m |
|---|---|---|---|---|---|
| **30 Jun 2014** | | | | | |
| **SCA Property Group** | | | | | |
| ***Sell US dollar - Principal*** | | | | | |
| Amount (USD) | 150.0 | - | - | - | 150.0 |
| Exchange rate | 0.9387 | - | - | - | 0.9387 |
| Amount (AUD) | 159.8 | - | - | - | 159.8 |
| ***Buy US dollar - interest*** | | | | | |
| Amount (AUD) | 3.3 | 13.4 | 13.4 | 61.4 | 91.5 |
| Exchange rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | 3.1 | 12.6 | 12.6 | 57.6 | 85.9 |
| ***Buy US dollar - Principal*** | | | | | |
| Amount (AUD) | - | - | - | 159.8 | 159.8 |
| Exchange Rate | - | - | - | 0.9387 | 0.9387 |
| Amount (USD) | - | - | - | 150.0 | 150.0 |
| **Retail Trust** | | | | | |
| ***Sell US dollar - Principal*** | | | | | |
| Amount (USD) | 150.0 | - | - | - | 150.0 |
| Exchange rate | 0.9387 | - | - | - | 0.9387 |
| Amount (AUD) | 159.8 | - | - | - | 159.8 |
| ***Buy US dollar - interest*** | | | | | |
| Amount (AUD) | 3.3 | 13.4 | 13.4 | 61.4 | 91.5 |
| Exchange rate | 0.9387 | 0.9387 | 0.9387 | 0.9387 | 0.9387 |
| Amount (USD) | 3.1 | 12.6 | 12.6 | 57.6 | 85.9 |
| ***Buy US dollar - Principal*** | | | | | |
| Amount (AUD) | - | - | - | 159.8 | 159.8 |
| Exchange rate | - | - | - | 0.9387 | 0.9387 |
| Amount (USD) | - | - | - | 150.0 | 150.0 |

*Sensitivity analysis – foreign exchange risk*

The following sensitivity analysis shows the effect on profit/(loss) after tax and on equity of had the Australian dollar increased (strengthened) by 10% or decreased (weakened) by 10% at balance sheet date with all other variables held constant.

| | Profit/ loss after tax | | Equity | |
|---|---|---|---|---|
| | Effect of 10% increase in A$ exchange rate $m | Effect of 10% decrease in A$ exchange rate $m | Effect of 10% increase in A$ exchange rate $m | Effect of 10% decrease in A$ exchange rate $m |
| **30 Jun 2015** | | | | |
| **SCA Property Group** | | | | |
| A$ equivalent of foreign exchange balances denominated in NZD | **(1.1)** | **1.3** | **(8.8)** | **10.8** |
| A$ equivalent of foreign exchange balances denominated in USD | **(17.9)** | **14.0** | **(17.9)** | **14.0** |
| | **(19.0)** | **15.3** | **(26.7)** | **24.8** |
| **Retail Trust** | | | | |
| A$ equivalent of foreign exchange balances denominated in NZD | **(1.1)** | **1.3** | **(8.8)** | **10.8** |
| A$ equivalent of foreign exchange balances denominated in USD | **(17.9)** | **14.0** | **(17.9)** | **14.0** |
| | **(19.0)** | **15.3** | **(26.7)** | **24.8** |
| **30 Jun 2014** | | | | |
| **SCA Property Group** | | | | |
| A$ equivalent of foreign exchange balances denominated in NZD | (1.2) | 1.5 | (10.1) | 12.4 |
| A$ equivalent of foreign exchange balances denominated in USD | (1.9) | 2.3 | (1.9) | 2.3 |
| | (3.1) | 3.8 | (12.0) | 14.7 |
| **Retail Trust** | | | | |
| A$ equivalent of foreign exchange balances denominated in NZD | (1.2) | 1.5 | (10.1) | 12.4 |
| A$ equivalent of foreign exchange balances denominated in USD | (1.9) | 2.3 | (1.9) | 2.3 |
| | (3.1) | 3.8 | (12.0) | 14.7 |

**Interest rate risk**

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk as it can borrow funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts.

Hedging activities are evaluated regularly.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is limited to $3.7 million (30 June 2014: $0.9 million).

*Interest rate swap contracts*

The Group's interest rate risk arises from borrowings and cash holdings. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or from fixed to floating. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts (or visa versa) calculated by reference to an agreed notional principal amount.

The Group's bilateral borrowings are generally at floating rates. Borrowings with floating rates expose the Group to cash flow interest rate risk. The Group's preference is to be protected from interest rate movements in the two to five year term through appropriate risk management techniques. These techniques includes using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Additionally the Group has fixed rate borrowings in the form of A$ and US$ US Notes and the A$ medium term note. As the Group generally only seeks to hedge interest rates for periods up to 6 years and the tenors of the A$ US Notes exceeds 6 years, the A$ US Notes borrowing fixed interest cost has been swapped to floating using fixed to floating swaps.

The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances. As a result the Group does not apply hedge accounting for any derivatives as at 30 June 2015. Refer to note 2(s).

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward market interest rate curve at reporting date.

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date are in the table below.

| | SCA Property Group | | | | | |
|---|---|---|---|---|---|---|
| | Interest rate | Floating interest rate | Fixed interest rate | | | Total |
| | | | Less than 1 year | 1 - 5 years | More than 5 years | |
| | (%p.a.) | $m | $m | $m | $m | $m |
| **30 Jun 2015** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 1.7% | 3.7 | - | - | - | 3.7 |
| **Financial liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | |
| Denominated in AUD - floating | 3.8% | (155.0) | - | - | - | (155.0) |
| Denominated in NZD - floating | 5.0% | (108.3) | - | - | - | (108.3) |
| Denominated in AUD - fixed (MTN) | 3.8% | - | - | - | (175.0) | (175.0) |
| Denominated in AUD - fixed (USPP) | 6.0% | - | - | - | (50.0) | (50.0) |
| Denominated in USD - fixed (USPP) | 4.2% | - | - | - | (194.5) | (194.5) |
| Total financial liabilities | | (263.3) | - | - | (419.5) | (682.8) |
| **Total net financial liabilities** | | (259.6) | - | - | (419.5) | (679.1) |

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date are in the table below.

| | Retail Trust | | | | | |
|---|---|---|---|---|---|---|
| | Interest rate | Floating interest rate | Fixed interest rate | | | Total |
| | | | Less than 1 year | 1 - 5 years | More than 5 years | |
| | (%p.a.) | $m | $m | $m | $m | $m |
| **30 Jun 2015** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 1.7% | 2.1 | - | - | - | 2.1 |
| **Financial liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | |
| Denominated in AUD - floating | 3.8% | (155.0) | - | - | - | (155.0) |
| Denominated in NZD - floating | 5.0% | (108.3) | - | - | - | (108.3) |
| Denominated in AUD - fixed | 3.8% | - | - | - | (175.0) | (175.0) |
| Denominated in AUD - fixed (USPP) | 6.0% | - | - | - | (50.0) | (50.0) |
| Denominated in USD - fixed (USPP) | 4.2% | - | - | - | (194.5) | (194.5) |
| Total financial liabilities | | (263.3) | - | - | (419.5) | (682.8) |
| **Total net financial liabilities** | | (261.2) | - | - | (419.5) | (680.7) |

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at reporting date by both the Group and the Retail Trust can be summarised in the table below.

| | June 2016 $m | June 2017 $m | June 2018 $m | June 2019 $m | June 2020 $m | June 2021 $m |
|---|---|---|---|---|---|---|
| **Denominated in AU$** | | | | | | |
| Interest rate swaps (fixed) | **175.0** | **175.0** | - | - | - | - |
| Average fixed rate | **1.9%** | **1.9%** | - | - | - | - |
| Interest rate swaps (floating) | **50.0** | **50.0** | **50.0** | **50.0** | **50.0** | **50.0** |
| **Denominated in NZ$ and in NZ$** | | | | | | |
| Interest rate swaps (fixed) | **43.8** | - | - | - | - | - |
| Average fixed rate | **3.3%** | - | - | - | - | - |

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2014 are in the table below.

| | SCA Property Group | | | | | |
|---|---|---|---|---|---|---|
| | | | Fixed interest rate | | | |
| | Interest rate | Floating interest rate | Less than 1 year | 1 - 5 years | More than 5 years | Total |
| | (%p.a.) | $m | $m | $m | $m | $m |
| **30 Jun 2014** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 2.4% | 0.9 | - | - | - | 0.9 |
| **Financial liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | - |
| Denominated in AUD - floating | 4.3% | (418.5) | - | - | - | (418.5) |
| Denominated in NZD - floating | 5.1% | (120.6) | - | - | - | (120.6) |
| Total financial liabilities | | (539.1) | - | - | - | (539.1) |
| **Total net financial liabilties** | | (538.2) | - | - | - | (538.2) |

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2014 are in the table below.

| | Retail Trust | | | | | |
|---|---|---|---|---|---|---|
| | | | Fixed interest rate | | | |
| | Interest rate | Floating interest rate | Less than 1 year | 1 - 5 years | More than 5 years | Total |
| | (%p.a.) | $m | $m | $m | $m | $m |
| **30 Jun 2014** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 2.4% | 0.4 | - | - | - | 0.4 |
| **Financial liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | - |
| Denominated in AUD - floating | 4.3% | (418.5) | - | - | - | (418.5) |
| Denominated in NZD - floating | 5.1% | (120.6) | - | - | - | (120.6) |
| Total financial liabilities | | (539.1) | - | - | - | (539.1) |
| **Total net financial liabilties** | | (538.7) | - | - | - | (538.7) |

The maturity profile and the weighted average interest rate of the fixed derivatives (notional principal) held at 30 June 2014 by both the Group and the Retail Trust can be summarised below.

| | June 2015 $m | June 2016 $m | June 2017 $m | June 2018 $m | June 2019 $m | June 2020 $m |
|---|---|---|---|---|---|---|
| **Denominated in AU$** | | | | | | |
| Interest rate swaps (fixed) | 380.0 | 240.0 | 190.0 | 50.0 | - | - |
| Average fixed rate | 3.3 | 3.4 | 3.5 | 3.6 | - | - |
| Interest rate swaps (floating) | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| **Denominated in NZ$ and in NZ$** | | | | | | |
| Interest rate swaps (fixed) | 87.5 | 43.8 | 43.8 | - | - | - |
| Average fixed rate | 3.1 | 3.3 | 3.3 | - | - | - |

*Sensitivity analysis – interest rate risk*

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if market interest rates at balance sheet date had been 100 basis points higher/lower with all other variables held constant.

| | **Profit/loss after tax**[1] | | **Equity** | |
|---|---|---|---|---|
| | **100bp higher** $m | **100bp lower** $m | **100bp higher** $m | **100bp lower** $m |
| **30 Jun 2015** | | | | |
| **SCA Property Group** | | | | |
| Effect of market interest rate movement | (25.4) | 25.6 | (25.4) | 25.6 |
| **Retail Trust** | | | | |
| Effect of market interest rate movement | (25.4) | 25.6 | (25.4) | 25.6 |
| **30 Jun 2014** | | | | |
| **SCA Property Group** | | | | |
| Effect of market interest rate movement | (20.5) | 23.8 | (12.9) | 15.9 |
| **Retail Trust** | | | | |
| Effect of market interest rate movement | (20.5) | 23.8 | (12.9) | 15.9 |

[1] The aim of the Group's interest rate hedging strategy is to reduce the impact on (cash) Distributable Earnings of movements in interest rates. Changes in interest rates result in changes to the non-cash market-to-market valuations of the swaps which flow through the Group's IFRS profit and loss.

### (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 Directors consider that the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised cost in the Consolidated Financial Statements, approximates their fair values other than the US Notes and the A$ medium term notes. The amortised cost of the US Notes, converted to AUD for the USD denominated notes at the prevailing foreign exchange rate at 30 June 2015 (which was AUD 1.00 = USD 0.7712), is $244.5 million (refer Note 13). The amortised cost of the A$ medium term notes is $175.0 million. The fair value of the US Notes and A$ medium term notes can be different to the carrying value. The fair value, additionally, takes into account movements in the underlying base interest rates and credit spreads for similar financial instruments including extrapolated yield curves over the tenor of the notes. On this basis the estimated fair value of the US Notes and the A$ medium term notes is $248.7 million and $170.0 million respectively.

The following table represents financial assets and liabilities that were measured and recognised at fair value at 30 June 2015 and 30 June 2014.

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 Jun 2014 | **30 Jun 2015** | 30 Jun 2014 |
| | **$m** | $m | **$m** | $m |
| **Assets** | | | | |
| Derivatives that qualify as effective under hedge account rules: | | | | |
| Cash flow hedges | **-** | 2.1 | **-** | 2.1 |
| Other derivatives | **49.9** | 1.2 | **49.9** | 1.2 |
| | **49.9** | 3.3 | **49.9** | 3.3 |
| **Liabilities** | | | | |
| Derivatives that qualify as effective under hedge account rules: | | | | |
| Cash flow hedges | **-** | 3.2 | **-** | 3.2 |
| Other derivatives | **0.2** | 1.3 | **0.2** | 1.3 |
| | **0.2** | 4.5 | **0.2** | 4.5 |

*Fair value hierarchy*

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **30 Jun 2015** | | | | |
| **SCA Property Group** | | | | |
| **Financial assets carried at fair value** | | | | |
| Interest rate swaps | - | **6.6** | - | 6.6 |
| Cross currency swaps | - | **43.3** | - | 43.3 |
| | - | **49.9** | - | 49.9 |
| **Financial liabilities carried at fair value** | | | | |
| Interest rate swaps | - | **0.2** | - | 0.2 |
| **Retail Trust** | | | | |
| **Financial assets carried at fair value** | | | | |
| Interest rate swaps | - | **6.6** | - | 6.6 |
| Cross currency swaps | - | **43.3** | - | 43.3 |
| | - | **49.9** | - | 49.9 |
| **Financial liabilities carried at fair value** | | | | |
| Interest rate swaps | - | **0.2** | - | 0.2 |
| **30 Jun 2014** | | | | |
| **SCA Property Group** | | | | |
| **Financial assets carried at fair value** | | | | |
| Interest rate swaps | - | 3.1 | - | 3.1 |
| Cross currency swaps | - | 0.2 | - | 0.2 |
| | - | 3.3 | - | 3.3 |
| **Financial liabilities carried at fair value** | | | | |
| Interest rate swaps | - | 4.5 | - | 4.5 |
| **Retail Trust** | | | | |
| **Financial assets carried at fair value** | | | | |
| Interest rate swaps | - | 3.1 | - | 3.1 |
| Cross currency swaps | - | 0.2 | - | 0.2 |
| | - | 3.3 | - | 3.3 |
| **Financial liabilities carried at fair value** | | | | |
| Interest rate swaps | - | 4.5 | - | 4.5 |

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.

The Group does not have any Level 3 financial instruments other than the asset at note 27.

## 27. Other assets

Other assets of $2.4 million relates to the amount paid for the call option in December 2014 when the Group agreed to purchase Clemton Park (NSW) on completion of the development via a put and call option arrangement. On completion of the development of the SCP will acquire it for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in late calendar year 2016. The option is classified as a derivative valued at fair value through profit or loss. No revaluations occurred since initial recognition of the $2.4 million. Revaluations in future periods will involve a fair value method based on unobservable inputs. Unobservable inputs are categorised as level 3 in the fair value hierarchy (refer note 26(c) for additional information in relation to the fair value hierarchy) and are consistent with those used to value investment properties.

## 28. Auditors' remuneration

| | SCA Property Group | | Retail Trust | |
|---|---|---|---|---|
| | **30 Jun 2015** | 30 June 2014 | **30 Jun 2015** | 30 June 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Audit and review of the financial statements | **252.5** | 191.1 | **252.5** | 191.1 |
| Assurance and compliance services | **37.8** | 36.4 | **37.8** | 36.4 |
| Other | **13.2** | 7.2 | **13.2** | 7.2 |
| | **303.5** | 234.7 | **303.5** | 234.7 |

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

## 29. Subsequent events

On 22 July 2015 it was announced that the group intended to establish a funds management business initially comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group has identified a number of shopping centre properties that it considers to be “non-core” because they are either freestanding stores or have only one or two specialty stores. SURF 1 will contain 5 of these non-core assets all located in New South Wales, being Woolworths Fairfield, Woolworths Griffith North, Dan Murphy’s Burwood, Dan Murphy’s Katoomba and Inverell Big W. The Group has signed a conditional sale agreement for these properties to be sold to SCA Unlisted Retail Fund RE Limited as Responsible Entity of SURF 1. Under this contract it is expected SURF 1 will acquire these shopping centre properties for $60.9 million from the Group which is a 14% premium to the Group’s book value of these properties at 30 June 2014. SURF 1 is due to close on or before 9 September 2015.

Beside the matter noted above, the Directors of the Responsible Entity are not aware of any other matter since the end of the year that has significantly affected 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.

* * *

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 23 to 95 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 2015 and of their performance, for the year ended 30 June 2015; 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 2015.

Signed in accordance with a resolution of the Directors.

Chairman
Sydney
17 August 2015

Deloitte.

Deloitte Touche Tohmatsu
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# Independent Auditor's Report to the Stapled Security Holders of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust

We have audited the accompanying financial reports of Shopping Centres Australasia Property Management Trust ("the Group"), and Shopping Centres Australasia Property Retail Trust ("SCA Property Retail Trust") which comprise the consolidated balance sheets as at 30 June 2015, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and SCA Property Retail Trust as set out on pages 23 to 96. The consolidated stapled entity, as described in Note 1 to the financial report, comprises SCA Property Management Trust and the entities it controlled at the year's end or from time to time during the financial year and SCA Property Retail Trust and entities it controlled at the year's end or from time to time during the financial year. SCA Property Retail Trust, as described in Note 1 to the financial report, comprises SCA Property Retail Trust and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of Shopping Centres Australasia Property Group RE Limited, the Responsible Entity of SCA Property Management Trust and SCA Property Retail Trust ("the directors"), are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

*Auditor's Responsibility*

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

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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 the Group and SCA Property Retail Trust are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entities' financial position as at 30 June 2015 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

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AG Collinson
Partner
Chartered Accountants
Sydney, 17 August 2015