

APPENDIX 4E

Full Year Report
For the year ended 30 June 2014

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 2014 \$m	11 December 2012 to 30 June 2013 ¹ \$m	Variance
Revenue from ordinary activities	158.4	71.5	Up 121.5%
Net Profit/(Loss) from ordinary activities after tax attributable to members	111.6	(4.4)	Refer to note 2
Net Profit/(Loss) for the year attributable to members before tax	114.0	(3.1)	Refer to note 2
Distributable earnings ³	80.4	38.6	Up 108.3%
Cents per unit			
Basic earnings per stapled unit (cents)	17.3	(0.7)	Refer to note 2
Distributable earnings per stapled unit (cents)	12.4	6.6	Up 87.9%

Distributions

For the year 1 July 2013 to 30 June 2014	Record date	Amount per unit	Franked amount per unit
Final distribution	30-6-2014	5.6 cents	0.0 cents
Interim distribution	31-12-2013	5.4 cents	0.0 cents

The total distribution per stapled unit is 11.0 cents. The final distribution of 5.6 cents was declared on 18 June 2014 and will be paid on or about 28 August 2014. The interim distribution of 5.4 cents was declared on 18 December 2013 and paid on 30 January 2014.

Net Tangible Assets

For the year ended	30 June 2014	30 June 2013	Variance
Net tangible asset backing per unit (\$ per unit)	1.64	1.57	4.6%

Notes:

1. Results shown for the comparative period comprise results and transactions of the Group. The Group comprises of the Retail Trust and the Management Trust. The Trusts were registered as managed investment schemes on 3 October 2012 and commenced trading on 11 December 2012 including trading on the Australian Stock Exchange (ASX: SCP). The Group obtained relief from ASIC on 19 November 2012 from preparing half year financial statements for the period from 11 December 2012 to 31 December 2012. The prior corresponding period is identified above as being the period from when trading commenced on 11 December 2012 to 30 June 2013 (inclusive).
2. The variances that would otherwise be shown are not meaningful because the prior year number is negative.
3. 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:

None.

Details of any associates and Joint Venture entities required to be disclosed:

None.

Accounting standards used by foreign entities

Australian International Financial Reporting Standards are used by SCP.

Audit

The accounts have been audited with an unqualified opinion.

Distribution Reinvestment Plan (DRP)

The Group has a DRP in place. It was not available for the period ended 30 June 2014 or for the distribution estimated to be payable on 28 August 2014.

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 documents:

- Directors' report
- Financial Report
- Results presentation



Mark Lamb
Company Secretary
20 August 2014

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Property Group

Shopping Centres Australasia Property Group

Financial Report
for the year ended 30 June 2014

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.

Shopping Centres Australasia Property Group Index

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Directors' Report

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

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

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

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

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

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

Directors

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

Philip Marcus Clark AM (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 Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to date). Former Non-Executive Director and chairman of the Audit Committee of ING Management Limited until 2012. ING Management Limited was the Responsible Entity of a number of listed real estate funds.

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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 (appointed 26 September 2012)

Non Executive Director

Independent: Yes.

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

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

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

Qualifications: BEcon, CPA, FAPI, and FRICS.

Ian Pollard (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).

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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).

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.

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

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Qualifications: BComm (Honours).

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

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

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

Director

Independent: No.

Other listed
Directorships held in
last 3 years: None.

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

Qualifications: BComm, CA.

Company Secretary

Mark Lamb (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.

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.

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Directors' relevant interests

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

Director	Number of stapled units at 30 June 2013	Net Movement	Number of stapled units at end of year and date of this report
P Clark AM	10,000	-	10,000
J Hodgkinson	274,285	-	274,285
I Pollard	53,571	50,000	103,571
P Redmond	62,500	-	62,500
B Robson	7,142	-	7,142
A Mellowes	3,039	-	3,039
			and 100,000 Special Performance Rights ¹

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

Directors' attendance at meetings

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

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

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

¹ The Special Performance Rights issue and vest 1 July 2015 as stapled units.

² Held reflects the number of meetings which the director was eligible to attend.

³ Attended as a guest and not as a member of the Committee.

⁴ No executive director attended where their own remuneration was discussed.

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Principal activities

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

Property portfolio

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

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

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

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

Australian property

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

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

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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

New Zealand property

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

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

Summary

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

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Revaluations

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

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

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

Rental guarantee

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

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

Operating and financial review

Operational review

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Financial review

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

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

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

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

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Measurement of results

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

Funds from Operations: In June 2013 the Property Council of Australia (PCA) released a White Paper 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). For financial years ended on and after 30 June 2014 the Group will measure its non-AAS performance against both Distributable Earnings and FFO. The Group also reports its AFFO.

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

- **Non-cash items:** Non-cash items or other unrealised items included in statutory profit are reversed. This includes unrealised fair value gains/(losses), fair value adjustments on revaluations of properties or other assets or liabilities (for example, the rental guarantee receivable amount) and other items such as straight lining of rental income. During the year the results included a fair value gain of \$30.1 million on investment properties (30 June 2013: \$3.6 million loss). This gain is net of the transaction costs paid (including stamp duty) on the acquisition of the properties in Tasmania during the year. The gain of \$30.1 million has been reversed in determining distributable earnings.
- **Transaction costs:** This includes items such as formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities including unsuccessful transactions costs.
- **Cash items:** Amounts received/receivable from rental guarantee are included in distributable earnings but are not included in net profit/(loss) after tax (statutory profit). This includes amounts received under the Woolworths rent guarantee including incentive payments reimbursed or otherwise received.

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

- **Structural vacancy allowance:** The inclusion of amounts received under the Woolworths rent guarantee (refer Cash items above) effectively results in a fully let income being included in distributable earnings. Therefore a notional allowance is made to reduce distributable earnings to allow for a normalised vacancy and this reduction is referred to as a structural vacancy allowance. The allowance is reviewed periodically and is currently set at 4% of the fully leased speciality income. Fully leased speciality income is the speciality income received plus any amounts received or receivable as Woolworths rent guarantee. Once the Woolworths rent guarantee expires this adjustment will no longer be made to statutory profit, as the statutory profit will include the actual rent received (and vacancy will reduce the rent otherwise available).

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

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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

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

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

Fair value of assets

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

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

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

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

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

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Contributed equity

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

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

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

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

Significant changes and developments during the year

Development Properties

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

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

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Property Acquisitions

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

Property Disposals

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

Capital Management

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

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

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

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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

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

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

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Major Business Risk Profile

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

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Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

Business strategies and prospects for future financial years

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

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

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

- Internalisation of the leasing function.
- Implementing opportunities for more cost-effective asset management through leveraging economies of scale.
- Identifying incremental income opportunities and process improvements.

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

Environmental regulations

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

Indemnification and insurance of Directors, Officers and Auditor

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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 20.

Audit and non-audit fees

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

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

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

- All non-audit services have been reviewed and appropriately approved to ensure that they do not impact the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing risks and rewards.

Subsequent events

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

Shopping Centres Australasia Property Group Directors' Report

For the year ended 30 June 2014

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

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

Rounding of amounts

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

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



Chairman
Sydney
20 August 2014

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

20 August 2014

Dear Board Members

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

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

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

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

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Shopping Centres Australasia Property Group

Consolidated Statements of Profit or Loss

For the year ended 30 June 2014

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

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

Shopping Centres Australasia Property Group Consolidated Statements of Profit or Loss

For the year ended 30 June 2014

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

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

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Shopping Centres Australasia Property Group Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

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

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

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Shopping Centres Australasia Property Group Consolidated Balance Sheets

As at 30 June 2014

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

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

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Shopping Centres Australasia Property Group Consolidated Balance Sheets

As at 30 June 2014

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

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

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Shopping Centres Australasia Property Group Consolidated Statements of Changes in Equity

For the year ended 30 June 2014

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

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

¹ Contributed equity is net of equity raising costs.

Shopping Centres Australasia Property Group Consolidated Statements of Changes in Equity

For the year ended 30 June 2014

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

¹ Contributed equity is net of equity raising costs.

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

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Shopping Centres Australasia Property Group Consolidated Statements of Cash Flows

For the year ended 30 June 2014

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

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

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Shopping Centres Australasia Property Group Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. Corporate information

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

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

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

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

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

2. Significant accounting policies

(a) Basis of preparation

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

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

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

Historical cost convention

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

Shopping Centres Australasia Property Group Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Going concern

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

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

Rounding

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

i. Statement of compliance

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

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

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

Shopping Centres Australasia Property Group Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

ii. New and amended accounting standards and interpretations

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

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

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

- a) it has power over an investee,
- b) it is exposed, or has rights, to variable returns from its involvement with the investee, and
- c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Shopping Centres Australasia Property Group Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

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

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

AASB 2011-4 Removal of individual KMP note disclosure requirement

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

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

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

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

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

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

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

Shopping Centres Australasia Property Group Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

AASB CF 2013-1 Amendments to the Australian conceptual framework

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

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

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

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Application of new and revised Accounting Standards not yet effective

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

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

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Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

(b) Basis of consolidation

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

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

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Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

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

(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.

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(e) Finance costs

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

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

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

(f) Taxation

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

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

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

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

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(g) Goods and services tax (GST)

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

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

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

(h) Leases

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

i. Operating leases

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

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

ii. Finance leases

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

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(i) Foreign currency

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

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

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

(j) Cash and cash equivalents

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

(k) Trade and other receivables

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

(l) Rental guarantee

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

(m) Investment properties

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

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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

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

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

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

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

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

(n) Recoverable amount of assets

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(o) Payables

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

Distribution

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

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

(p) Provisions

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

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

(q) Employee benefits

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

Equity based compensation arrangements

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

(r) Interest bearing liabilities

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

(s) Derivative and other financial instruments

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

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

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

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

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

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

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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) Comparatives

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

(x) Use of estimates and judgements

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

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

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

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Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

Judgement - Selection of parent entity

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

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

Judgement – Investment properties

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

Estimate - Valuation of property investments

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

Estimate - Valuation of financial instruments

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

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. Distributions paid and payable

	Cents per unit	Total amount \$m	Date of payment or expected date of payment
2014			
SCA Property Group			
Interim distribution ¹	5.4	35.0	30 January 2014
Final distribution ²	5.6	36.3	28 August 2014
	11.0	71.3	
Retail Trust			
Interim distribution	5.4	35.0	30 January 2014
Final distribution	5.6	36.3	28 August 2014
	11.0	71.3	
2013			
SCA Property Group			
Final distribution	5.6	36.0	28 August 2013
Retail Trust			
Final distribution	5.6	36.0	28 August 2013

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

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

The Management Trust has not declared or paid any distributions.

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

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Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

4. Earnings per unit

	SCA Property Group		Retail Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Per stapled unit				
Net profit/(loss) after tax for the period (\$ million)	111.6	(4.4)	111.6	(2.7)
Weighted average number of units (millions)	646.1	588.6	646.1	588.6
Basic earnings per unit for net profit/(loss) after tax (cents)	17.3	(0.7)	17.3	(0.5)
Diluted earnings per unit for net profit/(loss) after tax (cents)	17.3	(0.7)	17.3	(0.5)
Per unit of each Trust				
	Management Trust		Retail Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Net profit/(loss) after tax for the period (\$ million)	-	(1.7)	111.6	(2.7)
Weighted average number of units (millions)	646.1	588.6	646.1	588.6
Basic earnings per unit for net profit/(loss) after tax (cents)	-	(0.2)	17.3	(0.5)
Diluted earnings per unit for net profit/(loss) after tax (cents)	-	(0.2)	17.3	(0.5)

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

5. Transaction costs

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

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

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6. Taxation

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

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7. Receivables

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

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

Ageing of rental receivable¹

	SCA Property Group		Retail Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$m	\$m	\$m	\$m
Current	1.6	2.7	1.6	2.7
30 days	0.7	0.4	0.7	0.4
60 days	0.3	0.2	0.3	0.2
90 days	0.3	0.3	0.3	0.3
120 days	0.5	0.3	0.5	0.3
Rental receivable	3.4	3.9	3.4	3.9

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

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

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8. Derivative financial instruments

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

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

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9. Investment properties

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

	SCA Property Group		Retail Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$m	\$m	\$m	\$m
Movement in total investment properties				
Opening balance	1,487.9	-	1,487.9	-
Acquisitions, expenditure and work in progress accruals on properties under construction ¹	171.3	1,477.7	171.3	1,477.7
Disposals	(75.7)	-	(75.7)	-
Additions including tenant incentives, leasing fees and Straight-lining of rental income net of amortisation	9.5	4.4	9.5	4.4
Unrealised gain / (loss) on property valuations	30.1	(3.6)	30.1	(3.6)
Effect of foreign currency exchange differences	17.7	9.4	17.7	9.4
Closing balance	1,640.8	1,487.9	1,640.8	1,487.9

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

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

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Description	Most recent Independent valuation Date	Most recent Independent valuer	Independent valuation amount \$m	30 June 14 book value cap rate ¹ %	30 June 14 book value discount rate %	Book value 30 June 2014 \$m	Book value 30 June 2013 \$m
SA							
Blakes Crossing	Dec 2013	Savills	19.3	8.00	9.25	20.0	19.9
Mt Gambier	June 2013	Savills	67.5	7.75	9.07	64.4	67.5
Murray Bridge	Dec 2012	Cushman	58.0	7.75	9.00	62.0	58.0
Walkerville	June 2013	Savills	19.5	7.50	8.75	19.5	19.5
VIC							
Albury	June 2014	Savills	18.3	8.00	8.75	18.3	17.7
Ballarat	June 2013	Savills	20.0	7.50	8.50	19.0	20.0
Bright ²	-	-	-	-	-	-	9.0
Cowes	Dec 2012	Savills	16.8	8.25	9.25	15.8	16.8
Drouin	June 2013	Savills	12.3	8.00	9.00	12.4	12.3
Emerald Park ²	-	-	-	-	-	-	11.3
Epping North	Dec 2013	Savills	21.0	7.75	9.25	21.0	20.5
Highett	June 2013	Savills	23.7	7.50	8.75	23.2	23.7
Langwarrin	June 2013	M3	17.2	7.75	9.00	17.8	17.2
Lilydale Marketplace ³	Dec 2013	Savills	80.5	7.50	9.25	81.5	-
Maffra ²	-	-	-	-	-	-	9.3
Mildura ²	-	-	-	-	-	-	23.0
Ocean Grove	June 2013	Savills	29.9	7.50	9.25	30.5	29.9
Pakenham	June 2014	Savills	68.0	7.25	8.75	68.0	68.0
Warrnambool	June 2013	Savills	11.1	8.00	8.75	10.6	11.1
Warrnambool DM ²	-	-	-	-	-	-	5.7
Warrnambool Target	June 2013	Savills	19.5	8.00	9.25	19.6	19.5
Wyndham Vale	June 2013	Savills	18.2	8.00	9.00	18.5	18.2
WA							
Busselton	Dec 2013	Savills	19.2	7.75	8.25	19.2	18.2
Kwinana Marketplace	June 2013	Savills	88.0	8.25	9.75	93.0	88.0
Margaret River	June 2013	Savills	20.7	7.75	8.75	18.7	20.7
Treendale	June 2014	Savills	25.7	8.00	9.25	25.7	24.0
TAS							
Greenpoint Plaza	Oct 2013	Savills	12.5	8.75	9.50	13.3	-
Kingston Plaza	Oct 2013	Savills	21.8	7.75	9.25	23.0	-
New Town Plaza	Oct 2013	Savills	28.8	7.75	9.25	28.8	-
Riverside Plaza	Oct 2013	Savills	7.2	8.50	9.50	7.2	-
Shoreline Plaza	Oct 2013	Savills	27.0	8.00	9.25	27.0	-
Sorell Plaza	Oct 2013	Savills	20.5	7.75	9.25	21.4	-
Total investment properties completed Australia						1,406.7	1,210.5

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

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Description	Book value 30 June 2014 \$m	Book value 30 June 2013 \$m
Total completed portfolio:		
- Australia	1,406.7	1,210.5
- New Zealand	210.8	174.2
	1,617.5	1,384.7
Total development portfolio – Australia	30.9	119.7
Total investment properties (completed and development portfolio) including rent guarantee	1,648.4	1,504.4
	(7.6)	(16.5)
Less amounts classified as rental guarantee ⁴		
Investment properties completed and under construction	1,640.8	1,487.9

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

² Properties sold during the year ended 30 June 2014. Refer below.

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

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

Valuation process

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

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

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

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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.

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

¹ Discounted cash flow.

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

Sensitivity information

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

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

Sensitivity analysis

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

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

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

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

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

Sensitivity analysis – capitalisation rate

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

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

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

10. Trade and other payables

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

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

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

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11. Interest bearing liabilities

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

Bank loans are carried at amortised cost.

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

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

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

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

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

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

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

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

30 June 2014

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

30 June 2013

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

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

Forward start facilities: USPP

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

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Debt Covenants

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

- (a) Interest cover ratio (EBITDA to net interest expense) is more than 2.00 times;
- (b) Gearing ratio (finance debt net of cash divided by total tangible assets net of cash and derivatives) does not exceed 50%;
- (c) Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%; and
- (d) Aggregate of the total tangible assets held by the Obligors represents not less than 90% of the total tangible assets of the Group.

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

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12. Contributed equity

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

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

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

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

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

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13. Reserves (net of income tax)

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

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.

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Share based payment reserve

Refer note 20.

Foreign currency translation reserve

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

14. Accumulated loss

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

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15. Notes to statements of cash flows

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

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

16. Operating leases

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

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

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

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

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

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

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

17. Capital commitments

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

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

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

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Greystanes

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

Claremont

In November 2013 the Group agreed to purchase seven properties in Tasmania. The acquisition of six of the seven properties was completed in November 2013. The remaining property, Claremont Plaza, with a purchase price of \$27.9 million excluding transactions costs, will settle following completion of the Woolworths extension and refurbishment which is expected in late 2014.

Prior year balance

The 2013 balance included three properties under construction (Greystanes, Lilydale and Katoomba Marketplace). Lilydale and Katoomba were completed in July 2013 and April 2014 respectively.

18. Segment reporting

The Group and Retail Trust invest in shopping centres located in Australia and New Zealand and the chief decision makers of the Group base their decisions on these segments. Previously the Group further reported on three asset classes, subregional, neighbourhood centres and freestanding properties however this was changed during the year in line with a change in the internal reporting of segments and how the chief decision maker reviews the financial information of the Group.

The Management Trust operates only within one segment, Australia.

No segmental reporting is shown for Shopping Centres Australasia Property Retail Trust as this is not required under AASB 8.

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	Australia		New Zealand		Unallocated		Total	
	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m
Income and expenses								
Revenue								
Rental income ¹	136.8	57.4	18.2	7.1	-	-	155.0	64.5
Other property income	3.4	6.8	-	-	-	0.2	3.4	7.0
	140.2	64.2	18.2	7.1	-	0.2	158.4	71.5
Expenses								
Property expenses	(40.1)	(16.8)	(1.6)	(0.7)	-	-	(41.7)	(17.5)
Corporate costs	-	-	-	-	(10.9)	(5.9)	(10.9)	(5.9)
	(40.1)	(16.8)	(1.6)	(0.7)	(10.9)	(5.9)	(52.6)	(23.4)
Segment result	100.1	47.4	16.6	6.4	(10.9)	(5.7)	105.8	48.1
Fair value adjustments on investment properties	23.1	(3.6)	7.0	-	-	-	30.1	(3.6)
Fair value adjustments on derivatives	-	-	-	-	(0.2)	-	(0.2)	-
Fair value adjustments on financial assets	4.8	0.9	-	-	-	-	4.8	0.9
Transaction costs	-	-	-	-	(0.4)	(37.2)	(0.4)	(37.2)
Interest income	-	-	-	-	0.3	0.2	0.3	0.2
Financing costs	-	-	-	-	(26.4)	(11.5)	(26.4)	(11.5)
Tax	-	-	-	-	(2.4)	(1.3)	(2.4)	(1.3)
Net profit/(loss) after tax for the year attributable to unitholders	128.0	44.7	23.6	6.4	(40.0)	(55.5)	111.6	(4.4)
Assets and liabilities								
Segment assets	1,448.7	1,337.9	211.0	174.5	13.2	18.8	1,672.9	1,531.2
Segment liabilities	(26.7)	(24.9)	(0.7)	(0.2)	(579.9)	(497.1)	(607.3)	(522.2)

¹ For the purposes of segment reporting \$91.3 million in rental income (30 June 2013: \$41.9 million) was from a single customer.

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19. Key management personnel compensation

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

	30 June 2014	30 June 2013
	\$	\$
Short term benefits	2,954,836	2,490,922
Post-employment benefits	150,027	153,238
Share-based payment	336,772	-
Termination benefits	420,000	-
Long term benefits	23,640	-
	3,885,275	2,644,160

The key management personnel during the year were:

- Directors
- Mr Fleming (Chief Financial Officer)(appointed 20 August 2013)
- Mr Lamb (Company Secretary and General Counsel)

Ms Kerry Shambly was also a key management personnel (Chief Financial Officer) during the year until 19 August 2013.

20. Share based payments

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

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

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

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

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

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

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

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.

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

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

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was \$0.3 million (30 June 2013: nil).

Key inputs to the pricing models include:

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

21. Other related party disclosures

Retail Trust has a short term receivable of nil and nil from Shopping Centres Australasia Property Operations Pty Ltd and Shopping Centres Australasia Property Group RE Ltd respectively (30 June 2013: \$2.4 million and \$0.2 million respectively). Both are wholly owned subsidiaries of Management Trust.

Retail Trust also has a current payable of \$8.5 million to Management Trust (30 June 2013: nil) and there was no non-current payable in the current year to Management Trust (30 June 2013: \$1.3 million).

These are all non-interest bearing and repayable at call.

Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments for the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed during the year under this agreement was \$10.9 million (30 June 2013: \$4.8 million).

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22. Parent entity

	Management Trust ¹		Retail Trust ^{1, 2}	
	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m
Current assets	0.2	-	28.4	28.3
Non-current assets	6.2	6.4	1,496.7	1,489.3
Total assets	6.4	6.4	1,525.1	1,517.6
Current liabilities	-	-	73.5	67.5
Non-current liabilities	-	0.1	419.7	451.6
Total liabilities	-	0.1	493.2	519.1
Contributed equity	6.4	6.3	1,049.0	1,039.1
Reserves	-	-	3.2	0.4
Accumulated loss	-	-	(20.3)	(41.0)
Total equity	6.4	6.3	1,031.9	998.5
Net profit /(loss) after tax	-	-	95.8	(5.0)
Other comprehensive income	-	-	2.8	0.4
Total comprehensive income	-	-	98.6	(4.6)
Commitments for the acquisition of property by the parent	-	-	44.3	37.5

¹ Head Trusts only.

² The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2014 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on 28 August 2014, having available headroom on the Group's facilities of \$56.8 million. Additionally in June 2014 the Group and Retail Trust agreed terms with US private investors to issue unsecured Notes with aggregate face value of US\$150 million and AUD \$50 million (equivalent to A\$210 million). The maturity profile of the notes is US\$100 million expiring August 2027 (13 years), and US\$50 million and A\$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 these Notes were issued and cash was received and was used to repay debt and for working capital. These Notes have been rated Baa1 by Moody's Investor Services (Moody's).

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23. Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest	
		30 June 2014	30 June 2013
Subsidiaries of Shopping Centres Australasia Property Management Trust			
Shopping Centres Australasia Property Operations Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Group RE Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Group Trustee NZ Ltd	New Zealand	100.0%	100.0%
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	0.1%	0.1%
Shopping Centres Australasia Property Retail Trust	Australia	0.0% ¹	0.0% ¹
Subsidiaries of Shopping Centres Australasia Property Retail Trust			
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	99.9%	99.9%

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.

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24. Financial instruments

(a) Capital management

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

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

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

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

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

The Group's debt financial covenants are detailed in note 11.

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

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

The Group's target gearing range up to 12 June 2014 was between 25% and 40%. On 12 June 2014 the Group refined its gearing policy to be within the range of 30% to 40% with a preference to be below 35%. The gearing policy includes flexibility to increase gearing beyond 35% if required, provided a reduction back to 35% or below is achievable within a reasonable timeframe.

The gearing ratio at 30 June 2014 was 32.6% (30 June 2013: 28.9%).

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(b) Financial risk management

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

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

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

(b)(i) Financial risk - Credit

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The group has exposure to credit risk on all financial assets included in its statement of financial position.

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

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

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

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

The Group and Retail Trust's exposure to credit risk consists of the following:

	SCA Property Group		Retail Trust	
	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m
Cash and cash equivalents	0.9	15.4	0.4	6.5
Receivables	19.0	8.3	19.0	10.7
Derivative financial instruments	3.3	2.3	3.3	2.3
Rental guarantee	7.6	16.5	7.6	16.5
	30.8	42.5	30.3	36.0

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The maximum exposure of the Group to credit risk as at 30 June 2014 is the carrying amount of the financial assets in its statement of financial position.

Receivables relate to tenant receivables. Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). There were no significant financial assets from major tenants that were past due at 30 June 2014 or 30 June 2013. Refer also note 7.

(b)(ii) Financial risk - Liquidity

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

The group manages liquidity risk through monitoring the maturity of its debt portfolio. The Group also manages liquidity risk by maintaining a liquidity buffer of cash and undrawn credit facilities. The weighted average debt maturity at 30 June 2014 is 3.5 years (30 June 2013: 3.6 years).

In June 2014 the Group agreed terms with US private investors to issue notes with aggregate face value of US\$150 million and AUD \$50 million (equivalent to A\$210 million). The maturity profile of the notes is US\$100 million expiring August 2027 (13 years), and US\$50 million and A\$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 this cash was received and was used to repay debt and for working capital.

The following table reflects all contractual maturities of financial liabilities including principal and estimated interest cash flows based on conditions existing at balance sheet date including debt drawn at balance sheet date. The amounts due under the notes to US private investors (refer above) have not been included below as no amounts were drawn at balance sheet date. The amounts presented represent the future undiscounted cash flows.

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Non-derivative financial instruments

	1 year or less \$m	1 – 3 years \$m	3 – 5 years \$m	Total \$m
30 June 2014				
SCA Property Group				
Payables	29.6	-	-	29.6
Distribution payable	36.3	-	-	36.3
Interest bearing liabilities	22.7	187.7	408.0	618.4
	<u>88.6</u>	<u>187.7</u>	<u>408.0</u>	<u>684.3</u>
Retail Trust				
Payables	34.6	-	-	34.6
Distribution payable	36.3	-	-	36.3
Interest bearing liabilities	22.7	187.7	408.0	618.4
	<u>93.6</u>	<u>187.7</u>	<u>408.0</u>	<u>689.3</u>
30 June 2013				
SCA Property Group				
Payables	32.9	-	-	32.9
Distribution payable	36.0	-	-	36.0
Interest bearing liabilities	16.5	223.2	272.2	511.9
	<u>85.4</u>	<u>223.2</u>	<u>272.2</u>	<u>580.8</u>
Retail Trust				
Payables	30.6	-	-	30.6
Distribution payable	36.0	-	-	36.0
Interest bearing liabilities	16.5	223.2	272.2	511.9
	<u>83.1</u>	<u>223.2</u>	<u>272.2</u>	<u>578.5</u>

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Derivative Financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's derivative financial instruments in place at 30 June 2014 including interest at market rates and foreign currency at rates of exchange ruling at reporting date.

	1 year or less \$m	1 – 3 years \$m	3 – 5 years \$m	6 – 16 years \$m	Total \$m
30 June 2014					
SCA Property Group					
Interest rate swaps – net	(2.0)	0.5	1.2	(1.6)	(1.9)
Cross currency swaps – net	(3.8)	(2.4)	(2.5)	(33.3)	(42.0)
	(5.8)	(1.9)	(1.3)	(34.9)	(43.9)
Retail Trust					
Interest rate swaps – net	(2.0)	0.5	1.2	(1.6)	(1.9)
Cross currency swaps – net	(3.8)	(2.4)	(2.5)	(33.3)	(42.0)
	(5.8)	(1.9)	(1.3)	(34.9)	(43.9)
30 June 2013					
SCA Property Group					
Interest rate swaps – net	(2.0)	0.7	2.2	-	0.9
Retail Trust					
Interest rate swaps – net	(2.0)	0.7	2.2	-	0.9

(b)(iii) Financial Risk - Market

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk arises when anticipated transactions or recognised assets and liabilities are denominated in a currency that is not the Group's presentation currency, being Australian dollars. The Group has currency exposure to the New Zealand dollar (NZD) and will have exposure to the United States dollar (USD) (refer US Note issue discussed at ii Liquidity risk above).

The Group reduces its exposure to the foreign exchange risk inherent in the carrying value of its New Zealand investments by wholly or partly funding their acquisition using borrowings denominated in New Zealand dollars.

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The Group's exposure to the impact of exchange rate movements on its earnings from its New Zealand investments is partially mitigated by the New Zealand dollar interest expense of its New Zealand dollar borrowings.

Distributions from New Zealand to Australia are not hedged.

The table below reflects balances denominated in NZD at 30 June 2014 and 30 June 2013.

	SCA Property Group		Retail Trust	
	30 June 2014 NZD \$m	30 June 2013 NZD \$m	30 June 2014 NZD \$m	30 June 2013 NZD \$m
Cash and cash equivalents	0.1	1.5	0.1	1.5
Receivables	0.2	0.2	0.2	0.2
Derivative financial instruments	2.3	1.2	2.3	1.2
Rental guarantee	0.2	0.5	0.2	0.5
Investment properties	226.4	205.1	226.4	205.1
Other assets	0.2	0.1	0.2	0.1
Total assets	229.4	208.6	229.4	208.6
Payables	1.8	1.4	1.8	1.4
Interest bearing liabilities	129.5	121.7	129.5	121.7
Total liabilities	131.3	123.1	131.3	123.1
Net exposure	98.1	85.5	98.1	85.5

Cross currency swap contracts

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer US note issue discussed above and note 11) by using cross currency swaps.

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

The Group will receive fixed amounts in US dollars and pay both variable interest rates (based on Australian BBSW) and fixed interest rates based on agreed interest rate swap rates.

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The following table details the swap contracts principal and interest payments over various durations at balance sheet date (there were no cross currency swap contracts in place in the period ended 30 June 2013).

	1 year or less \$m	1 – 3 years \$m	3 – 5 years \$m	More than 5 years \$m	Total \$m
30 June 2014					
SCA Property Group					
<i>Sell US dollar – Principal</i>					
Amount (USD)	150.0	-	-	-	150.0
Exchange rate	0.9387	-	-	-	0.9387
Amount (AUD)	159.8	-	-	-	159.8
<i>Buy US dollar – interest</i>					
Amount (AUD)	3.3	13.2	13.2	60.2	89.9
Exchange rate	0.9387	0.9387	0.9387	0.9387	0.9387
Amount (USD)	3.1	12.3	12.3	56.5	84.2
<i>Buy US dollar – Principal</i>					
Amount (AUD)	-	-	-	159.8	159.8
Exchange rate	-	-	-	0.9387	0.9387
Amount (USD)	-	-	-	150.0	150.0
Retail Trust					
<i>Sell US dollar – Principal</i>					
Amount (USD)	150.0	-	-	-	150.0
Exchange rate	0.9387	-	-	-	0.9387
Amount (AUD)	159.8	-	-	-	159.8
<i>Buy US dollar – interest</i>					
Amount (AUD)	3.3	13.2	13.2	60.2	89.9
Exchange rate	0.9387	0.9387	0.9387	0.9387	0.9387
Amount (USD)	3.1	12.3	12.3	56.5	84.2
<i>Buy US dollar – Principal</i>					
Amount (AUD)	-	-	-	159.8	159.8
Exchange rate	-	-	-	0.9387	0.9387
Amount (USD)	-	-	-	150.0	150.0

There are no comparatives for 30 June 2013 as there were no cross currency swaps in place.

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Sensitivity analysis – foreign exchange risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and on equity of a 10% increase/decrease in exchange rates at balance sheet date with all other variables held constant.

	Profit/loss after tax		Equity	
	Effect of 10% increase in exchange rate \$m	Effect of 10% decrease in exchange rate \$m	Effect of 10% increase in exchange rate \$m	Effect of 10% decrease in exchange rate \$m
30 June 2014				
SCA Property Group				
Foreign exchange rates denominated in NZD	(1.2)	1.5	(10.1)	12.4
Foreign exchange rates denominated in USD	(1.9)	2.3	(1.9)	2.3
	(3.1)	3.8	(12.0)	14.7
Retail Trust				
Foreign exchange rates denominated in NZD	(1.2)	1.5	(10.1)	12.4
Foreign exchange rates denominated in USD	(1.9)	2.3	(1.9)	2.3
	(3.1)	3.8	(12.0)	14.7
30 June 2013				
SCA Property Group				
Foreign exchange rates denominated in NZD	(0.2)	0.3	(7.8)	6.4
Retail Trust				
Foreign exchange rates denominated in NZD	(0.2)	0.3	(7.8)	6.4

Interest rate risk

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

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

Hedging activities are evaluated regularly to align with defined policy and ensuring appropriate hedging strategies are applied.

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The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is limited to \$0.9 million (30 June 2013: \$15.4 million).

Interest rate swap contracts

The Group's interest rate risk arises from borrowings and cash holdings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances, as a result the Group has selected to apply hedge accounting to certain interest rate swaps only. For all other interest rate and cross currency swaps fair value movements are recorded through the statements of comprehensive income even though an economic hedge exists. Refer to accounting note 2(s). Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts.

Such contracts enable the Group to mitigate the risk of cash flow exposures on the issued variable and fixed rate debt that may be held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward market interest rate curve at reporting date. The average interest rate is based on the outstanding balances at the end of the financial year.

Certain derivatives have been recorded on the Balance Sheet at their fair value in accordance with AASB 139. Some of the derivatives have been designated as cash flow hedges for accounting purposes. As a result, the effective portion of the fair value movement of these instruments is recognised in equity. The movement in the fair value of all other derivatives is recognised in profit or loss.

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

	SCA Property Group					Total \$m
	Weighted average interest rate (%p.a.)	Floating interest rate \$m	Fixed interest rate			
			Less than 1 year \$m	1 – 5 years \$m	More than 5 years \$m	
30 June 2014						
Financial assets						
Cash and cash equivalents	2.4	0.9	-	-	-	0.9
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	4.3	(418.5)	-	-	-	(418.5)
Denominated in NZD - floating	5.1	(120.6)	-	-	-	(120.6)
Total financial liabilities		(539.1)	-	-	-	(539.1)
Total net financial liabilities		(538.2)	-	-	-	(538.2)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	380.0	-	380.0
Denominated in AUD floating ¹		(50.0)	-	-	-	(50.0)
Denominated in NZD fixed	3.1	-	-	81.5	-	81.5
Net exposure at reporting date		(588.2)	-	461.5	-	(126.7)

¹ The floating interest rate derivative was entered into in June 2014 and swap the fixed US PP AUD \$50m note which was issued in August 2014 (refer note 11).

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

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

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

	Retail Trust					Total \$m
	Weighted average interest rate (%p.a.)	Floating interest rate \$m	Fixed interest rate			
			Less than 1 year \$m	1 – 5 years \$m	More than 5 years \$m	
30 June 2014						
Financial assets						
Cash and cash equivalents	2.4	0.4	-	-	-	0.4
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	4.3	(418.5)	-	-	-	(418.5)
Denominated in NZD - floating	5.1	(120.6)	-	-	-	(120.6)
Total financial liabilities		(539.1)	-	-	-	(539.1)
Total net financial liabilities		(538.7)	-	-	-	(538.7)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	380.0	-	380.0
Denominated in AUD floating ¹		(50.0)	-	-	-	(50.0)
Denominated in NZD fixed	3.1	-	-	81.5	-	81.5
Net exposure at reporting date		(588.7)	-	461.5	-	(127.2)

¹ The floating interest rate derivative swaps the fixed US PP AUD \$50m note which was issued in August 2014 (refer note 11).

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The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2013 is in the table below:

	SCA Property Group					Total \$m
	Weighted average interest rate (%p.a.)	Floating interest rate \$m	Fixed interest rate			
			Less than 1 year \$m	1 – 5 years \$m	More than 5 years \$m	
30 June 2013						
Financial assets						
Cash and cash equivalents	3.2	15.4	-	-	-	15.4
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.9	(349.5)	-	-	-	(349.5)
Denominated in NZD - floating	3.5	(103.1)	-	-	-	(103.1)
Total financial liabilities		(452.6)	-	-	-	(452.6)
Total net financial liabilities		(437.2)	-	-	-	(437.2)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	280.0	-	280.0
Denominated in NZD fixed	3.1	-	-	74.2	-	74.2
Net exposure at reporting date		(437.2)	-	354.2	-	(83.0)

The maturity profile and the weighted average interest rate of the fixed derivatives (notional principal) held at 30 June 2013 by both the Group and the Retail Trust can be summarised as follows:

	June 2014 \$m	June 2015 \$m	June 2016 \$m	June 2017 \$m	June 2018 \$m
Denominated in AUD\$					
Interest rate swaps (fixed)	280.0	140.0	140.0	140.0	-
Average fixed rate	3.3	3.3	3.4	3.4	-
Denominated in NZD and in NZD					
Interest rate swaps (fixed)	87.5	43.8	43.8	43.8	-
Average fixed rate	3.1	3.3	3.3	3.3	-

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The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2013 is in the table below:

	Retail Trust					Total \$m
	Weighted average interest rate (%p.a.)	Floating interest rate \$m	Fixed interest rate			
			Less than 1 year \$m	1 – 5 years \$m	More than 5 years \$m	
30 June 2013						
Financial assets						
Cash and cash equivalents	3.2	6.5	-	-	-	6.5
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.9	(349.5)	-	-	-	(349.5)
Denominated in NZD - floating	3.5	(103.1)	-	-	-	(103.1)
Total financial liabilities		(452.6)	-	-	-	(452.6)
Total net financial liabilities		(446.1)	-	-	-	(446.1)
Interest rate derivatives (notional principal) at reporting date						
Denominated in AUD fixed	3.3	-	-	280.0	-	280.0
Denominated in NZD fixed	3.1	-	-	74.2	-	74.2
Net exposure at reporting date		(446.1)	-	354.2	-	(91.9)

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Sensitivity analysis – interest rate risk

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

	Profit/loss after tax ¹		Equity	
	100bp higher \$m	100bp lower \$m	100bp higher \$m	100bp lower \$m
30 June 2014				
SCA Property Group				
Effect of market interest rate movement	(20.5)	23.8	(12.9)	15.9
Retail Trust				
Effect of market interest rate movement	(20.5)	23.8	(12.9)	15.9
30 June 2013				
SCA Property Group				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)
Retail Trust				
Effect of market interest rate movement	(1.0)	1.0	10.4	(10.6)

¹ The aim of the Group's interest rate hedging strategy is to reduce the impact on (cash) Distributable Earnings of movements in interest rates. However, where swaps are not hedged accounted, changes in interest rates result in changes to the non-cash market-to-market valuations of the swaps which flow through the Group's IFRS profit and loss. Included in the 2014 interest rate sensitivity analysis on profit and loss in the table above, are non-cash fair value movements (\$19.3 million loss and \$22.5 million gain respectively) in relation to the swaps which are fair valued through profit and loss as hedge accounting is not applied to them. Therefore, the cash impact to Distributable Earnings of the sensitivities above are a \$1.2 million loss and \$1.3 million gain respectively.

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(c) Accounting classifications and fair values

The fair value of interest rate derivatives is determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observing market rates.

Except as disclosed below, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

The following table represents financial assets and liabilities that were measured and recognised at fair value at 30 June 2014 and 30 June 2013.

	SCA Property Group		Retail Trust	
	30 June 2014 \$m	30 June 2013 \$m	30 June 2014 \$m	30 June 2013 \$m
Assets				
Derivatives that qualify as effective under hedge accounting rules:				
Cash flow hedges	2.1	2.3	2.1	2.3
Other derivatives	1.2	-	1.2	-
	3.3	2.3	3.3	2.3
Liabilities				
Derivatives that qualify as effective under hedge accounting rules:				
Cash flow hedges	3.2	2.0	3.2	2.0
Other derivatives	1.3	-	1.3	-
	4.5	2.0	4.5	2.0

Fair value hierarchy

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

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

There were no transfers between levels during the year.

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	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
30 June 2014				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	-	3.1	-	3.1
Cross currency swaps	-	0.2	-	0.2
	-	3.3	-	3.3
Financial liabilities carried at fair value				
Interest rate swaps	-	4.5	-	4.5
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	-	3.1	-	3.1
Cross currency swaps	-	0.2	-	0.2
	-	3.3	-	3.3
Financial liabilities carried at fair value				
Interest rate swaps	-	4.5	-	4.5
30 June 2013				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	-	2.3	-	2.3
Financial liabilities carried at fair value				
Interest rate swaps	-	2.0	-	2.0
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	-	2.3	-	2.3
Financial liabilities carried at fair value				
Interest rate swaps	-	2.0	-	2.0

There were no cross currency swaps in place at 30 June 2013.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

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Shopping Centres Australasia Property Group
Notes to the Consolidated Financial Statements
For the year ended 30 June 2014

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are included in Level 2 above. Fair value of all derivative contracts have been confirmed with counterparties.

The Group does not have any Level 3 financial instruments.

25. Auditors' remuneration

	SCA Property Group		Retail Trust	
	30 June 2014	11 Dec 2012 to 30 June 2013	30 June 2014	11 Dec 2012 to 30 June 2013
	\$'000	\$'000	\$'000	\$'000
Audit and review of the financial statements	191.1	145.0	191.1	145.0
Assurance and compliance services	36.4	35.0	36.4	35.0
Other	7.2	6.0	7.2	6.0
Investigative accountants report and review of forecasts for Initial Public Offering	-	177.3	-	177.3
	234.7	363.3	234.7	363.3

The auditor of the Group and all of its subsidiaries is Deloitte Touche Tohmatsu. The fees for the year to 30 June 2014 for audit and review of the financial statements included fees for the review of the 31 December 2013 Interim Financial Report and the audit of the Financial Report for the year ended 30 June 2014. The fees for the period 11 December 2012 to 30 June 2013 for audit and review of the financial statements were only for the audit of the Financial Report for the period 11 December 2012 to 30 June 2013.

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26. Subsequent events

In June 2014 the Group agreed terms with US private investors to issue notes with aggregate face value of US\$150 million and AUD \$50 million (equivalent to A\$210 million). The maturity profile of the notes is US\$100 million expiring August 2027 (13 years), and US\$50 million and A\$50 million expiring August 2029 (15 years). The principal and coupon obligations were swapped back to Australian dollars (floating interest rates). On 14 August 2014 this cash was received and was used to repay debt and for working capital.

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

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

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Shopping Centres Australasia Property Group Directors' Declaration

For the year ended 30 June 2014

In the opinion of the Directors of Shopping Centres Australasia Property Group RE Limited, the Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust (the "Retail Trust"):

- (a) The Financial Statements and Notes, of Shopping Centres Australasia Property Management Trust and its controlled entities, including Shopping Centres Australasia Property Retail Trust and its controlled entities, (the "Group"), set out on pages 21 to 93 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Group's and the Retail Trust's financial position as at 30 June 2014 and of their performance, for the year ended 30 June 2014; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that both the Group and the Retail Trust will be able to pay their debts as and when they become due and payable.

Note 2 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the period ended 30 June 2014.

Signed in accordance with a resolution of the Directors:



Chairman
Sydney
20 August 2014

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

We have audited the accompanying financial reports of Shopping Centres Australasia Property Management Trust ("the Group"), and Shopping Centres Australasia Property Retail Trust ("SCA Property Retail Trust") which comprise the consolidated balance sheets as at 30 June 2014, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and SCA Property Retail Trust as set out on pages 21 to 94. 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.

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

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial reports of the Group and SCA Property Retail Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entities' financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants
Sydney, 20 August 2014